Opinion Research Services

Excellent research for the public, voluntary and private sectors

Ryedale Strategic Housing Market Assessment

Report of Findings

September 2022

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Introduction

1. Opinion Research Services (ORS) was commissioned by Ryedale Council to prepare a Strategic Housing Market Assessment. The Council wanted to understand more about the nature and make-up of current and future housing needs across Ryedale through all stages of life.

2. The 2019 NPPF requires local planning authorities to inform strategic policy making with a local housing needs assessment. The Local Housing Needs Assessment (LHNA) must now be prepared which will establish a minimum Local Housing Need (LHN) figure, which in turn is set by a Standard Method formula issued by DLUHC. **As of mid-2022, this gives a figure of 186 dwellings per annum for Ryedale, or 3,162 over the period 2021-38. A key recommendation for this study is that this level of provision is sufficient as a minimum level of need and the Council should not seek to plan for a higher number.**

3. In addition, the LHNA explores the size, type and tenure of housing needed for a range of different groups in the community.

Establishing Current Unmet Need for Affordable Housing

4. Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that an estimated 333 households in Ryedale are currently living in unsuitable housing and are unable to afford their own housing. Of these households, 108 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 225 households (333 less 108 = 225) that currently need affordable housing and do not currently occupy affordable housing.**

Future Need for Affordable Housing

5. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future. **Overall there is an additional need from 33 households needing affordable housing in Ryedale annually over the 17-year period 2021-38 who cannot afford market rents.**

Needs of Households Aspiring to Home Ownership

6. A recent new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. The Government introduced a new housing product entitled First Homes in 2020, which are to be sold with a minimum 30% discount (though this could be 40% or 50%), and the discount will remain in perpetuity. **This study identifies a need from 372 households who can afford to rent privately, but who may aspire to own and would be able to afford a First Home.**

7. Figure 1 draws together all the information on current and future affordable housing need and places this in the context of the LHN of 3,162 over 17 years for Ryedale. The data includes the result of applying a vacancy rate to the summary of households set out above. **The affordable housing need is 1,203 dwellings, which is 38% of the total need for dwellings. The split between affordable to rent and affordable to own in the overall model is 69:31, but this also varies by property size.** Note that the 157 C2 dwellings is the result of applying the market vacancy rate to the modelled growth in institutional households within the population projections. There is no assumption that this need must be provided as Class C2 dwellings.

Figure 1: **Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Affordable Dwellings			Total Affordable Housing	Total Market Housing	Total Housing
	Unable to afford market rents	Unable to afford market ownership				
		Unable to afford 70% First Homes	Able to afford 70% First Homes			
1 bedroom	75	1	12	88	81	**169**
2 bedrooms	319	26	81	426	249	**675**
3 bedrooms	334	24	151	509	1,198	**1,708**
4+ bedrooms	96	35	49	180	273	**453**
DWELLINGS	**823**	**86**	**294**	**1,203**	**1,802**	**3,005**
C2 Dwellings	-	-	-	-	157	157
LHN	**823**	**86**	**294**	**1,203**	**1,959**	**3,162**

Specialist Needs

8. Using the national Housing LIN model for older person housing needs, this study finds that there is a need for 1,777 units of dedicated older person housing, which is 56% of the total overall need. However, If current rates of provision were to continue a further 425 specialist older person dwellings would be required.

9. The policy aim of supporting people at home for longer along with assistive technology could reduce or alter demand. However, it is important to recognise that the provision of dedicated older person housing schemes will form an important part of the overall housing mix.

10. In July 2022 the government issued their response to a consultation ran in 2020 on the future of accessibility standards.[1] Previously, local authorities were required to assess the need to M4(2) accessible homes in their local area and develop policies to deliver these the properties. The government are now proposing that all homes be delivered to M4(2) standard and therefore this evidence is now longer required.

11. However, local authorities are still required to assess the need for the higher M4(3) standard which covers the need for wheelchair adaptable home. The evidence for Ryedale indicates a need for at least 220 dwellings which will be required to be adapted to the needs of wheelchair users and hence built to M4(3) standard.

12. The government have also placed an increased emphasis on self and custom housebuilding target, This study proposes an aspirational target for Ryedale of 28 dwellings per annum, which is 15% of the total overall need

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[1] https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/outcome/raising-accessibility-standards-for-new-homes-summary-of-consultation-responses-and-government-response#government-response

1. Introducing the Study

Background to the project

Introduction

1.1 Opinion Research Services (ORS) was commissioned by Ryedale Council to prepare a Strategic Housing Market Assessment. The Council wanted to understand more about the nature and make-up of current and future housing needs across Ryedale through all stages of life.

1.2 The current Ryedale Local Plan 2012-27 was adopted in September 2013. This includes provision for a total of 3,000 dwellings at a rate of 200 per annum. This study seeks to reassess the need for new homes in Ryedale and also to assess the likely rate of jobs growth in the future.

1.3 This study was primarily addressed by the use, and interrogation of, secondary data including population projections, house prices and local incomes.

1.4 This work adheres to the requirements of the new National Planning Policy Framework (NPPF) published in July 2018 (and updated in July 2021) and the associated Planning Practice Guidance (PPG), in particular the section on housing and economic needs assessment.

2. Government Policy

An overview of the National Policy Planning Framework

Government Policy

2.1 The Government published the National Planning Policy Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied.

2.2 The Original NPPF had a presumption in favour of sustainable development, and paragraph 47 stated that Local Plans should meet *"the full, objectively assessed needs for market and affordable housing in the housing market area"*. The responsibility for establishing housing need rested with the local planning authority and Paragraph 159 of the Original NPPF set out that they *"should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries"*.

2.3 A revised version of the National Planning Policy Framework (the Revised NPPF) was published in July 2018. Whilst the Revised NPPF maintains the underlying theme of sustainable development, several significant changes have been introduced in relation to identifying and meeting housing needs. The Revised NPPF was updated in February 2019 to incorporate a number of detailed changes following a technical consultation. Whilst most of the changes appear relatively minor, they may have a substantial impact on identifying and meeting housing needs in some areas. The results of the consultation were summarised in the document *"Government response to the technical consultation on updates to national planning policy and guidance"*.

2.4 Under the Revised NPPF, local planning authorities are still responsible for assessing their local housing needs; however, Paragraph 61 identifies that *"strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach"*. This represents a significant change, as the standard method sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is now constrained to a minimum figure that is determined centrally by the Government.

2.5 This focus on local area has led to a change in the Duty to Co-operate, where neighbouring authorities now have to produce Statements of Common Ground. Whilst Housing Market Areas (HMAs) are no longer mentioned explicitly in the Revised NPPF, Paragraph 61 identifies that *"any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for"*; and PPG identifies that HMAs are still one of the factors which must be considered when determining the relevant cross-boundary areas for plan-making [ID 61-010-20180913].

2.6 The Revised NPPF has also introduced a new definition for affordable housing. Whilst the Original NPPF identified (in the Glossary at Annex 2) that affordable housing should be provided for households *"whose needs are not met by the market"*, the Revised NPPF adds that this includes *"housing that provides a subsidised route to home ownership and/or is for essential local workers"*. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need.

2.7 Under the Original NPPF, affordable housing need was based on those who could not afford to buy *or* rent in the market. Households who could afford market rent were not counted as in affordable housing need even

if they would have preferred to buy and could not afford to do so. However, the latest PPG states that assessments must now include the needs of *"those that cannot afford their own homes, either to rent, or to own, where that is their aspiration"* [ID 2a-020-20190220]. On this basis, households able to afford market rent who aspire to but are unable to afford home ownership must now be counted as being in affordable housing need.

The Standard Method for Local Housing Need Assessment

2.8 The Original NPPF and associated PPG set out a methodology for establishing an Objectively Assessed Need for housing in a defined HMA. This methodology required that *"Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need"*, but allowed for adjustment based on local factors: *"The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends."* Adjustments could therefore be made if there were concerns around the quality of local data (e.g. inaccurate migration estimates), along with evidence-based judgements on other need elements such as market signals uplift and alignment of jobs and workers based on local circumstances.

2.9 On 14 September 2017, the Department of Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF, including a standardised methodology for calculating the Local Housing Needs (LHN). This included a number of key proposals:

> » The starting point for calculating the LHN for any area should be the most up-to-date household projections published by CLG;
>
> » While deviation from this starting point can be considered, the consultation proposals note that: *There should be very limited grounds for adopting an alternative method which results in a lower need*; and
>
> » The household projections published by CLG should be uplifted by a fixed affordability relationship based upon the ratio of house prices to earnings. The maximum uplift for a local authority area will be 40% above its CLG household projections or current Local Plan housing target.

2.10 CLG produced a spreadsheet of indicative housing needs figures which covered every local authority area in England based on the most up-to-date data at the time, the 2014-based household projections.

2.11 The Revised NPPF confirms that planning authorities should use the standard methodology for plan-making, though alternative methodologies which result in a higher housing need figure may still be deemed appropriate. Therefore, the standard method identifies the minimum number of homes expected to be planned for. It does not produce a housing requirement figure. The LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure for plan making if, for example, this reflects growth potential, or unmet need from elsewhere. This is confirmed by PPG, which states:

> *When might it be appropriate to plan for a higher housing need figure than the standard method?*

> *The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.*
>
> *This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to, situations where increases in housing need are likely to exceed past trends because of:*
>
> » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
>
> » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
>
> » *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground.*
>
> *There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.*
>
> **PPG Reference ID: 2a-010-20190220**

2.12 PPG also suggests that local planning authorities will need to calculate their local housing need figure at the start of the plan-making process, but that this number should be kept under review and revised where appropriate. This assessment is produced in line with this approach. The housing need figure may change as the inputs are variable; it may therefore be prudent to consider a number that is higher than the minimum LHN to provide a buffer against possible future changes while reviewing local plans.

Changes to the Standard Method

2.13 Since the publication of the figures in September 2017, a range of new data has been released which allows for the calculation to be updated. This includes:

   » New affordability data released each year;

   » New 2016-based and 2018-based sub-national population projections (SNPP); and

   » New 2016-based and 2018-based household projections.

2.14 The national housing need produced using these new data is lower than previous estimates, falling short of the Government's stated 300,000 dwelling per year target. As a consequence, the Ministry for Housing, Communities and Local Government (MHCLG) consulted on changes to the standard method approach, and on 26 October 2018 published *"Technical consultation on updates to national planning policy and guidance October 2018"*.

2.15 At paragraph 19 of the document, MHCLG set out their planned changes to the standard method, explicitly stating that the lower housing numbers that are derived from application of the standard method to the ONS

produced 2016-based household projections should not be used, and that these do not qualify as an exceptional circumstance to warrant deviation from the standard method outputs using the CLG 2014-based projections:

> *19. The Government considers that the best way of responding to the new ONS household projections and delivering on the three principles in paragraph 18 above is to make three changes:*
>
> » *For the short-term, to specify that <u>the 2014-based data will provide the demographic baseline for assessment of local housing need</u>;*
>
> » *To make clear in national planning practice guidance that <u>lower numbers through the 2016-based projections do not qualify as an exceptional circumstance</u> that justifies a departure from the standard methodology; and*
>
> » *In the longer term, to review the formula with a view to establishing a new method that meets the principles in paragraph 18 above by the time the next projections are issued.*

2.16 The *"Government response to the technical consultation on updates to national planning policy and guidance"* was published on 19 February 2019. Despite a majority of consultees disagreeing with the proposal at Question 1, the Government still considers that its proposed approach is the most appropriate in the short-term.

2.17 On this basis, it would appear that any deviation from the standard methodology should only be considered if exceptional circumstances can be demonstrated. Nevertheless, the revisions to PPG [ID 2a-015-20190220] clarify that an alternative approach that identifies a need higher than using the standard method will be considered sound, providing that it adequately reflects current and future demographic trends and market signals, given that it will have exceeded the minimum starting point. Any figure lower than that identified using the standard method will need to be justified through exceptional local circumstances.

2.18 The Government's response goes on to say:

> *<u>Over the next 18 months we will review the formula and the way it is set using National Statistics data with a view to establish a new approach</u> that balances the need for clarity, simplicity and transparency for local communities with the Government's aspirations for the housing market.*
>
> *A key consideration of the standard method is to provide a degree of continuity between assessments of housing need over time. The changes to underlying assumptions in the population projections and methodological improvements to the household projections had led to significant variations in housing need at a local level, something that needs addressing in the short term.*

2.19 The end of the 18-month period was August 2020 and at this point the Government consulted on a new standard method for LHN, but decided to leave the existing method in place, except for a modification to increase the number in the 20 largest cities by 35%.

2.20 The Government has made it clear that it does not doubt the accuracy of the ONS 2016-based and 2018-based projections, as stated in the consultation. However, the Government has also made it clear that the existence of the lower 2016-based and now 2018-based projections is not a justification for a lower local housing need assessment, despite further disagreement from respondents to the consultation.

2.21 It seems likely that the concerns about not using the latest evidence will ultimately be tested in the courts. Whilst there are some uncertainties about the new method for calculating household formation that ONS

has introduced for the 2016-based household projections and continued in the 2018-based projections, the 2016-based and 2018-based subnational population projections are based on a method that is largely consistent with that used for the 2014-based population projection but using more up-to-date data and based on improved mid-year population estimates. As part of the 2016-based household projections publication, the ONS included an output which applied the previous CLG 2014-based household formation rates to the new 2016-based population projection (variant output 2) which provides up-to-date figures using the previous method.

2.22 This report therefore follows the standard method, using 2014-based household projections as the minimum LHN, before exploring the size, type and tenure of housing needed for the community.

Assessing Housing Needs

2.23 The Revised NPPF no longer requires local planning authorities to produce a Strategic Housing Market Assessment (SHMA) to establish housing need for HMAs, but instead requires local planning authorities:

> *61. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.*
>
> *62. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.*
>
> *63. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:*
>
> *a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and*
>
> *b) the agreed approach contributes to the objective of creating mixed and balanced communities*
>
> **National Planning Policy Framework, February 2019**

2.24 The new NPPF does not contain any explicit reference to SHMAs, and housing needs are to be established at a local authority level. However, a Housing Needs Assessment must now be prepared which will establish a minimum Local Housing Need (LHN) figure using the standard method set out in PPG [ID 2a-004-20190220]. In addition, the Housing Needs Assessment will need to identify the size, type and tenure of housing needed for a range of different groups in the community, which is largely consistent with the scope for SHMAs that the Original NPPF identified.

Duty to Co-operate

2.25 The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.

2.26 The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as *"the homes and jobs needed in the area"*.

> *Maintaining effective cooperation*
>
> *24. Local planning authorities and county councils (in two-tier areas) are under a duty to co-operate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries.*
>
> *25. Strategic policy-making authorities should collaborate to identify the relevant strategic matters which they need to address in their plans. They should also engage with their local communities and relevant bodies including Local Enterprise Partnerships, Local Nature Partnerships, the Marine Management Organisation, county councils, infrastructure providers, elected Mayors and combined authorities (in cases where Mayors or combined authorities do not have plan-making powers).*
>
> *26. Effective and on-going joint working between strategic policy-making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy. In particular, joint working should help to determine where additional infrastructure is necessary, and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.*
>
> *27. In order to demonstrate effective and on-going joint working, strategic policymaking authorities should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these. These should be produced using the approach set out in national planning guidance and be made publicly available throughout the plan-making process to provide transparency.*
>
> **National Planning Policy Framework, February 2019**

2.27 The manner in which councils have complied with their legal requirements under the Duty to Co-operate will be considered when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability).

2.28 The PPG elaborates further on the requirement for a statement of common ground (in the section on Plan-Making, updated 23 July 2019):

> *Maintaining effective cooperation*
>
> *How are plan-making bodies expected to co-operate?*
>
> *Strategic policy-making authorities are required to co-operate with each other, and other bodies, when preparing, or supporting the preparation of policies which address strategic matters. This includes those policies contained in local plans (including minerals and waste plans), spatial development strategies, and marine plans.*
>
> *The National Planning Policy Framework sets out that these authorities should produce, maintain, and update one or more statement(s) of common ground, throughout the plan-making process. Local planning authorities are also bound by the statutory duty to co-operate. Neighbourhood Planning bodies are not bound by the duty to co-operate, nor are they required to produce or be involved in a statement of common ground.*
>
> **PPG Reference ID: 61-009-20190315**

2.29 In paragraph 61-017 entitled *"Which geographical area does a statement of common ground need to cover?"*, PPG explicitly discusses the appropriate functional geography to which the statement of common ground should apply: *"For example, housing market and travel to work areas, river catchments, or landscape areas*

may be a more appropriate basis on which to plan than individual local planning authority, county, or combined authority areas". It goes on to define housing market areas:

> **How can housing market areas be defined?**
>
> *A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. These can be broadly defined by analysing:*
>
> » *The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.*
>
> » *Migration flow and housing search patterns. This can help identify the extent to which people move to a new house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).*
>
> » *Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).*
>
> *Suggested data sources: Office for National Statistics (internal migration and travel to work areas statistics); Land Registry House Price Index and Price Paid data (including sales); data from estate agents and local newspapers about geographical coverage of houses advertised for sale and rent; Ministry of Housing, Communities and Local Government statistics including live tables on affordability (lower quartile house prices/lower quartile earnings); and neighbourhood data from the Census.*
>
> **PPG Reference ID: 61-018-20190315**

2.30 This definition of an HMA is almost identical to that in the original PPG relating to housing need.

Summary of the ORS Approach to Modelling Housing Need

2.31 As noted above, the Government have stipulated that all local authorities should follow the standard method for assessing LHN, unless exceptional circumstances require an alternative figure to be calculated. This represents the total number of dwellings required in the area.

2.32 However, the standard method is underwritten by the 2014-based household projections and a significant amount of more up-to-date demographic information is now available. While the final outputs of this study are based upon the standard method based LHN, we achieve these outputs through a series of stages.

2.33 In Chapter 6, we consider the demographic profile of the population and households. The demographic projections for this LHNA are based on the latest official projections and cover the 17-year period 2021-2038. They are informed by the latest ONS mid-year estimates,[1] and take account of the most up-to-date fertility and mortality rates and the latest migration trends. In particular, we focus upon the 2018-based 10-year migration trends variant population and household projections. The data within these projections is then adjusted in light of the mid-year population estimates 2019 and 2020. The reason for choosing this set

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[1] The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements.

of projections is that they represent the best and most up-to-date information available for population and household growth trends currently published.

2.34 The estimates for affordable housing need in Chapter 7 are therefore based upon adjusted 2018-based population and household projections. The figures contained within this chapter therefore reflect the need for affordable housing based upon much more recent trends than the data underwriting the LHN.

2.35 However, delivering the number of dwellings required by the standard method will require a different population and household growth than the trend-based population and household growth. This issue is reconciled in Chapter 6. To move from the household growth in Chapter 7 to the total need for dwellings in Chapter 8 requires a series of additional elements. These include:

» The need to include the impact of vacant and second homes to uplift the household projection to become the need for dwellings;

» The need to include an allowance for additional Use Class C2 bedspaces such as nursing homes to ensure that persons otherwise not included in the population and household projections are included within the overall LHN;

» The standard method seeks to address housing market pressures, so the ORS model adjusts household formation rates for younger households on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001; and

» Where household formation rates for all age groups under 45 have returned to the levels recorded in 2001, the rate of net inward migration is increased to align the overall household growth with the number of dwellings identified by the LHN target.

2.36 When all relevant factors have been added, the outputs produced in Chapter 6 and 7 are consistent with the LHN in Chapter 6. Therefore, the figures produced in Chapter 8 are the overall conclusions for housing need based upon the standard method LHN.

3. Defining the Housing Market Area

An evidence base to identify Functional Housing Markets

3.1 The National Planning Policy Framework (NPPF, July 2018) refers to the need for Local Plans to *"as a minimum, <u>provide for objectively assessed needs for housing</u> and other uses, as well as any needs that cannot be met in other areas"* (paragraph 11, emphasis added). It should be noted that unlike the previous iteration of the NPPF (March 2012), the new version no longer makes reference to housing market areas for purposes of defining need, instead referencing the area of the Local Planning Authority as the norm for assessment. It also refers to the standardised method in national planning guidance which itself assesses at a local authority level.

3.2 This assessment of housing market area follows the definitions set out in the March 2014 guidance. This PPG[2] required that *"Needs should be assessed in relation to the relevant functional area: i.e. housing market area…"* (PPG 2a-008). The identification of the Housing Market Area (HMA) is therefore the first relevant building block in the evidence for identifying housing needs for the study.

Functional Housing Market Areas

3.3 The definition of a functional housing market area is well-established as being *"…the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay"* (Maclennan et al, 1998)[3].

Planning Practice Guidance

3.4 Planning Practice Guidance (PPG) on Plan Making (July 2019) reflects this existing concept, confirming that the underlying principles for defining housing markets are concerned with the functional areas in which people both live and work:

> *A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.*
>
> **Planning Practice Guidance (July 2019), ID 61-009**

3.5 Therefore, PPG requires an understanding of the housing market area and says this can be defined using three different sources of information:

» House prices and rates of change in house prices;

» Household migration and search patterns; and

» Contextual data (e.g. travel to work area boundaries, retail and school catchment areas).

3.6 These sources are well-established, being consistent with those previously identified in the CLG advice note "Identifying sub-regional housing market areas" published in 2007[4].

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[2] At the time of writing – Published Nov 2016, updated July 2018.
[3] Local Housing Systems Analysis: Best Practice Guide. Edinburgh: Scottish Homes
[4] Identifying sub−regional housing market areas (CLG, March 2007); paragraph 1.6

Geography of Housing Market Areas (NHPAU/CURDS)

3.7 CLG also published a report on the 'Geography of Housing Market Areas' in 2010[5] which was commissioned by the former National Housing and Planning Advice Unit (NHPAU) and undertaken by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University. This study explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated. The report also proposed three overlapping tiers of geography for housing markets:

> » Tier 1: framework housing market areas defined by long distance commuting flows and the long-term spatial framework within which housing markets operate;

> » Tier 2: local housing market areas defined by migration patterns that determine the limits of short term spatial house price arbitrage: i.e., households moving without changing jobs; and

> » Tier 3: sub-markets defined in terms of neighbourhoods or house type price premiums.

3.8 The report recognised that migration patterns and commuting flows were the most relevant information sources for identifying the upper tier housing market areas, with house prices only becoming relevant at a more local level and when establishing housing sub-markets. The report also outlined that no one single approach (nor one single data source) will provide a definitive solution to identifying local housing markets, but by using a range of available data, judgements on appropriate geography can be made.

3.9 Advice published in the Planning Advisory Service (PAS) technical advice note about Objectively Assessed Need (OAN) and Housing Targets (originally published in June 2014, with a second edition[6] in July 2015) also suggests that the main indicators will be migration and commuting (second edition, paragraph 5.4).

> *"The PPG provides a long list of possible indicators, comprising house prices, migration and search patterns and contextual data including travel-to-work areas, retail and school catchments. In practice, the main indicators used are migration and commuting."*

3.10 The PAS OAN technical advice note also suggests that analysis reported in the CLG report "*Geography of Housing Market Areas*" (CLG, November 2010) should provide a starting point for drawing HMAs (Figure 2).

3.11 Figure 2 shows the local authority boundary (in black) and compares these with the CURDS study (in blue) to consider their alignment. It is apparent that the CURDS study concluded that Ryedale is predominantly in the Whitby and Malton HMA, which takes in part of Scarborough borough, however part is also in the York HMA.

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[5] Geography of Housing Market Areas (CLG, November 2010)
[6] http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d

Figure 2:   NHPAU Study – PAS OAN technical advice note 'Starting Point' (Source: NHPAU/CURDS 2010)
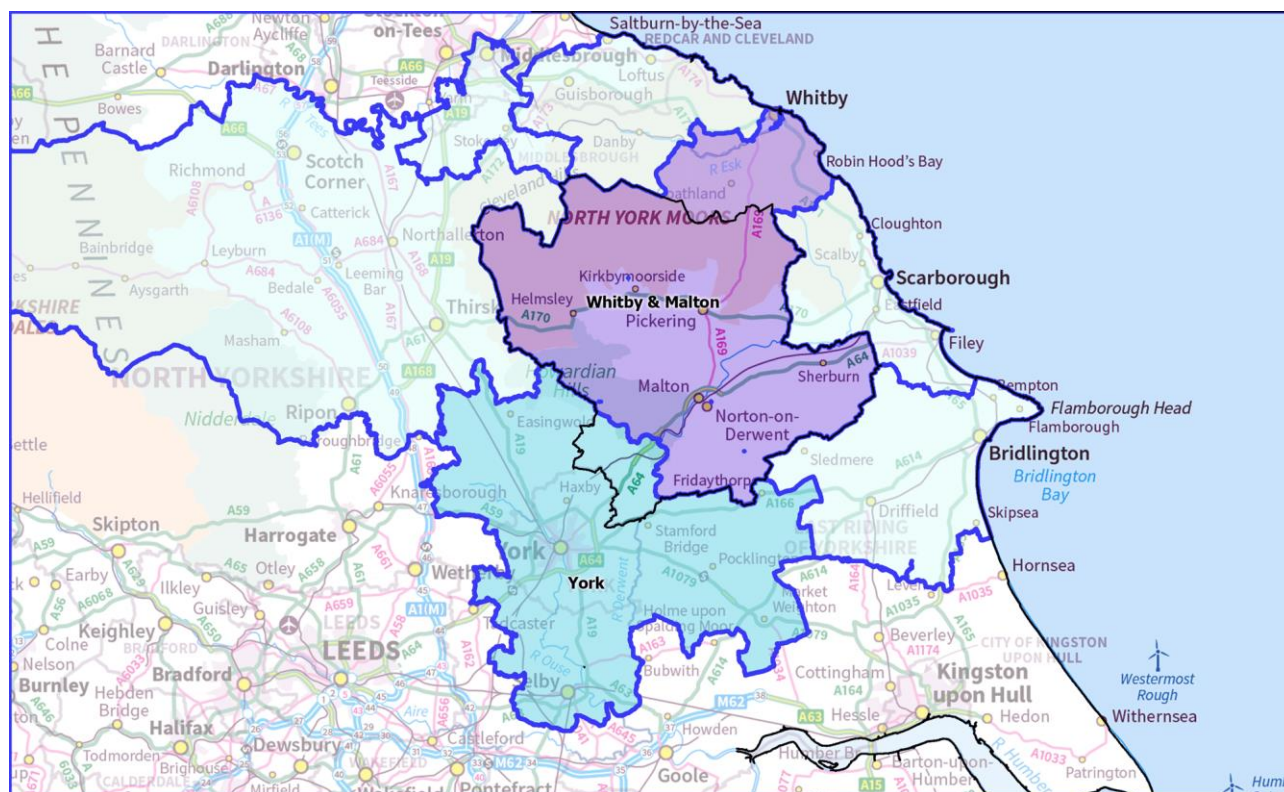
ONS Travel to Work Areas

3.12 PPG defines housing market areas on the basis that they will reflect *"the key functional linkages between places where people live and work"* (ID 2a-010). Furthermore, PPG 2014 identifies Office for National Statistics Travel to Work Areas (TTWAs) as one of the identified data sources that should be considered when establishing housing market areas.

> *Travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location. They can also provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).*
>
> **Planning Practice Guidance (March 2014), ID 2a-011**

3.13 The Office for National Statistics (ONS) defines official Travel to Work Areas for those involved in labour market analysis and planning. These areas are also based on analysis of Census commuting flow data, and TTWAs based on data from the 2011 Census were published in August 2015. A total of 228 TTWAs were defined for the whole of the UK based on 2011 data, a reduction from the 243 TTWAs that were previously defined based on 2001 Census data.

3.14 Figure 3 shows the defined TTWAs (2015), in blue, and these are based on the commuting flow data from the 2011 Census. This again places most of Ryedale in one area, with only a small area in the York TTWA.

Figure 3:   ONS Travel to Work Areas (Source: ONS 2015)
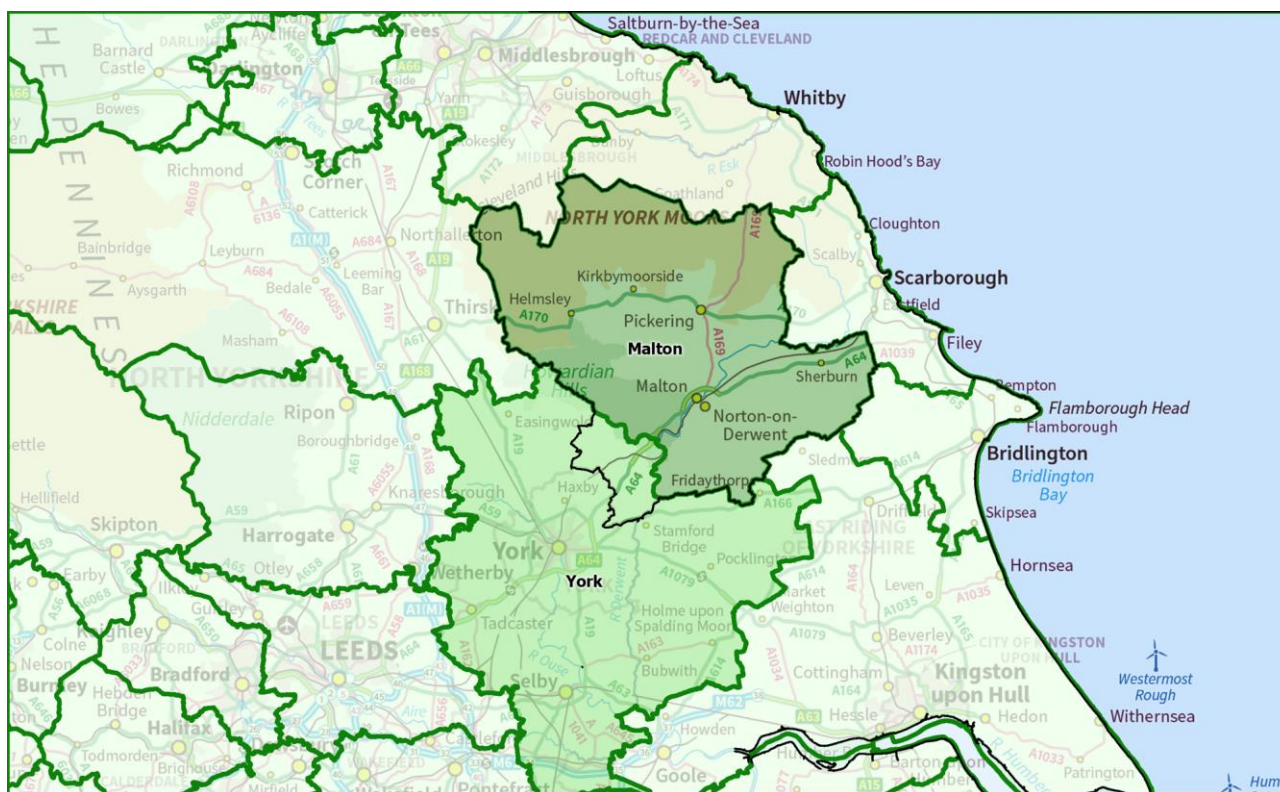
Valuation Office Agency Broad Rental Market Areas

3.15   The Broad Rental Market Area (BRMA) is the geographical area used by the Valuation Office Agency (VOA) to determine the Local Housing Allowance rate (LHA); the allowance paid to housing benefit applicants. The BRMA area is based on an area where a person could reasonably be expected to live, taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping.

3.16   When determining BRMAs, the Rent Officer takes account of the distance of travel, by public and private transport, to and from these facilities and services. The boundaries of a BRMA do not have to match the boundaries of a local authority and BRMAs will often fall across more than one local authority area. Therefore, BRMAs are areas within which it would be reasonable to expect a household needing local housing allowance support to move to another settlement within the area in order to find suitable housing.

3.17   The BRMA areas for Ryedale and surrounding areas are shown, in blue, in Figure 4. Much of Ryedale is covered by the Scarborough BRMA but the York BRMA also extends into Ryedale, including the town of Malton.

Figure 4:   VOA Broad Rental Market Area Boundaries

Administrative Boundaries and Housing Market Areas

3.18   The NPPF recognises that housing market areas may cross administrative boundaries, and March 2014 PPG emphasises that housing market areas reflect functional linkages between places where people live and work. The previous 2007 CLG advice note[7] also established that functional housing market areas should not be constrained by administrative boundaries, nevertheless it suggested the need for a "best fit" approximation to local authority areas for developing evidence and policy (paragraph 9):

"The extent of sub-regional functional housing market areas identified will vary and many will in practice cut across local authority administrative boundaries. For these reasons, regions and local authorities will want to consider, for the purposes of developing evidence bases and policy, using a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-regional housing market areas."

3.19   This "best fit" approximation has also been suggested by the PAS OAN technical advice note, which suggests (second edition, paragraph 5.9):

"...boundaries that straddle local authority areas are usually impractical, given that planning policy is mostly made at the local authority level, and many kinds of data are unavailable for smaller areas."

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[7] Identifying sub-regional housing market areas (CLG, March 2007)

3.20 This means there is a need for balance in methodological approach:

» On the one hand, it is important that the process of analysis and identification of the functional housing market areas should not be constrained by local authority boundaries. This allows the full extent of each functional housing market to be properly understood and ensures that all of the constituent local planning authorities can work together under the duty to co-operate, as set out in Guidance (PPG, ID 2a-010);

» On the other hand, and as suggested by the PAS OAN technical advice note (and the previous CLG advice note), it is also necessary to identify a "best fit" for each functional housing market area that is based on local planning authority boundaries. This "best fit" area provides an appropriate basis for analysing evidence and drafting policy and would normally represent the group of authorities that would take responsibility for undertaking a Strategic Housing Market Assessment.

3.21 In summary, therefore, the approach to defining housing market areas needs to balance robust analysis with pragmatic administrative requirements.

3.22 Based on the range of analysis that we have considered, it is evident that the geography of housing market areas around Ryedale undoubtedly implies that the majority of Ryedale falls within a single self-contained HMA, but that the York HMA extends into the South West of the District.

Key Statistics for Ryedale HMA

Migration within the UK to and from Ryedale

3.23 Figure 5 shows that a total of 2,750 residents currently living in Ryedale had moved there from another address within Ryedale in the 12 months prior to the Census. This amounts to 57.1% of all moves for people who moved to an address in Ryedale between 2010 and 2011.

3.24 Figure 5 also identifies the current residence of those who previously lived in Ryedale and moved in the 12 months prior to the Census. This analysis also shows that 56.7% of those residents of who moved stayed within the local authority area.

3.25 PPG identifies that a *"relatively high proportion of household moves"* will be contained within a housing market area; and suggests that this will be "*typically 70%"* or more; however, this *"excludes long-distance moves"* (ID 2a-011). While the level of self-containment in Ryedale is not over 70%, it is an area which attracts migrants from a wide area for retirement. Therefore, we would not expect the level of moves in Ryedale to be exceptionally high for self-containment.

3.26 The definition for a Housing Market Area sets out that it is the area *"where most of those changing house without changing employment choose to stay"*. Unfortunately, no data is available that relates migration with changes in employment circumstances, but given that most working people will live relatively close to their job, it is reasonable to assume that those migrants moving longer distances will tend to also change their place of work or be retiring – so the containment rates for this group will inevitably be higher.

	Moved within LA	All Moves to LA	All moves from LA
Ryedale	2,750	4,813	4,847
		Moves within as a percentage of moves to LA	Moves within as a percentage of moves from LA
Ryedale		57.1%	56.7%

Travel to Work Patterns

3.27 Whilst housing market areas are defined predominantly in terms of the areas *"where most of those changing house without changing employment choose to stay"*, it is also relevant to consider them in the context of *"...the geographical area in which a substantial majority of the employed population both live and work"*. It is therefore important to consider the extent to which the resident population work in the area and the workplace population live in the area.

3.28 Figure 6 demonstrates the levels of self-containment in Ryedale, those who live and work in the area. Overall, this shows that 74.6% of people who live in Ryedale also work in the area. Looked at from the other perspective, 73.2% of those who work in Ryedale also live there.

Figure 6: Workplace Location by Area of Residence (Source: 2011 Census of Population)

	Workers that Reside and Work in the Area	Workers that Reside in the Area	Workers that Work in the Area
Ryedale	19,254	25,818	26,318
		74.6%	73.2%

Summary of Containment within the Area

3.29 Figure 7 shows a summary of migration and travel to work patterns for Ryedale.

Figure 7: Migration and Workplace Location by Area of Residence for Ryedale (Source: 2011 Census of Population)

	Workers that Reside and Work in the Area	Workers that Reside in the Area	Workers that Work in the Area
Ryedale	19,254	25,818	26,318
		74.6%	73.2%
	Moved within area	All Moves to area	All moves from area
Ryedale	2,750	4,813	4,847
		57.1%	56.7%

3.30 PPG identifies that a *"relatively high proportion of household moves"* will be contained within a housing market area, and suggests that this will be *"typically 70%"* or more; however, this *"excludes long-distance moves"* (ID 2a-011).

3.31 As the PAS OAN technical advice note confirms, *"what counts as a long-distance move is a matter of judgment"* (second edition, paragraph 5.16). Data from the English Housing Survey 2013-14 household

report[8] (figure 6.4) shows that over 7 in every 8 moves in the UK involved distances of less than 50 miles, with almost 5 in every 6 involving distances of less than 20 miles. It would therefore seem appropriate for long-distance moves to include all moves of at least 50 miles, and for moves of 20 miles or more to also be considered.

3.32 The concept of excluding "*long-distance moves*" relates back to the early definition of a functional housing market area that was set out earlier in this chapter. That definition focused on "*those moving house without changing employment*", and long-distance moves will generally involve a change of job or other change of lifestyle (such as retirement). On balance, it seems unlikely that many people would move more than 20 miles in this part of the country without a change of job; so it would seem reasonable to consider moves of over 20 miles as being "long-distance" in the context of this specific area.

Conclusions

3.33 The ONS Travel to Work Areas and BRMAs both suggest that Ryedale is predominately contained within a separate stand-alone HMA, which also interacts with the Scarborough and York HMAs. The migration and commuting data for Ryedale alone also suggest that it is justifiable to consider this as a stand-alone HMA. Therefore, we would propose that Ryedale is a single functional HMA.

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[8] https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-household-report

4. Local Housing Market

Housing trends and cost of housing in Ryedale

Introduction

4.1 This chapter explores the cost of housing in Ryedale and the incomes needed to rent or buy at market prices.

4.2 It highlights the potential income gaps and identifies where and how people may fall into affordable housing need. This includes consideration of social and affordable rent and access to housing benefit for those in the rental sector as well as the potential impact of help-to-buy policies.

Housing Tenure Trends

4.3 Clear trends are evident in the local data for Ryedale, even while recognising that the 2011 Census is now over 10 years old. Figure 8 to Figure 10 show that there has been a steady increase in the overall number of owner occupiers since 1981, with a proportional reduction in owner occupation between 2001 and 2011. The proportional and absolute numbers of social renters decreased 1981-2001 (likely in part as a result of the introduction of the Right-to-Buy in 1980), offset by a small increase 2001-11. More recent products such as Affordable Rent had not been introduced in 2011. In comparison, the proportion of private renters has remained relatively constant, however in absolute terms there was an increase between 2001 and 2011.

Figure 8: **Number of Households by Tenure in Ryedale 1981-2011 (Source: UK Census of Population)** **Figure 9:** **Percentage of Households by Tenure in Ryedale 1981-2011 (Source: UK Census of Population)**
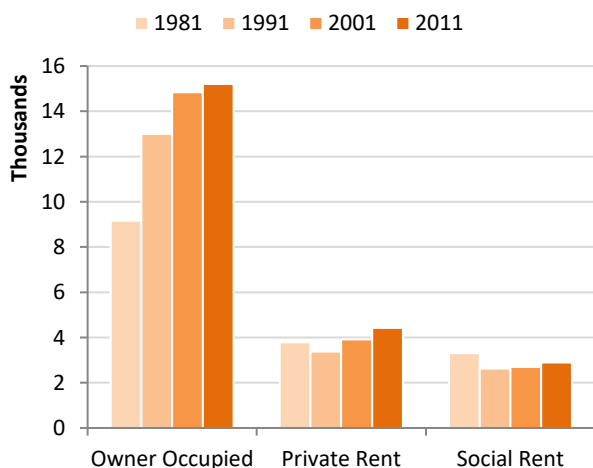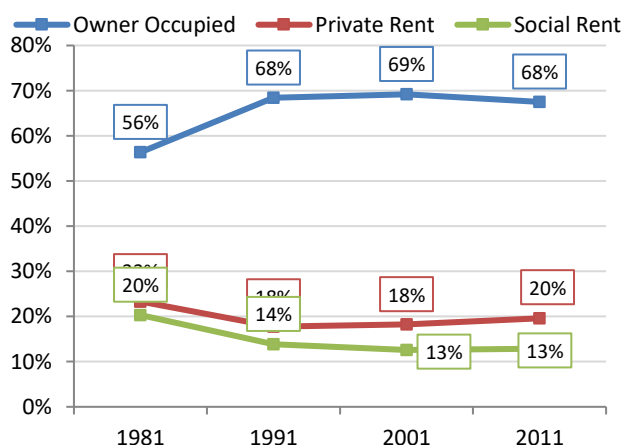
Figure 10: **Households by Tenure for Ryedale 1981-2011 (Source: UK Census of Population)**

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	9,170	13,003	14,842	15,207	+3,833	+1,839	+365
Private rent	3,794	3,376	3,909	4,421	-418	+533	+512
Social rent	3,306	2,632	2,700	2,896	-674	+68	+196
TOTAL	**16,270**	**19,011**	**21,451**	**22,524**	**+2,741**	**+2,440**	**+1,073**
Owner occupied	56.4%	68.4%	69.2%	67.5%	12.0%	0.8%	-1.7%
Private rent	23.3%	17.8%	18.2%	19.6%	-5.6%	0.5%	1.4%
Social rent	20.3%	13.8%	12.6%	12.9%	-6.5%	-1.3%	0.3%

Housing Stock by Size

4.4   Figure 11 shows the housing stock of Ryedale by tenure and number of bedrooms. In general, the owner-occupied stock is dominated by 3-bedroom properties.

4.5   In general, 2 and 3 bedrooms are the most common private rented property size. In social rent there is a higher proportion of 1-bedroom properties than in the other tenures.

Figure 11:   Dwelling stock by tenure and number of bedrooms by area (Source: UK Census of Population 2011)

Property Type	Owner Occupied	Private Rent	Social Rent	TOTAL
Ryedale				
1 bedroom	290	458	626	**1,374**
2 bedrooms	3,583	1,570	1,163	**6,316**
3 bedrooms	6,607	1,693	1,025	**9,325**
4 bedrooms	3,379	505	68	**3,952**
5+ bedrooms	1,348	195	14	**1,557**

Cost of Home Ownership

4.6   House price trends (2001-2021) are shown in Figure 12 based on lower quartile house prices. Lower quartile prices are used to consider the entry level price for home ownership. Of course, the value of money has also changed during this period, so the data is adjusted to take account of and remove the impact of inflation; therefore, the values reflect real changes in house prices since 2001.

4.7   It is evident that real house prices in Ryedale increased substantially in the period 2001-2008 and have been consistently higher than England prices. Values reduced during the economic downturn by mid-2009 and continued to decline over the period to 2014, but have since increased.

Figure 12:   Real House Price Trends: Lower Quartile Prices adjusted to 2021 values using CPI (Source: ONS; Bank of England)
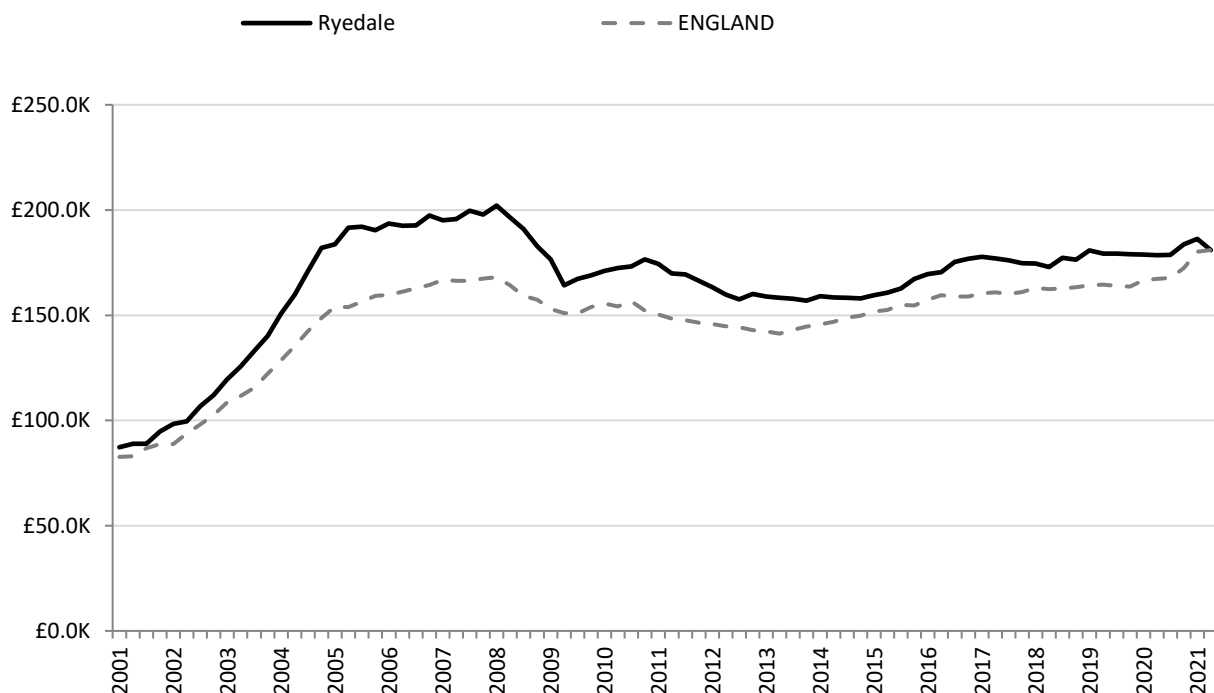
4.8 Figure 13 shows the lower quartile house prices by bedroom size. The data shows both the lower quartile price for existing properties and new build dwellings, with prices taken from the Land Registry records for the sales prices of individual properties. When considering first time buyers in particular, many of the purchasers are likely to be newly forming households seeking one and two bed properties, although some will seek larger properties. As discussed below, schemes such as the new First Homes product which sells new homes at a 30% or more discount compared to market prices to local first-time buyers may make home ownership more accessible for this group.

4.9 The degree to which new build properties are more expensive than existing homes varies considerably by size of dwelling. This is likely to be down to a range of factors which include the location of new build housing, the relative size of properties, gardens and the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character. In general, new build properties are more expensive than existing dwellings, but this is not the case for larger properties in Ryedale.

4.10 Figure 14 shows that prices inside the North York Moors NPA are considerable higher than in the rest of Ryedale.

Figure 13: Lower quartile prices (adjusted to 2021 values using CPI) for existing dwellings and newly built dwellings (2019-21) by property size in Ryedale (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)
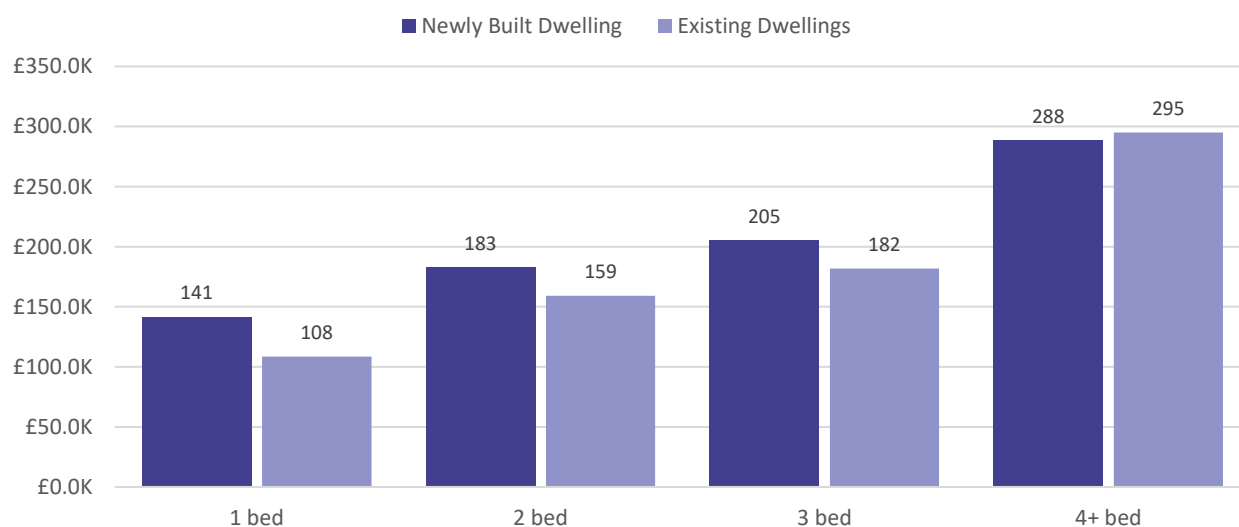
Figure 14: Lower quartile prices (adjusted by CPI) (2019-21) by property size by inside and outside of the North York Moors NPA (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)

Area	1 Bedroom	2 Bedrooms	3 Bedrooms	4+ bedrooms
Ryedale Outside of North York Moors NPA				
Existing	£106,358	£156,026	£178,275	£289,447
New Build	£138,575	£179,103	£200,884	£282,874
North York Moors NPA in Ryedale				
Existing	£121,897	£178,821	£204,321	£331,735
New Build	£158,820	£205,269	£230,232	£324,201

Income Needed for Home Ownership

4.11 The income needed to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).

4.12 To give an illustrative example (based on Ryedale prices), taking an existing 1-bedroom property:

» The lower quartile price recorded was £108,500;

» Based on a 90% loan-to-value mortgage, a deposit of £10,850, would be needed (equivalent to 10% of the overall price) with the mortgage covering the remaining £97,650;

» Using a mortgage income multiplier of 3.5x would therefore need an annual income of £27,900.

4.13 To purchase the same property with a 95% loan-to-value mortgage would reduce the deposit needed to £5,425 (equivalent to 5% of the overall price) but the income required would increase to £29,500 per year. Borrowing at a 4.0x income multiplier would reduce the income needed, but households would still need an income of between £24,400 and £25,800 based on a 5-10% deposit. Therefore, to purchase an existing 1-bedroom property at an overall cost of £108,500 is likely to require an annual income of at least £24,400 (assuming a 10% deposit and a 4.0x multiplier), but with less deposit and a lower income multiplier an income of up to £29,500 per year could be needed.

4.14 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, taking the initial assumptions of a 10% deposit and a 3.5x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to afford home ownership. Throughout this report we have assumed a 25 year mortgage term.

4.15 Based on these assumptions, Figure 15 shows the household income levels needed to buy 1 and 2-bedroom properties in terms of both existing dwellings and newly built dwellings in Ryedale. When purchasing larger homes, households will typically have larger deposits available which often include equity from the sale of a smaller property. On this basis, it is relatively artificial to consider incomes in isolation.

Figure 15: Annual income required to afford proprieties based on a 10% deposit and 3.5 times income mortgage by property size (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)

Property Type	Annual Household Income Needed to Own at Lower Quartile Prices: Ryedale
NEWLY BUILT DWELLINGS	
1 bedroom	£36,300
2 bedrooms	£47,000
EXISTING DWELLINGS	
1 bedroom	£27,900
2 bedrooms	£40,900

Cost of Renting

4.16 Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit based on Broad Rental Market Areas (BRMAs). The LHA was previously based on the 30th percentile private rent, however more recent increases have based on CPI and rates were frozen in the July 2015 Budget.

4.17   Whilst BRMAs do not align with local authority boundaries, the Scarborough BRMA covers almost all of Ryedale, and the remainder is covered by the York BRMA.

4.18   Figure 16 sets out the maximum Local Housing Allowance by size of property in each of these BRMAs:

Figure 16:   Maximum Local Housing Allowance thresholds 2019 (Source: Valuation Office Agency)

Weekly Rent £	Broad Rental Market Area	
	York BRMA	**Scarborough BRMA**
LOCAL HOUSING ALLOWANCE		
Room only	£75.00	£65.50
1 bedroom	£125.42	£86.30
2 bedrooms	£149.59	£111.62
3 bedrooms	£166.85	£128.88
4+ bedrooms	£241.64	£149.59

4.19   Figure 17 sets out the weekly rents for different property sizes. This includes:

»   Median and lower quartile private rent;

»   Affordable rent; and

»   Social rent based on existing average rents.

Figure 17:   Weekly rent thresholds 2019 (Source: Private Rental Market Statistics, Valuation Office Agency; Regulator of Social Housing. Note: Private rent data excludes housing benefit funded tenancies)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
RYEDALE				
1 bedroom	£103.49	£95.44	£84.71	£78.76
2 bedrooms	£136.84	£123.04	£99.52	£89.21
3 bedrooms	£159.84	£137.99	£110.56	£97.91
4+ bedrooms	£232.28	£195.48	£119.15	£105.12

4.20   It is evident that for all property sizes, the median private rent is the highest followed in turn by the lower quartile private rent, affordable rent and target social rent. Where the LHA rates are higher than the equivalent lower quartile private rents, it is important to note that the private rent figures exclude housing benefit funded tenancies. Therefore, there would appear to be only limited opportunity for an increase in the number of households in receipt of housing benefit given that lower quartile rents are already above or close to the maximum housing benefit in the Scarborough BRMA.

Income Needed to Rent Housing

4.21   The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)[9] stated:

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[9] https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance

> *"A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income"* (page 42)

4.22 However, this previous Guidance was rescinded in March 2014 following the publication of the Original NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that "*care should be taken … to include **only those households who cannot afford** to access suitable housing in the market*" [ID 2a-020-20190220] (emphasis added).

4.23 Results from the English Housing Survey (EHS) 2015-16[10] provide information about the percentage of gross household income that households currently spend on their housing costs[11]:

» For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in social rent; and

» For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in social rent.

4.24 The EHS demonstrates that many households in both private and social rented properties currently pay considerably more than 25% of gross household income on their housing costs. Whilst it is arguable that some households currently pay too much for their rent, it is unrealistic to suggest that all households paying more than 25% are unable to afford suitable housing in the market.

4.25 The proportion of household income allocated to housing costs is necessarily based on a judgement. At the lower end of the range, the previous CLG Practice Guidance sets out a percentage of 25%. However, as the EHS identifies that households renting privately currently spend 41% of their gross income <u>on average</u>, there must be many households currently spending more than 41% of their income on housing costs (which will be offset against others spending lower proportions).

4.26 On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs was at least 25% but no more than 45% of gross income. This leads to our judgement that **35% of income** provides a reasonable basis for assessing the maximum that households should reasonably expect to pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.

4.27 As an illustrative example, we can establish the income needed to rent a 1-bedroom property in Ryedale based on a 35% income multiplier:

» The lower quartile weekly rent recorded was £102.69;

» Based on a 35% income multiplier, a weekly income of £293.40 would be needed which equates to a gross annual income of £15,257.

4.28 To rent the same property based on a 25% income multiplier would increase the gross income required to £21,360 per year whereas households with an annual income of £15,706 per year could afford the rent if 45% of their income was allocated to housing costs. Therefore, to rent a self-contained 1-bedroom property in Ryedale, at a lower quartile rent overall cost of £102.69 per week is likely to require an annual income of

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[10] https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report
[11] "Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit), by tenure, 2010-11 to 2015-16"

at least £15,257 (assuming a 35% multiplier); although it is evident that the required income is very sensitive to the multiplier used.

4.29 Given this context, although some households will choose to pay a higher proportion of their income to rent their home (and others might be forced to do so due to the lack of any other housing options), taking the initial assumption of a 35% income multiplier provides a reasonable benchmark to establish the rental income needed. Based on this assumption, Figure 18 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent.

Figure 18: **Annual income required to afford to rent proprieties at the lower quartile and median price based on 35% income multiplier by property size (Source: ORS based on Valuation Office Agency data October 2020 to September 2021)**

Annual Income £	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
RYEDALE				
1 bedroom	£15,429	£14,229	£12,629	£11,742
2 bedrooms	£20,400	£18,343	£14,837	£13,300
3 bedrooms	£23,829	£20,571	£16,482	£14,597
4+ bedrooms	£34,629	£29,143	£17,763	£15,672

4.30 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid.

4.31 Considering some examples of disposable income:

» A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Therefore, housing costs at 35% of gross income would represent 41.4% of their net income, which would leave £9,880 (£189 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24; so, on this basis, this household could afford to pay at least 35% of their income on housing costs and still have sufficient disposable income;

» A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income, which would leave £12,559 (£241 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over); so this household could not afford to pay 35% of their income on housing costs as it would not leave them with sufficient disposable income.

4.32 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take account of different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for different types of household on different incomes, based on the rents for suitable housing in terms of the number of bedrooms needed.

4.33 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 19 sets out the incomes for housing benefit eligibility for different types of households.

Maximum Annual Income for HB support		Ryedale
ROOM ONLY	Single person aged 16-24	£8,279
	Single person aged 25-34	£9,072
1-BEDROOM PROPERTIES	Single person aged 35+	£10,742
	Couple (both aged under 18)	£11,493
	Couple (one or both aged 18 or over)	£12,920
2-BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£16,265
	Lone parent (aged 18 or over) with 2 children	£19,756
	Couple (aged 18 or over) with 1 child	£18,444
	Couple (aged 18 or over) with 2 children	£21,934

Income Needed for Other Types of Housing

4.34 Another housing option that could be made available in Ryedale, thereby increasing the variety of products available, is Build to Rent. Build to Rent is defined by the NPPF Glossary as:

> **Build to Rent:** *purpose-built housing that is typically 100% rented out.*
>
> *Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.*
>
> **NPPF 2021(Glossary)**

4.35 Build to Rent housing tends to be somewhat more expensive than median rents (typically more comparable to upper quartile rents). Occupants tend to be those that can afford these higher rents, but are not currently seeking to own a property, since the income required to service such rents is typically in excess of that required to get onto the housing ladder through Low Cost Home Ownership options.

4.36 The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided in the form of affordable private rent. The PPG offers a "generally suitable" benchmark that 20% of any given build to rent scheme should be provided as affordable rent (maintained in perpetuity). In terms of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).

4.37 However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL[12] shows that the average Build to Rent option is 9.3% more expensive than the median rent. If it is assumed that these rent levels were to be the case in Ryedale, and a discount of 20% were to be applied to these rents (as is suggested by the NPPF) for the affordable units, then the range of rental costs available would be as Figure 20:

---

[12] https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf

Figure 20:   Weekly rent thresholds in Ryedale (Source: Valuation Office Agency 2020-21; SDR 2021, JLL)

Weekly Rent £	Upper Quartile Private Rent	Build to Rent (Median + 9.3%)	Median Private Rent	Local Housing Allowance	Lower Quartile Private Rent	Affordable Build to Rent (20% discount)	Affordable Rent	Social Rent
1 bedroom	£113.84	£113.12	£103.49	£86.30	£95.44	£90.49	£84.71	£78.76
2 bedrooms	£155.24	£149.56	£136.84	£111.62	£123.04	£119.65	£99.52	£89.21
3 bedrooms	£183.98	£174.70	£159.84	£128.88	£137.99	£139.76	£110.56	£97.91
4+ bedrooms	£287.47	£253.88	£232.28	£149.59	£195.48	£203.10	£119.15	£105.12

4.38   The local housing allowance would be insufficient to cover the costs of affordable Build to Rent units for all dwelling types. Therefore, for Build to Rent to be a useful addition to the affordable housing stock will require discounts larger than 20% to the costs.

4.39   In terms of pricing, Build to Rent options in Ryedale are slightly below upper quartile private rent but remain more accessible than affordable home ownership options.

Summary of Housing Costs

4.40   This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 21 summarises these costs for each property size.

Figure 21: Comparison of weekly housing costs by property size (Source: VOA 2020-2021, Land Registry, ORS model)
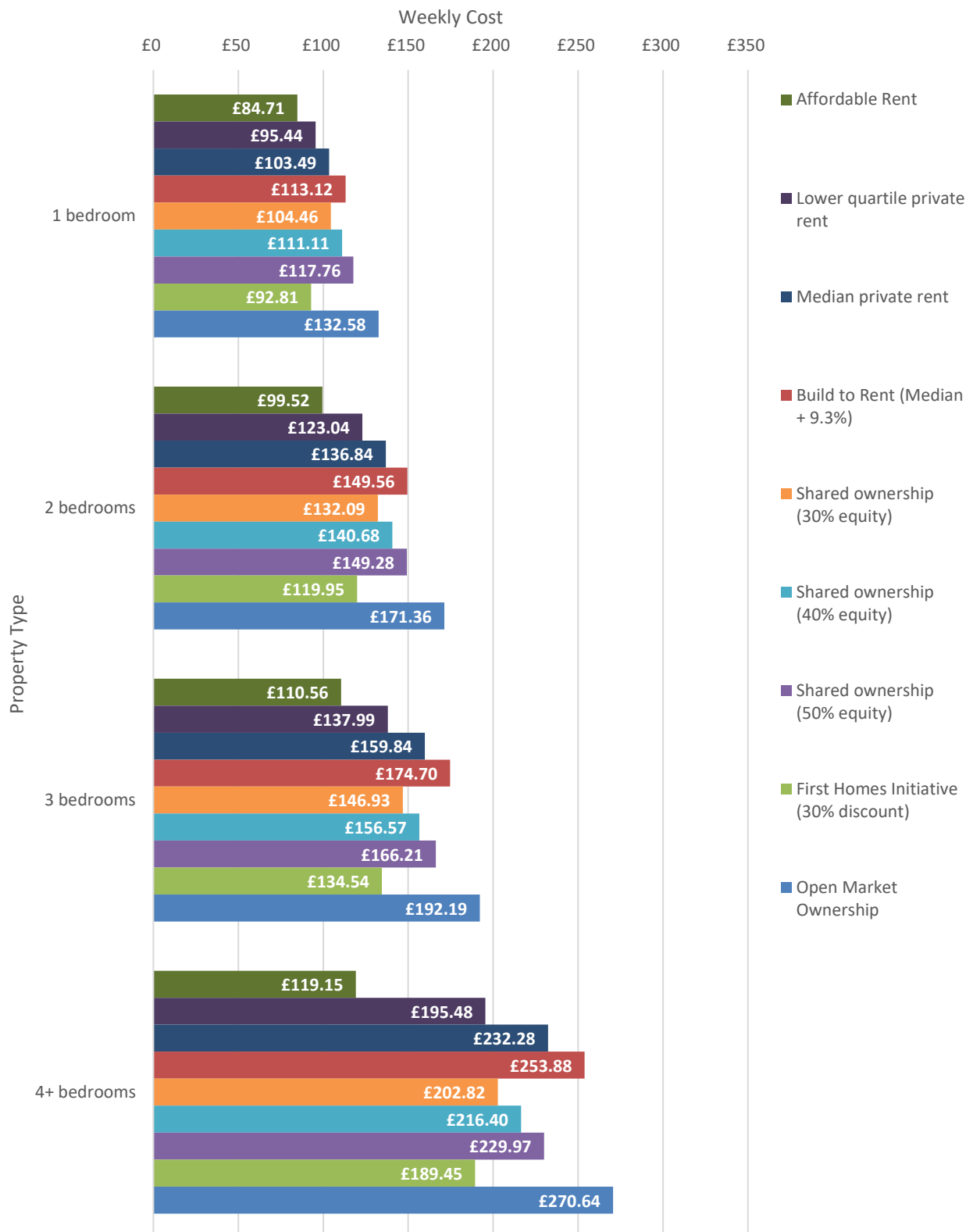
4.41 Unsurprisingly, for each property size affordable rent is the cheapest and open market ownership the most expensive in terms of weekly costs. Lower quartile market rent is more expensive than a 70% First Homes mortgage in every property size.

4.42   The cost of shared ownership predictably varies depending on the equity size purchased; however, the fact that it is more expensive on a weekly basis than First Homes for all three equity levels illustrated is evidence of the significance of the rent payable on the equity retained (along with service charges) on weekly costs. Nonetheless, 40% shared ownership is comparable to median rents in the properties with 2 or 3 bedrooms, and meaningfully cheaper on a 4-bedroom property. It is also much more flexible than First Homes and therefore may meet the needs of different households.

4.43   For properties of 2 bedrooms and over, the cost of occupying a Build-to-Rent property is more expensive than all forms of affordable home ownership shown; and is comparable to the weekly cost of 40% shared ownership for single bedroom properties. This underscores that occupants of Build-to-Rent typically have sufficient income to access home ownership options; yet choose not to.

4.44   Overall, compared to rental options, the range of affordable home ownership products shown appear to be relatively accessible, however it should be noted that the chart takes no account of the initial cost of a deposit on a property, which is a barrier to many households that seek to get onto the housing ladder. Furthermore, despite the weekly costs being cheaper, the underlying income necessary to obtain a mortgage on a First Home will be meaningfully higher than the underlying income required to rent a property due to the constraint of mortgage income multipliers discussed previously.

5. Jobs and Workers

Alignment of future jobs growth with resident workers

Considering the Basis for Adjusting the Local Housing Need

5.1   Whilst PPG sets out a standard approach for establishing local housing need [ID 2a-004-20190220], this is a minimum figure and the PPG also provides examples of a number of circumstances where it may be more appropriate to use a higher figure for plan-making [ID 2a-010-20190220].

> **When might it be appropriate to plan for a higher housing need figure than the standard method indicates?**
>
> *The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.*
>
> *This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:*
>
> » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
>
> » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
>
> » *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*
>
> **Planning Practice Guidance, ID 2a-010-20190220**

5.2   The PPG is clear that only in exceptional circumstances should an alternative to the standard method that results in a lower figure be used [ID 2a-015-20190220]; therefore, preparing plans that have the flexibility within the land supply to deliver a greater number of new homes than the current LHN will help to ensure that fluctuations in the LHN in future years are more likely to be accommodated without changes being needed, given that the housing requirement is only fixed for 2 years from the point at which plans are submitted.

5.3   When considering the factors that could justify an uplift to the LHN, one of the most important is ensuring that the number of new homes takes account of changes that are anticipated in the local economy as well as population trends. This section therefore looks at whether a housing number that is higher than the LHN may to be considered, and what alternative figure may be justified for the next steps of plan preparation. Ultimately, it will be for Ryedale Council to determine the extent of any increase when establishing the housing requirement. This will involve evidence-based judgements over a range of different factors.

Future Labour Force Growth

5.4 As a starting point for this analysis, we calculated the additional number of economically active workers who are projected to arise from the population growth associated with the standard method LHN of 186 dwellings per annum. and this produced a growth of 834 economically active people over the period of 2021-38. Therefore, if Ryedale Council were to provide 186 dwellings per annum our model projects that their labour force will grow at around 50 persons per annum. The figure was calculated by considering the projected growth in population by age and adjusting the current rates of economic activity in line with those projected by the Office for Budget Responsibility who allow for a growth in projected rates in the future due to changes in the pension age and increases in female participation in the labour market.

5.5 This leaves the question as to what is the appropriate level of jobs growth to be assumed for Ryedale? To assist with the current project, we purchased Economic Forecasts for Ryedale from Oxford Economics and Cambridge Econometrics. While the data is erratic because it is drawn from a sample survey of employees, the Oxford Economics forecasts shows a projected decline of around 1,300 jobs over the period 2021-2038, or around 75 per annum. (Figure 22). The data shows that since 1991, jobs growth in Ryedale has averaged around 300 per annum, but that this has slowed in recent years. The slowing of jobs growth and the ageing of the population of Ryedale is reflected in the jobs projections.

Figure 22: Past and projected number of jobs in Ryedale 1991-2040 (Source: Oxford Economics January 2022)
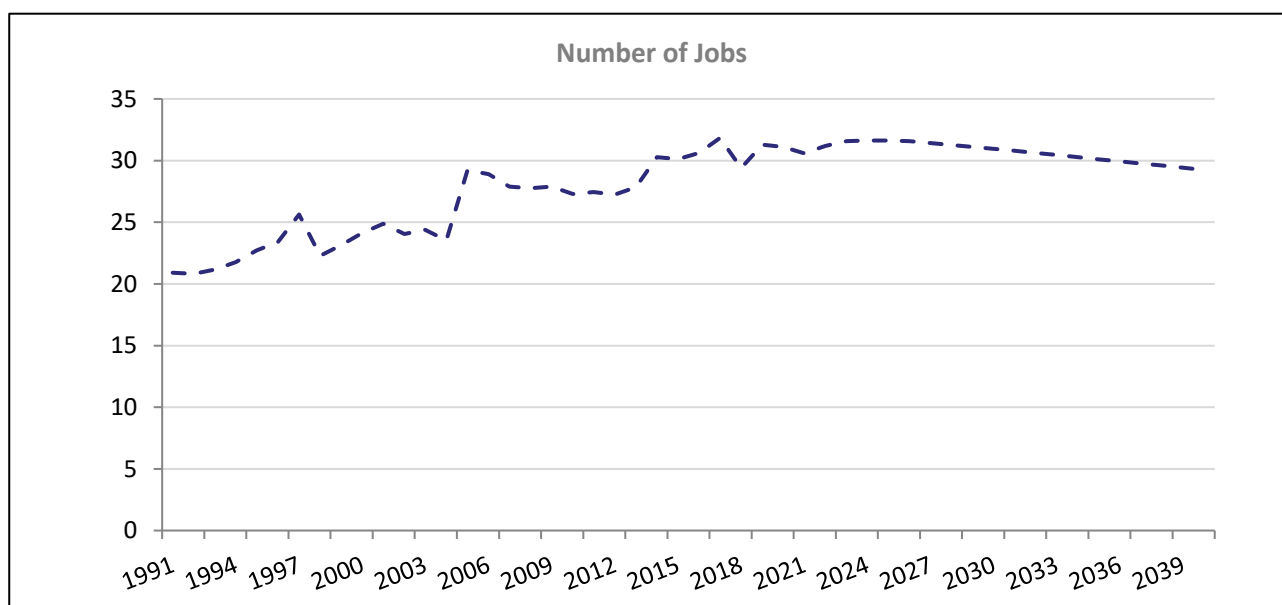
5.6 Figure 23 shows the Cambridge Econometrics data for past and projected rates of jobs growth. The forecast shows a growth of an average of 70 jobs per annum from 2021-38. This is consistent with the projected growth in the labour force of around 50 workers per annum.

Figure 23: Past and projected number of jobs in Ryedale 1991-2038 (Source: Cambridge Econometrics January 2022)

5.7   Therefore, the projected level of jobs growth in the Cambridge Econometrics model is consistent with the level of growth projected to occur in the labour force of Ryedale, while Oxford Economics are projecting a decline in employment in Ryedale. However, both projections are much lower than historic rates of jobs growth in Ryedale. If the Council wishes to consider a high rate of aspirational growth, then this in turn is likely to require a higher level of dwelling growth to accommodate the workers.

6. Demographic Projections
The baseline for establishing housing need

Introduction

6.1   This chapter uses the available population projections for Ryedale to explain the predicted growth of households during the plan period.

Official Household Projections

6.2   Planning Practice Guidance revised in February 2019 identifies that the 2014-based Household Projections provide the baseline for determining the minimum Local Housing Needs figure.

> ***Why are 2014-based household projections used as the baseline for the standard method?***
>
> *The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes.*
>
> **PPG ID 2a-005-20190220**

6.3   The first step in analysing housing needs must therefore be to identify the household projection for Ryedale which is used as the basis for this report. Figure 24 sets out a range of the various household projections from both CLG and ONS methodologies, it includes the associated outputs using the sensitivity analysis approach. The 2016 and 2018-based household projections are shown for information only with potential implications for future revisions to the Planning Practice Guidance.

Figure 24: Household projections 2021-31 (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

	Migration trends	Change in Households 2021-2031	
		10-year change	Annual average
CLG Household Projections			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+1,402	+140
ONS 2016-based Projections			
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+1,647	+165
Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+1,342	+134
Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+1,759	+176
ONS 2018-based Projections			
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18	+2,396	+240
Alternative Internal (5-year trend): 2018-based population (alternative internal) and ONS 2018-based HH formation	2013-18	+2,063	+206
10-year trend: 2018-based population (10-year trend) and ONS 2018-based HH formation	2008-18	+1,441	+144

Projected Household Size

6.4 The projected household size is calculated using the population and household projections rather than being a variable used to create them. The data (Figure 25) divides the population in the area by the associated household projection.

Figure 25: Average household size estimates and projections for Ryedale for the period 1991-2043 (Source: CLG 2014-based projections; ONS 2018 is 2018-based projections)
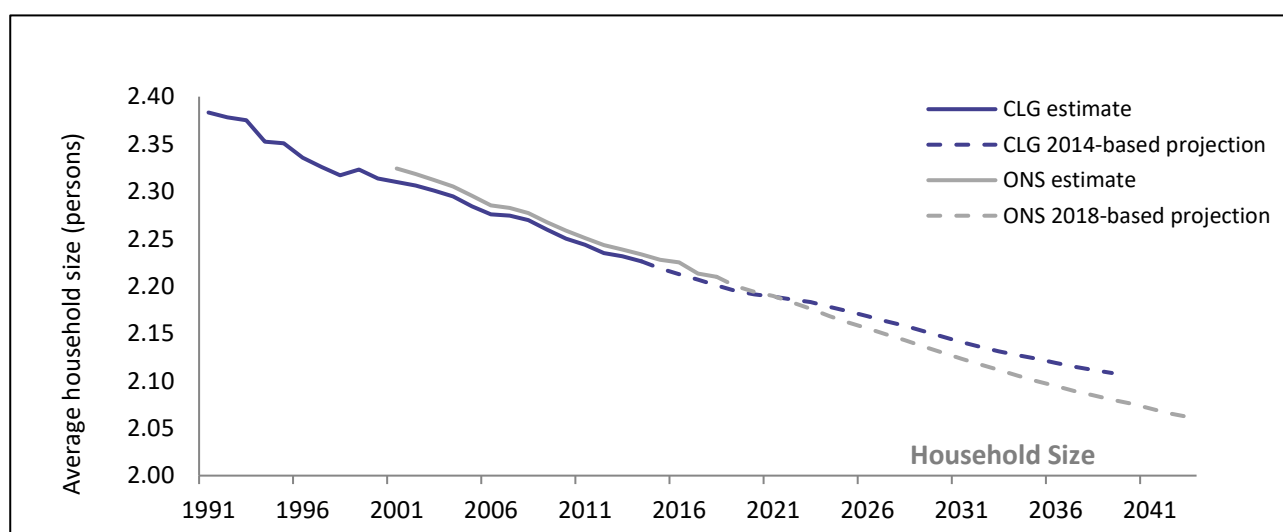
6.5 As the chart shows, average household sizes have steadily declined and are projected to continue falling in future. This can largely be ascribed to an ageing population, given that older persons tend to live in smaller households (typically single persons or couples without children).

Population and Household Projections for Affordable Housing Need

6.6   Although the overall LHN figure of 186 is used in this study, the demographic projections for this SHMA are based on the latest official projections and cover the 17-year period 2021-2038. This yields a household growth over the period 2021-2038 of 2,038 households (120 per annum) which is then reconciled with the LHN dwelling figure of 186 dwellings per annum in Chapter 7 when the need to include Class C2 bedspaces and vacant homes is addressed. Until Chapter 7, all the data in this report refers to households, not dwellings, so the figures are based upon a household growth of 120 per annum.

Projected Population Age Profile

6.7   Based upon a projected household growth of 2,038, the overall population is projected to grow by 2,171 from 55,847 people to 58,018 people.

6.8   The vast majority of growth is associated with the older population, with over 65s projected to increase by 4,527. This is a particularly important consideration when establishing the types of housing required and the need for housing specifically for older people.

Figure 26: Population projections 2021-38 by 5-year age cohort for Ryedale (Source: 2019 MYE adjusted ONS sub-national projections 2018)

Population Projections - 2021 - 2038

Projected change - 2021 - 2038

Age cohort	Change
Aged 85+	+1,434
Aged 80-84	+968
Aged 75-79	+908
Aged 70-74	+625
Aged 65-69	+592
Aged 60-64	-601
Aged 55-59	-1,070
Aged 50-54	-630
Aged 45-49	+250
Aged 40-44	+450
Aged 35-39	-105
Aged 30-34	-135
Aged 25-29	-156
Aged 20-24	-131
Aged 15-19	+68
Aged 10-14	-166
Aged 5-9	-183
Aged 0-4	+53
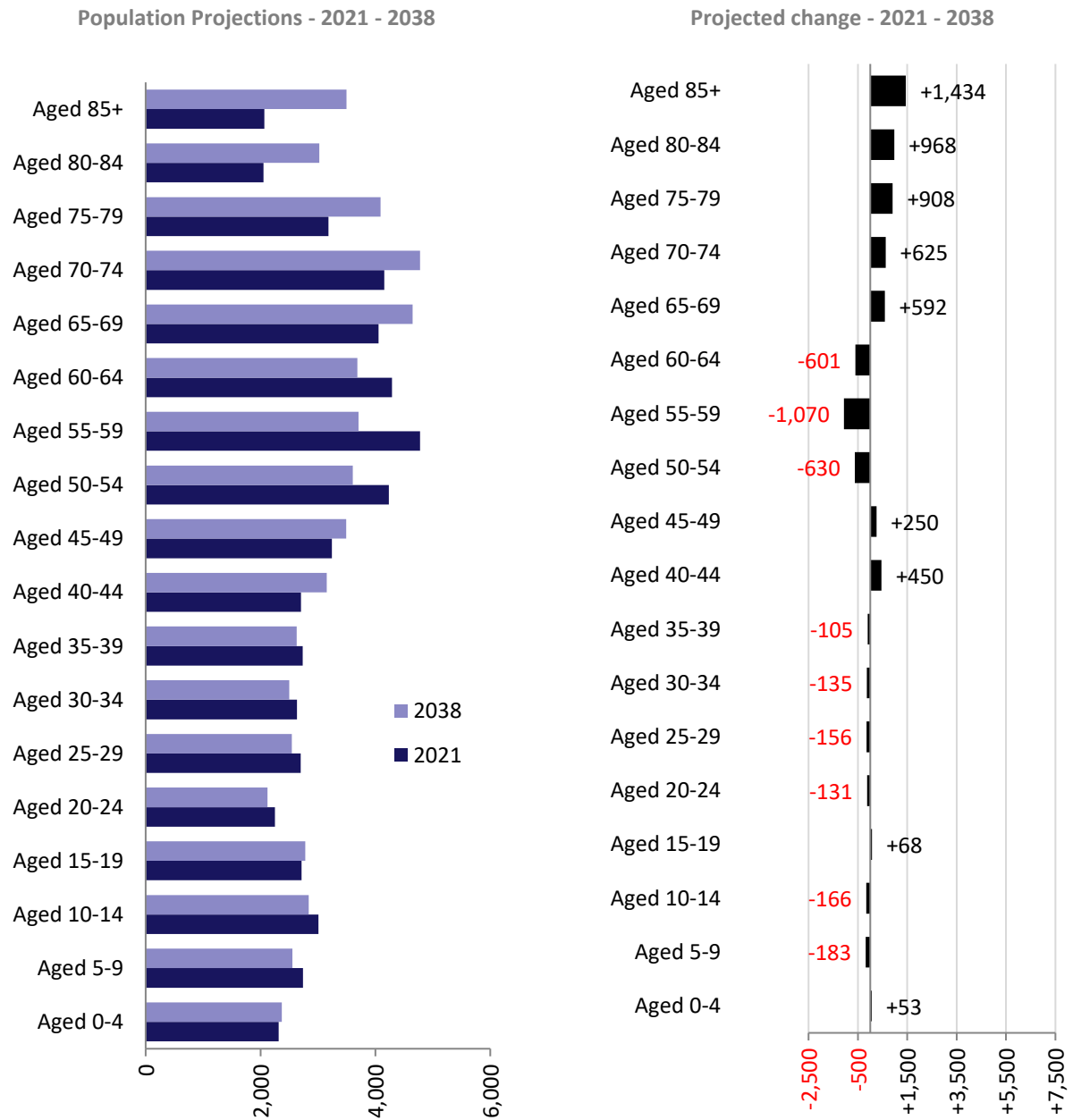
Household Projections by Age

6.9   An important point to understand in both the population and household growth is the extent to which growth is focused on older people and older households particularly amongst those over 65. The table below considers household projections categorised by the age of the household representative (HRP). Please note that throughout this section figures in the tables are rounded to the nearest 100 to simplify interpretation although all calculations are made using unrounded data.

Figure 27:   Total projected households in Ryedale for 2021 and 2038 (Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
2021	500	1,900	2,800	4,300	5,200	4,800	3,800	1,500	24,900
2038	400	1,900	3,000	4,100	4,200	5,400	5,200	2,600	27,000
CHANGE	+0	-100	+200	-200	-1,000	+700	+1,400	+1,100	+2,000

6.10 The table shows an overall increase of 2,000 households over the 17-year period 2021-2038. There is projected to be a drop in households aged 55-64 years, but a very significant increase in older households. Many of these older households will already be established and living in existing homes, they simply get older during the 17-year period.

6.11 It is important to consider household growth in relation to age cohorts. Figure 28 shows the projected number of households in each cohort, showing their age in both 2021 and 2038. Clearly, no household representatives are aged under 8 (in 2021), but children aged under 9 in 2021, will be aged 15-24 in 2038, and thus will be potentially heads of a household.

Figure 28:   Total projected households for 2021 and 2038 by age cohort of household representative (Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
Age in 2021	<8	8-17	18-27	28-37	38-47	48-57	58-67	68+	
Age in 2038	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
2021	-	100	800	2,100	3,100	4,500	5,100	9,200	24,900
2038	400	1,900	3,000	4,100	4,200	5,400	5,200	2,600	27,000
CHANGE	+400	+1,900	+2,300	+2,000	+1,100	+900	+100	-6,500	+2,000

6.12 For example, there will be 2,100 households aged 28-37 in 2021 and these same households would be aged 45-54 in 2038. The trend-based projection identified that the total number of households aged 45-54 in 2038 would be 4,100. The projection shows, an extra 2,000 households: partly due to new household formations and partly due to net migration.

6.13 Based on the cohort analysis, around 8,500 extra households will be formed over the 17-year period 2021-38 by those who will be aged under 85 in 2038. These extra households are offset against a reduction of 6,500 households aged 85 or over. Most of this reduction is due to household dissolution following death (although some may be due to net migration).

6.14 Whilst the overall volume increase in households is largely due to a growing older population, most of the newly forming households looking for housing will be in their twenties and thirties at the time that they form. Many of these households will buy or rent existing housing, perhaps vacated by an older existing household. New housing stock is not necessarily occupied by newly formed households.

Projected Household Types

6.15 When considering future need for different types of housing, it is important to understand that households of different ages are likely to have different needs. Similarly, households of different types (singles, couples, and families) within each age group will also have different housing requirements.

6.16 Figure 29 shows the household numbers and net change for Ryedale from 2021 to 2038 separated out by the age of the household representative person (HRP). This is calculated using the trend-based projections by household type and age.

Figure 29: Total projected households for 2021 and 2038 and change by household type and age of household representative
(Note: Figures rounded to nearest 10; total figures rounded to nearest 100. All calculations based on unrounded data. Figures may not sum due to rounding)

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Households 2021									
Single person	210	370	480	730	1,390	1,180	2,370	980	7,700
Couple without children	60	500	400	1,750	3,200	3,080	1,190	340	10,500
Families with child(ren)	170	1,060	1,950	1,740	430	70	0	0	5,400
Other households	10	20	20	100	210	420	260	240	1,300
TOTAL	**500**	**1,900**	**2,800**	**4,300**	**5,200**	**4,800**	**3,800**	**1,500**	**24,900**
Households 2038									
Single person	230	340	550	700	1,290	1,070	3,090	1,490	8,800
Couple without children	10	400	310	1,390	2,330	3,560	1,870	580	10,400
Families with child(ren)	200	1,120	2,180	1,980	480	130	0	0	6,100
Other households	0	0	0	30	140	660	280	560	1,700
TOTAL	**400**	**1,900**	**3,000**	**4,100**	**4,200**	**5,400**	**5,200**	**2,600**	**27,000**
Change 2021-2038									
Single person	+20	-40	+70	-30	-110	-110	+720	+510	+1,000
Couple without children	-50	-100	-90	-360	-870	+480	+690	+240	-100
Families with child(ren)	+20	+60	+240	+250	+50	+60	+0	+0	+700
Other households	-10	-20	-20	-70	-70	+240	+20	+330	+400
TOTAL CHANGE	**+0**	**-100**	**+200**	**-200**	**-1,000**	**+700**	**+1,400**	**+1,100**	**+2,000**

6.17 In summary over the 17-year period:

» Single person households are 50% of the overall household growth: an increase of 1,000, with all of the growth in the over 75 years category;

» Families with dependent children make up over 35% of the overall household growth: an increase of 700 households;

» Couples without dependent children are projected to fall by 100 households, but with an increase of 1,400 households all with a household representative aged over 65; and

» The increase in "Other" households represents 400 households.[13]

6.18 More than 100% of the household growth is for households of single people or couples aged over 65 suggesting homes meeting older persons requirements are a priority.

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[13] Other households can be defined as: *"multi-person households including unrelated adults sharing, student households, multi-family households and households of one family and other unrelated adults"*.

7. Affordable Housing Need
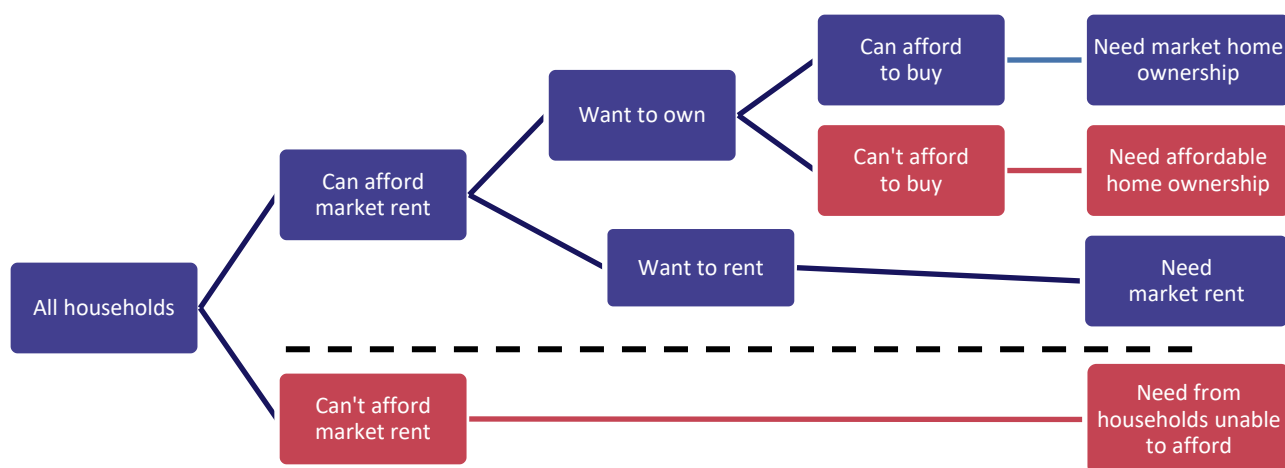## Identifying households who cannot afford market housing

Introduction

7.1   This section represents a technical exercise to comply with the requirements of the NPPF and the PPG. Demographic projections provide the basis for identifying the housing needs for all types of housing, including both market and affordable housing. All data in this section is part of the building blocks towards calculating the overall affordable housing need, which is then brought together in Figure 51 to Figure 54

7.2   The definition of affordable housing was changed by the new National Planning Policy Framework (2018), with a specific emphasis now placed on affordable home ownership. Annex 2 of the Framework now defines affordable housing as being:

> *Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)*
>
> **National Planning Policy Framework 2018, Annex 2**

7.3   To reflect this change, relevant paragraphs of PPG have also been updated to confirm that the types of household to be considered in housing need should include *"those that cannot afford their own homes, either to rent, or to own, where that is their aspiration"* [PPG ID 2a-020-20190220].

7.4   The assessment of affordable housing need therefore needs to consider both those who cannot afford to rent _and_ those households who can afford to rent but would like to buy.

Figure 30:   Establishing the need for market and affordable housing

7.5   There is a well-established method for assessing the needs of households who cannot afford to own _or_ rent suitable market housing. However, PPG provides no guidance on how the needs of households who can afford to rent but would prefer to own should be assessed.

Assessing Affordable Housing Needs

7.6 The ORS Housing Mix Model considers the need for market and affordable housing on a long-term basis that is consistent with household projections. The model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.

7.7 The model provides robust and credible evidence about the required mix of housing over the full planning period and recognises how key housing market trends and drivers will impact on the appropriate housing mix.

7.8 The PPG identifies that "*projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need*" (ID 2a-021). **The ORS Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.

7.9 The affordability percentages in Figure 31 are calculated using detailed information from the 2011 Census alongside data published by DWP about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

Figure 31:   Assessing affordability by household type and age (Source: Census 2011 and DWP)

Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	25%	11%	20%	24%	25%	28%
Couple family with no dependent children	8%	3%	6%	8%	7%	10%
Couple family with 1 or more dependent children	44%	30%	14%	10%	12%	27%
Lone parent family with 1 or more dependent children	69%	69%	56%	47%	25%	17%
Other household type	49%	53%	41%	22%	16%	12%

Current Unmet Needs of Households Unable to Afford

7.10 Any exploration of housing need in an area must first consider existing unmet needs. The PPG states:

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

» *the number of homeless households;*

» *the number of those in priority need who are currently housed in temporary accommodation;*

» *the number of households in overcrowded housing;*

» *the number of concealed households;*

» *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*

> » *the number of households from other tenures in need and those that cannot afford their own homes.*
>
> *Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.*
>
> **Planning Practice Guidance (February 2019), ID 2a-020-20190220**

7.11   Households assumed to be unable to afford housing include:

> »   All households that are currently **homeless**;
>
> »   All those currently housed in **temporary accommodation**; and
>
> »   People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

7.12   Given this context, the model includes the needs of all these households when establishing the need for affordable housing at a base date of 2018.

7.13   The analysis counts the needs of all households living in overcrowded rented housing when establishing the affordable housing need (which could marginally overstate the requirements) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Ryedale.

7.14   **Concealed families** are an important part of unmet housing need. Concealed families are couples with or without children and also lone parents. They do not include any single person households. Not all concealed families want separate housing. Those with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to be experiencing affordability difficulties or other constraints (although even here not all will want to live independently).

7.15   Any concealed families in a reasonable preference category on the housing register will be counted regardless of age. The analysis also considers the additional growth of concealed families with family representatives aged under 55 (even when not on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).

7.16   The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Council have a range of statutory enforcement powers to improve housing conditions. If a property is truly unfit for habitation and can no longer be used it will effectively count as a demolition and the needs of the occupants should be added to the overall housing need.

7.17 Figure 32 sets out the assessment of current affordable housing need for Ryedale:

Figure 32: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

	Affordable Housing			Current unmet Housing Need
	Gross Need	Supply	Net Need	
Homeless households in priority need [Source: CLG P1E returns 2021]				
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	8		8	8
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	0		0	
Currently in temporary accommodation in affordable housing (Local Authority or RP stock)	6	6	0	
Households accepted as homeless but without temporary accommodation provided	10		10	10
Concealed households [Source: Census 2001 and 2011]				
Growth in concealed families with family representatives aged under 55	38		38	38
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]				
Households living in overcrowded private rented housing	67		67	
Households living in overcrowded social rented housing	88	88	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG Local Authority Housing Statistics 2021]				
People who need to move on medical or welfare grounds, including grounds relating to a disability	116	14	102	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	0	0	0	
TOTAL	**333**	**108**	**225**	**56**

7.18 Based on a detailed review of both the past trends and current estimates our analysis has concluded that 333 households are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting, as far as possible.

7.19 Of these households, 108 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.

7.20 There is, therefore, a net affordable housing need of 225 households (333 less 108 = 225). However, depending on property types and size of households in need, a higher number of new homes _may_ be needed to ensure there is no overcrowding.

7.21 Providing the net affordable housing need for 225 households will release back into the market (mainly in the private rented sector) the dwellings currently occupied by a total of 169 households (225 less the 56 households which are homeless or concealed and thus do not release dwellings).

Projected Future Need of Households Unable to Afford

7.22 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a *"gross annual estimate"* (ID 2a-021) suggesting that *"the total need for affordable housing should be converted into annual flows"* (ID 2a-024).

7.23 Figure 33 shows the age structure of each of the components of household change. This analysis is based on changes within each age cohort. Comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 33: Annual change in household numbers in each age cohort by age of HRP in Ryedale (Source: ORS Housing Model)
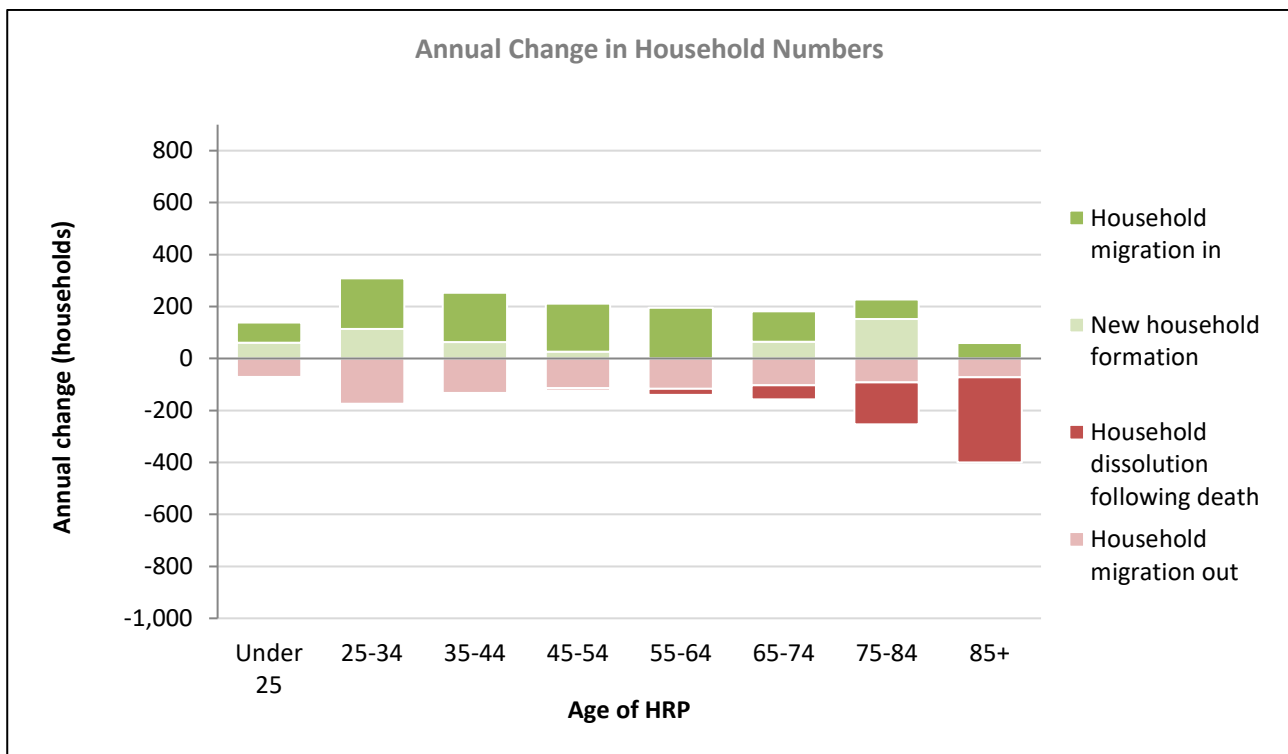
7.24 Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs. The following tables looks at the impact of different types of household.

Figure 34: Annual components of Household Growth 2021-38 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	480	373	106	22%
Households migrating in to the area	1,096	895	202	18%
All new households	**+1,576**	**+1,268**	**+308**	**20%**

7.25 The ORS Model identifies 480 new households projected to form in Ryedale each year, of which 22% will be unable to afford their housing costs. This amounts to 106 households each year.

7.26 The model also considers new households migrating to the area. The projection is for 1,096 households per annum of which 18% (202 households) will be unable to afford their housing costs.

7.27 **This results in a total of 308 <u>new</u> households in need of affordable housing**. (Figure 34)

Figure 35: Annual components of Household Growth 2021-38 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	580	476	104	18%
Households migrating <u>out</u> of the area	876	708	168	19%
All households no longer present	**+1,456**	**+1,184**	**+272**	**19%**

7.28 PPG identifies that *"there will be a current supply of housing stock that can be used to accommodate households in affordable housing need"* and that it is necessary to establish *"the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need"* (ID 2a-022).

7.29 The model identifies 580 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright; however, 104 of these are likely to have been unable to afford market housing and will mostly be living in social rented housing.

7.30 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies that 876 households will migrate <u>out</u> of the area each year, including 168 households who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. (It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).

7.31 Altogether, there are **272 households who will vacate affordable dwellings or will no longer be waiting for a home.** (Figure 35)

Figure 36: Annual components of Household Growth 2021-38 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-89	+89	100%
Existing households climbing out of need	-	+92	-92	0%
Change in existing households	**-**	**+2**	**-2**	**-**

7.32 PPG also identifies that it is important to estimate *"the number of existing households falling into need"* (ID 2a-021). Whilst established households that continue to live in Ryedale will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the model, and it is estimated that 89 established households will fall into need in Ryedale each year.

7.33   However, established households' circumstances can also improve. For example:

» When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).

» Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

7.34   These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies that the circumstances of 92 households will improve such that they become able to afford their housing costs having previously being unable to afford.

7.35   Therefore, considering the changing needs of existing households overall, **there is a rounded net <u>decrease</u> of 2 existing households needing affordable housing each year**. (Figure 36). While this may appear to be a small number it reflects the reality of the dynamics of the housing market where at any one time some households will be falling in to need and some households will be resolving their needs.

7.36   The following table (Figure 37) summarises the overall impact of:

» new households adding to housing need;

» the households no longer present reducing housing need; and

» the changes in circumstances impacting existing households.

Figure 37:   Annual components of Household Growth 2021-38 (Source: ORS Housing Model)

|		All households	Households able to afford housing costs	Households unable to afford housing costs
All new households		1,576	1,268	308
All households no longer present		1,456	1,184	272
Change in existing households		-	+2	-2
Future affordable housing need 2021-38	**Annual average**	**+120**	**+86**	**+33**
	17-year Total	**+2,038**	**+1,469**	**+569**

7.37   Overall reviewing the contribution of each element amounts **to an additional 569 households needing affordable housing over the 17-year period 2021-38.**

## Needs of Households Aspiring to Home Ownership

Home Ownership Trends

7.38   The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.

7.39   The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 38).

Figure 38: **Percentage of Owner Occupiers in England by Age Group 2001-2016 (Source: English Housing Survey)**

Proportion of Owner Occupation by Age Group
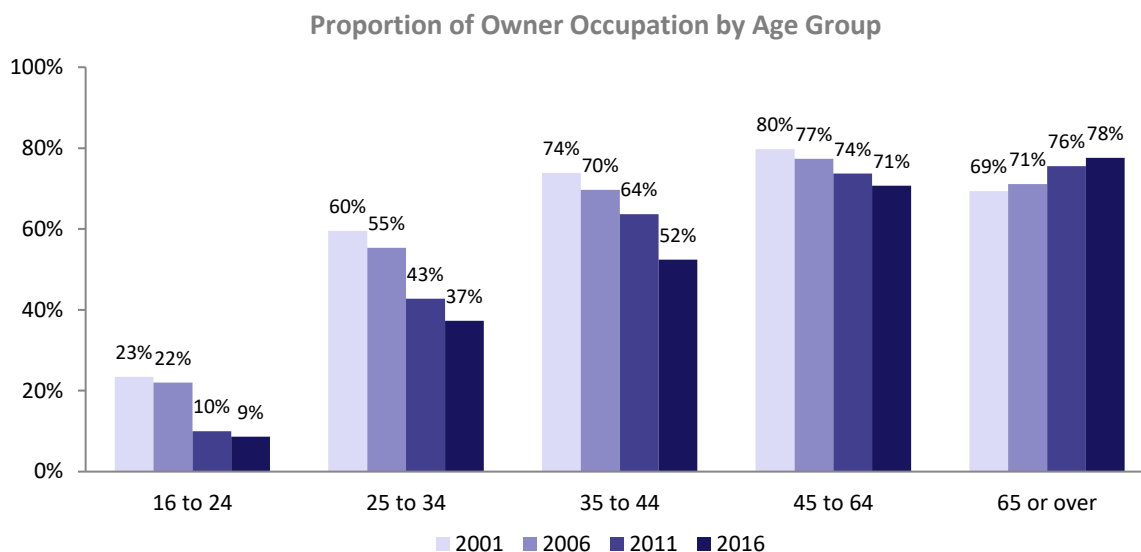
7.40 The English Housing Survey does not contain robust data on owner occupation by age group at the local level, however an indication of the comparison between owner occupation levels by age in Ryedale versus the national average can be gathered from the 2011 Census (Figure 39).

Figure 39: **Proportion of Owner Occupation by Age Group 2011 (Source: Census 2011)**

Proportion of Owner Occupier by Age Group (2011)
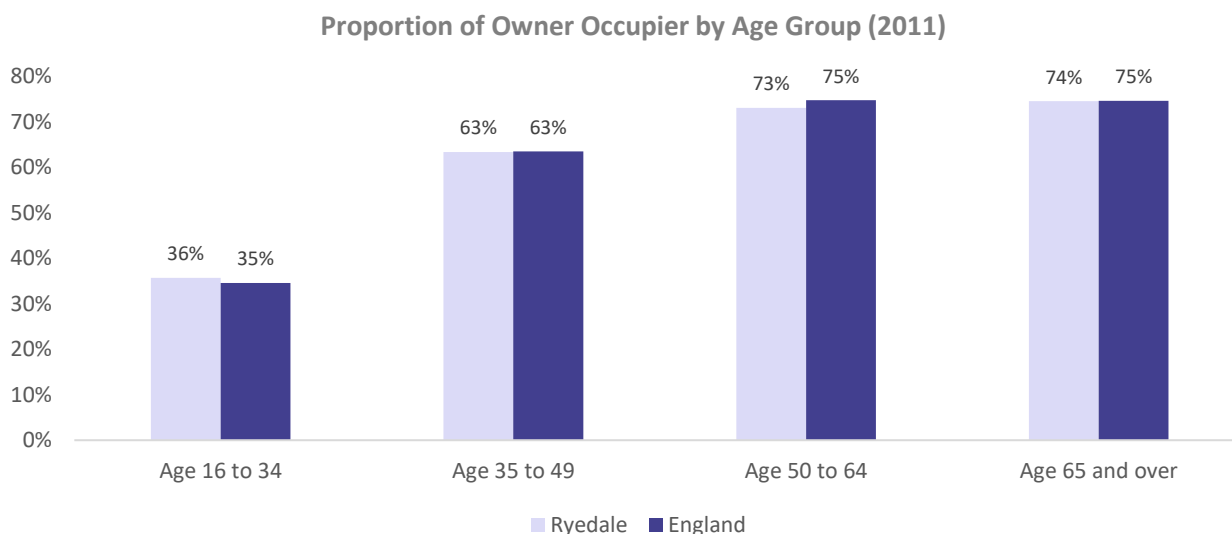
7.41 It can be seen from Figure 39 that there are higher rates of owner occupation in Ryedale than the national average in all age groups reported on by the Census 2011, with the proportion increasing with the age of the household reference person.

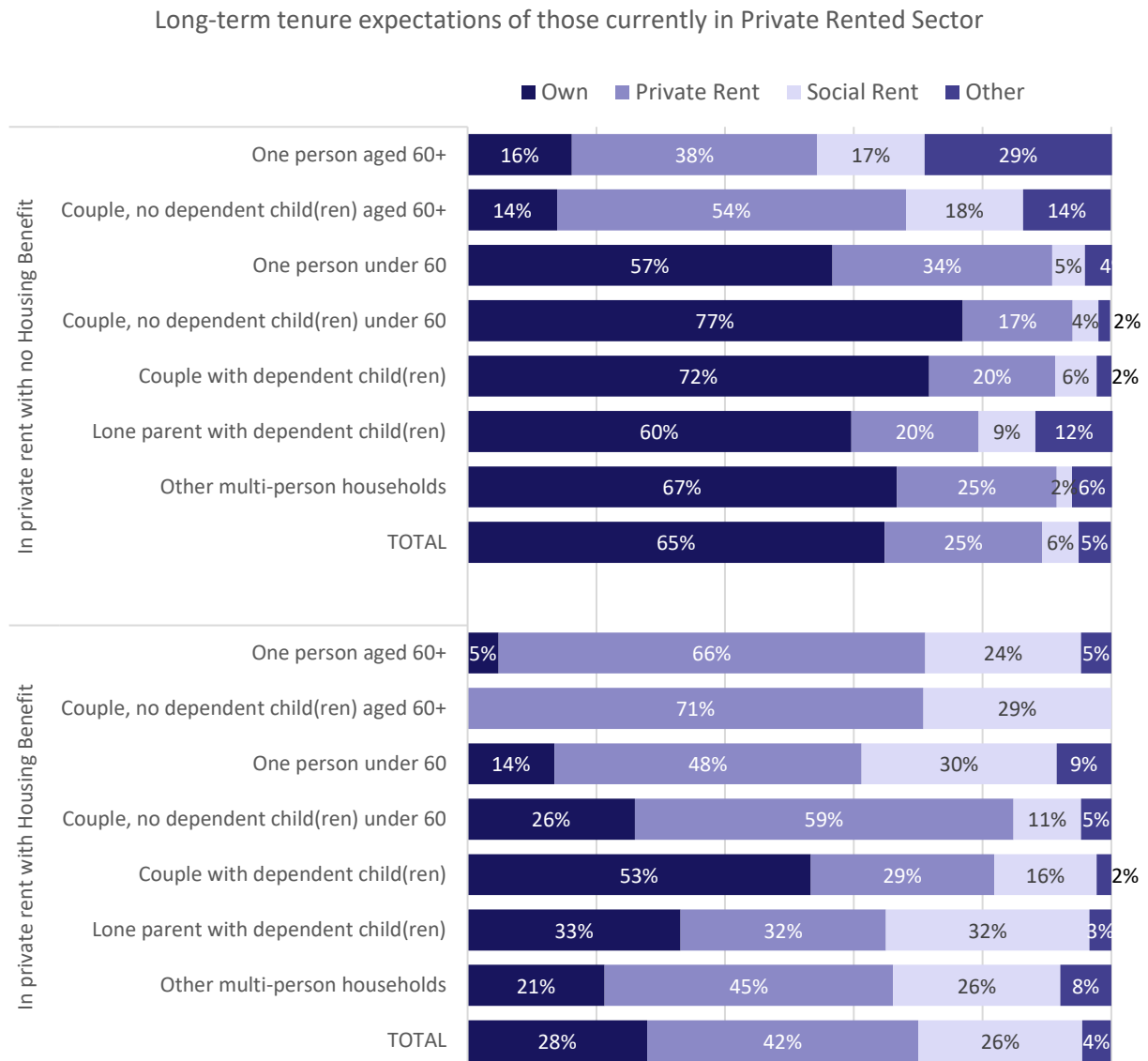## Establishing the Number of Households Aspiring to Home Ownership

7.42 English Housing Survey data shows that, unsurprisingly, 96% of households who currently own their property wish to stay as owner occupiers in the long term. In terms of potential demand over half (54%) of households who rent privately and almost a fifth (18%) of those in social rented housing aspire to home ownership. (Figure 40)

Figure 40: Long-term aspirations for England (Source: English Housing Survey 2013/4)

Current Tenure	Long-term Tenure Plan				
	Owner Occupier	Shared Ownership	Rent from Private Landlord	Rent from Social Landlord	Other
Owner occupied	96.1%	0.4%	0.7%	1.1%	1.6%
Private rent	53.5%	2.6%	28.8%	11.4%	3.8%
Social rent	18.1%	1.8%	1.9%	77.0%	1.1%

7.43 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy.

7.44 The following chart (Figure 41) shows long-term tenure aspirations of those in private rent by household type as well as whether they are currently in receipt of housing benefit.

7.45 Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future. The proportion is much lower for those households with a Household Representative Person (HRP) over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).

7.46 Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

Figure 41: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)

Long-term tenure expectations of those currently in Private Rented Sector

Legend: ■ Own ■ Private Rent ■ Social Rent ■ Other

In private rent with no Housing Benefit

Household type	Own	Private Rent	Social Rent	Other
One person aged 60+	16%	38%	17%	29%
Couple, no dependent child(ren) aged 60+	14%	54%	18%	14%
One person under 60	57%	34%	5%	4
Couple, no dependent child(ren) under 60	77%	17%	4%	2%
Couple with dependent child(ren)	72%	20%	6%	2%
Lone parent with dependent child(ren)	60%	20%	9%	12%
Other multi-person households	67%	25%	2%	6%
TOTAL	65%	25%	6%	5%

In private rent with Housing Benefit

Household type	Own	Private Rent	Social Rent	Other
One person aged 60+	5%	66%	24%	5%
Couple, no dependent child(ren) aged 60+		71%	29%	
One person under 60	14%	48%	30%	9%
Couple, no dependent child(ren) under 60	26%	59%	11%	5%
Couple with dependent child(ren)	53%	29%	16%	2%
Lone parent with dependent child(ren)	33%	32%	32%	3%
Other multi-person households	21%	45%	26%	8%
TOTAL	28%	42%	26%	4%

Additional Need for Affordable Home Ownership

7.47   Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent with the aspiration data from the EHS 2013-14, Figure 42 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need. It is important to recognise that all of these households are able to meet their own housing costs in the private rented sector, so would typically not be considered for social or Affordable Rent.

Figure 42: Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership (Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative						TOTAL
	15-24	25-34	35-44	45-54	55-64	65+	
Single person	73	130	110	49	57	31	450
Couple without children	32	221	81	149	141	56	679
Families with child(ren)	11	170	205	122	0	0	508
Other households	3	0	1	7	13	0	23
Total	119	520	396	327	210	87	1,660
Percentage of households	7%	31%	24%	20%	13%	5%	*100%*

7.48 Based on this analysis, we can estimate that there is a total of around 1,660 households currently resident in Ryedale who cannot afford to own their own home but would aspire to do so. Just under 40% of these households (38%) are aged 15-34 with the substantial majority (62%) aged under 45.

7.49 In addition to the current need, it is also important to consider new households that are projected to form over the period 2021-2038. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 746 households that form over the 17-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 2,406 households who aspire to home ownership but who cannot afford to buy their own home over the period 2021-38, a net annual need of 142 per year.** The vast majority of this group of private renters can be assumed to be potential first-time buyers, as it is far more common for a renter to become a homeowner (i.e. as a first-time buyer) than the reverse (i.e. entering the rental market having previously owned a home).

7.50 As noted earlier in Chapter 4, the Government have recently introduced a new housing product entitled First Homes, which are properties to be sold with at least a 30% discount to first-time buyers. While the figure of 2,406 households who aspire to home ownership in Ryedale sets an upper threshold for the number who could seek to access First Homes, it would still be the case that these households would require a deposit and to be able to afford to service the cost of a mortgage. We explore the importance of this point below.

Identifying the Overall Affordable Housing Need

7.51 Figure 43 brings together the information on assessing the unmet need for affordable housing in 2021 together with the future need for affordable housing and those aspiring to home ownership arising over the 17-year period 2021-38. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options.

Figure 43: Assessing total need for affordable housing 2021-2038 (Source: ORS Housing Model)

	Affordable Housing Need		Overall Affordable Housing Need
	Households unable to afford	Households aspiring to home ownership	
Current housing need in 2021	225	1,660	1,885
Future housing need 2021-38	569	746	1,315
TOTAL HOUSING NEED	794	2,406	3,200

7.52 On this basis, we can conclude that the overall need for affordable housing would comprise a total of 3,200 households over the 17-year period 2021-2038, equivalent to an average of 188 per annum from those who

cannot afford market rents, or who potentially aspire to own. However, this figure does not at this stage consider how the aspiration to own will translate into a need for affordable home ownership supply.

7.53   This represents more than the annual growth of 144 households per annum identified by the ONS 2018-based household projections for the LHN period 2021-2031 (10-year variant, Figure 24). This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

> ***How does the housing need of particular groups relate to overall housing need calculated using the standard method?***
>
> *The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.*
>
> *This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?*
>
> *Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:*
>
> » *the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
>
> » *the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
>
> » *the anticipated deliverability of different forms of provision, having regard to viability.*
>
> **Planning Practice Guidance, ID 67-001-20190722**

7.54   The size, type and tenure of homes also needs to be calculated separately from the standard method. PPG February 2019 states:

> ***How does the housing need of particular groups relate to overall housing need calculated using the standard method?***
>
> *The standard method for assessing housing need does not break down the overall figure into different types of housing. Therefore the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.*
>
> **Planning Practice Guidance, ID 2a-017-20190220**

7.55   Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established.

7.56   It will be important for the local authority to plan for the needs of **all** households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing. This represents a need from 794 households.

7.57 It is important to recognise that the figures for those who aspire to home ownership are based upon those households who currently can afford market rent. But these households would not necessarily choose new build Affordable Home Ownership if it was available, as some may prefer to secure full ownership in the less expensive second-hand housing market. Similarly, some households may not ultimately need affordable home ownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if Affordable Home Ownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.

7.58 Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to home ownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable home ownership products if they were provided. Whilst a range of affordable home ownership products are available, each with different costs and eligibility criteria, PPG for First Homes states at paragraph 2 that:

> ***How does the housing need of particular groups relate to overall housing need calculated using the standard method?***
>
> *The First Homes criteria are the minimum requirements a housing unit must meet in order to qualify as a First Home. Affordable Housing Update Written Ministerial Statement published on 24 May 2021, the national standards for a First Home are that:*
>
> *a) a First Home must be discounted by a minimum of 30% against the market value;*
>
> *b) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London); and,*
>
> *c) the home is sold to a person who meets the First Homes eligibility criteria, as set out in first 2 paragraphs under First Homes eligibility criteria.*
>
> **Planning Practice Guidance, ID: 70-002-20210524**

7.59 It goes on at paragraph 4 to outline that:

> ***Can the required minimum discount be changed?***
>
> *In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%.*
>
> *However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for a higher minimum discount level in the area, and how it can meet the needs of different demographic and social groups.*

> *In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home. Developers who are able to offer higher discounts within their contributions should be free to do so but the local authority cannot require this. In such cases, whatever discount (as a percentage of market value) is given at the first disposal should be the same at each subsequent sale. These minimum discounts should apply to the entire local plan area (except if Neighbourhood Plans are in place in certain areas) and should not be changed on a site-by-site basis.*
>
> *If local authorities or neighbourhood planning groups choose to revise their required minimum discounts in any future alterations to their plans, this should not affect the minimum discounts required for previously sold First Homes when they come to be resold, as these will be bound by the section 106 agreements entered into at the time of their first sale.*
>
> **Planning Practice Guidance, ID: 70-004-20210524**

7.60 Figure 13 shows that the current lower quartile newbuild prices for a 4-bedroom property in Ryedale is around £288,000, so 70% of this price would be inside the cap limit. Therefore, we have not applied any caps on the discount applied to First Homes based upon the maximum £250,000 value. Equally, there is little case for setting a maximum price for First Homes significantly below £250,000.

7.61 However, it is still the case that a property discounted by 50% will be much more affordable than one discounted by 30%. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for properties which are compatible with the First Homes scheme. However, we then assess how many of these households can also afford at a 30% discount.

7.62 Given this context, Figure 44 identifies those households who aspire to own, but then removes any household who are not likely to be able to achieve this through a First Home including:

» Those who have incomes over £80,000 or who could afford to purchase on the open market, but who have so far chosen not to do;

» Those who would be unable to afford a mortgage on a First Homes with a 50% discount; and

» Those households with savings of less than £5,000.

7.63 Of the 2,406 households who can afford to rent but who aspire to home ownership, there would be 424 who have incomes over £80,000 or who would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 430 households with insufficient income to have a realistic prospect of being able to afford at 50% of open market values (Figure 44). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 1,190 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in the local area.

7.64 On this basis, 362 dwellings are needed for households that aspire to home ownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. This is less than a fifth of the total that was originally identified. As previously noted, it is likely that the vast majority of these households would be first-time buyers. Therefore, over 2,000 of the households in Figure 43 who potentially aspire to own will not result in an effective demand for affordable home ownership products.

Figure 44: **Affordable home ownership housing mix by household affordability 2021-2038 (Source: ORS Housing Model)**

	All households aspiring to home ownership	MINUS ineligible households (those able to afford market home ownership or income exceeds cap)	Eligible households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	**130**	35	**95**	22	**73**	60	**13**
2 bedrooms	**833**	179	**654**	130	**524**	423	**101**
3 bedrooms	**1,104**	167	**936**	164	**772**	605	**167**
4+ bedrooms	**340**	43	**296**	114	**182**	102	**80**
TOTAL	**2,406**	**424**	**1,982**	**430**	**1,551**	**1,190**	**362**

7.65   Whilst it will be a policy decision as to how much of the additional need for affordable home ownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 362 households likely to form an effective demand (i.e. those able to afford the various products that will potentially be available) in addition to the 794 households unable to afford to rent or own market housing. Figure 45 provides a breakdown of the planned affordable housing on this basis.

Figure 45: **Overall need for Affordable Housing 2021-38, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Affordable Housing Need		Affordable Housing (Households)
	Households unable to afford	Households aspiring to home ownership	
1 bedroom	72	13	85
2 bedrooms	308	101	409
3 bedrooms	322	167	489
4+ bedrooms	92	80	172
TOTAL HOUSING NEED	**794**	**362**	**1,156**

7.66   The LHNA identifies an overall affordable housing need from 1,156 households over the 17-year period 2021-38 (68 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to home ownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property.

7.67   However, it is important to recognise that there are many more households who aspire to home ownership who either do not have sufficient income or savings that would enable them to realise their aspiration. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

Affordable Rent

7.68   Within the overall need of 1,156 affordable homes identified, it is possible to further consider the mix of affordable housing products that would be appropriate based on the mix of households needing affordable

housing[14]. In order to profile affordability, income data from the English Housing Survey (2012-14) and ONS Survey of Personal Incomes (2014 and 2018) has been combined and modelled to establish the income distribution by household type and age. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.

7.69   As discussed in Chapter 4, the types of affordable housing that households can afford is influenced by the percentage of income that is assumed to be available to pay rent or mortgage costs. Figure 18 identified the minimum annual income in Ryedale needed to afford Affordable Rents by property size (based on spending up to 35% of total income). This allows for disaggregation of the cohort that are unable to afford market rents to be disaggregated into those who can, and those that cannot afford Affordable Rents. Figure 46 presents the same data as Figure 45, but with those unable to afford disaggregated in this manner. The household aspiring to own figure is based upon those who can access a First Homes property at 50%, but as shown in Figure 21 this is typically more affordable than shared ownership, but it is less flexible. Therefore, additional households may be able to access shared ownership as a means to home ownership.

7.70   176 of the 1,156 households identified in Figure 45 (15%) could afford Affordable Rent without housing benefit support. This is 22% of the 794 identified as being unable to afford housing costs.

Figure 46:   **Overall need for Affordable Housing 2021-38 disaggregated based on ability to access affordable rents, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Affordable Housing Need			Planned Affordable Housing (Households)
	Unable to Afford Market Rent		Households aspiring to home ownership (Figure 45)	
	Unable to afford Affordable Rent	Able to afford Affordable Rent		
1 bedroom	69	3	13	85
2 bedrooms	257	51	101	409
3 bedrooms	233	89	167	489
4+ bedrooms	60	33	80	172
TOTAL HOUSING NEED	**618**	**176**	**362**	**1,156**
Overall Percentage	54%	15%	31%	100%

Establishing the Affordable Housing Policy Target

7.71   Further work will be needed to establish the appropriate policy target which will only become available later in the plan-making process. This will need to take account of the overall housing supply to be included in any future plan and establish which sites would not be subject to the affordable housing policy – predominantly small sites below the threshold (including any allowance for future windfall), but also conversions and any other sites that would be exempt. It would also be necessary to make allowance for any completions within the plan period and housing on sites with existing permissions, both in terms of the overall number of homes and any affordable housing that this includes.

7.72   The information on supply would need to be considered alongside any Duty-to-Co-operate discussions and/or agreements relating to meeting unmet needs. Any losses from the current stock (such as demolition

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[14] While this section is about need and not supply, nor whether is it feasible to supply sufficient homes to meet the need in any particular LPA. The supply to deliver against the need may be affected by such factors as thresholds for affordable housing on individual sites where, for example, a smaller proportion of affordable housing or none may be required on smaller sites.

or clearance, or sales through Right to Buy) would also increase the number of affordable dwellings needed by an equivalent amount. Only then is it possible to consider how the number of homes identified within the affordable housing need can be delivered on qualifying sites to establish the relevant percentage. The policy target would need to be higher than the identified percentage as some qualifying sites will not deliver at the policy target due to their specific constraints.

7.73 The affordable housing policy target would need to be considered in the context of economic viability. Local viability assessments are likely to determine the actual affordable housing target (as a proportion of market housing sites) and should help in providing a view on the deliverability of such a tenure mix, based upon local market evidence.

7.74 If the identified policy target is higher than the maximum identified by the viability work it would have to be reduced, which is likely to result in unmet affordable housing need. Given this position, the Council would need to consider whether an uplift to the LHN could be justified when establishing the housing requirement. However, as the LHN itself already incorporates a significant uplift beyond the household projection-based housing need, a further uplift to market housing may prove difficult to sustain. On this basis, whilst an uplift might be appropriate, it would be necessary to fully understand the impact of any proposed increase on other aspects of the plan (such as employment growth) to ensure consistency. It would also be important to ensure that there was clearly identified demand for the additional market housing and that this could be sustained over the longer-term plan period; and where there was uncertainty, it may be more appropriate to consider any uplift being identified as additional supply to provide flexibility within the plan rather than increasing the housing requirement and associated target.

7.75 If the policy target is lower than the maximum identified by viability, there is the prospect to consider if there are any justifications for a higher target. This might include helping to meet unmet affordable housing need from elsewhere in the HMA (or other neighbouring areas) or policy decisions, such as reducing the number of households renting privately in receipt of housing benefit.

7.76 The appropriate balance between rented affordable housing and affordable home ownership will also need to be considered in the context of economic viability; though it will be important to ensure that the identified affordable housing need for households unable to afford is met in full. It will also be necessary to consider the target for affordable home ownership in the context of the Government's target of at least 10% of new housing to be provided in this way, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.

8. Overall Housing Need
Local Housing Need based on the Standard Method

Introduction

8.1 The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure. Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20190220] the minimum annual Local Housing Need figure for 2021 can be established as follows:

Figure 47: Establishing the minimum LHN figure for Ryedale (Source: CLG, ORS; Note: All figures rounded to the nearest whole number)

	Ryedale
Step 1: **Setting the baseline**	
Total households 2021	24,096
Total households 2031	25,498
10-year change 2021-2031	1,402
Annual average	140
Step 2: **An adjustment to take account of affordability**	
Median workplace-based affordability ratio	9.24
Adjustment factor	32.8%
Affordability uplift	46
Uncapped housing need	186
Step 3: **Capping the increase**	
Adoption date of most recent Local Plan	Sept – 2013
Annual requirement	200
Annual requirement with 40% uplift applied	280
Household projection with 40% uplift applied	196
Local Housing Need	**186**

8.2 Based on these calculations, the minimum Local Housing Need figure is 186 dwellings per annum. This translates to 3,162 dwellings (186 x 17) across the 17-year period.

Establishing the Housing Target

8.3 The LHN provides the starting point for establishing the final housing requirement which will be planned for through strategic policies. This is confirmed by PPG at the outset of the section on assessing housing and economic development needs:

> *Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.*
>
> **Planning Practice Guidance, ID 2a-001-20190220**

8.4 PPG identifies that Councils should consider *"an increase in the total housing figure included in the local plan"* where this could *"help deliver the required number of affordable homes"* (ID 2a-2a-024-20190220). However, this should be considered in the context of what Mr Justice Dove said in his Judgement for the Borough Council of Kings Lynn and West Norfolk v Elm Park Holdings Ltd:

> *"The Framework makes clear these needs should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice."*

8.5 With regard to the PPG, Mr Justice Dove explicitly notes that this should be the *"consideration of an increase to help deliver the required number of affordable homes, rather than an instruction that the requirement be met in total"*. Given the scale of affordable housing need identified, the Councils must consider the justification for *"an increase in the total housing figure included in the local plan"*; however, as the Inspector examining the Cornwall Local Plan noted in his preliminary findings:

> *"National guidance requires consideration of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites."*

8.6 As affordable housing delivery will typically form a proportion of open-market schemes, it is reasonable to assume that higher overall housing delivery will also yield a higher amount of affordable housing.

8.7 For Ryedale, the LHN figures used in this report includes a 32% uplift on household projections. Whilst this uplift has been proposed in order to help accommodate more households in general, it will already contribute to increasing the supply of affordable homes through market-led housing developments. It is also the case that Ryedale will seek to deliver affordable housing not directly linked to market sites through various programmes and by considering their own land holdings.

8.8 The current Ryedale Local Plan 2012-27 was adopted in September 2013. This includes provision for a total of 3,000 dwellings at a rate of 200 per annum. Between 2012 and 2021, Ryedale delivered a total of 2,336 dwellings at a rate of 259 dwellings per annum.[15] Therefore, Ryedale current Local Plan sets out a higher level of need than the standard method figure of 186 dwellings per annum and recent dwelling delivery has

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[15] Housing-Delivery-and-Land-Supply-Statement-21.pdf (ryedale.gov.uk)

also been higher. This is turn implies that Ryedale is likely to be able to deliver more than 186 dwellings per annum in the future.

8.9   An option available to the Council may be to plan for a minimum need reflected in the standard method figure of 186 dwellings per annum but allow for the possibility that growth may be higher. For example, Greater Norwich have submitted a Local Plan currently at examination which meets their standard method LHN figure, but also has reserve sites if higher growth rates are required.

8.10 Given this context, we would not recommend any further increase to the overall housing need number to delivery affordable housing– but any specific initiatives to help deliver extra affordable housing should be prioritised as far as possible within the planned housing provision.

Disaggregating the Minimum Local Housing Need Figure

8.11 Figure 48 sets out the separate elements that will contribute to the LHN. These include:

>   » Households growth over the 17-year plan period calculated on trend-based projections which gives a figure of 120 households per annum;

>   » Institutional population growth over the 17-year plan period needing communal accommodation which gives a figure of 8 per annum; and

>   » Dwellings without a usually resident household (either vacant homes or second homes) which gives a figure of 13 per annum, so it is assumed that more homes in Ryedale will be empty at any one time If the Council are able to reduce vacant and second homes rates, they will require fewer new homes to be built.

Figure 48: Elements of housing need (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

Projected Households	**Ryedale**
	2021 = 24,931 Households
	2038 = 26,969 Households
	Change = +2,039 households

Institutional Population Use Class C2	2021 (1,246) - 2038 (1,507) Change = +261 people Ratio to convert instit. pop. to households = 1.82 Change = +143 households

Allowance for vacant dwellings	Vacancy rate @ 8.97% =(2,039 + 143) / (1 - 8.97%) = 2,182 / (1 - 8.97%)

Totals	2,397 dwellings
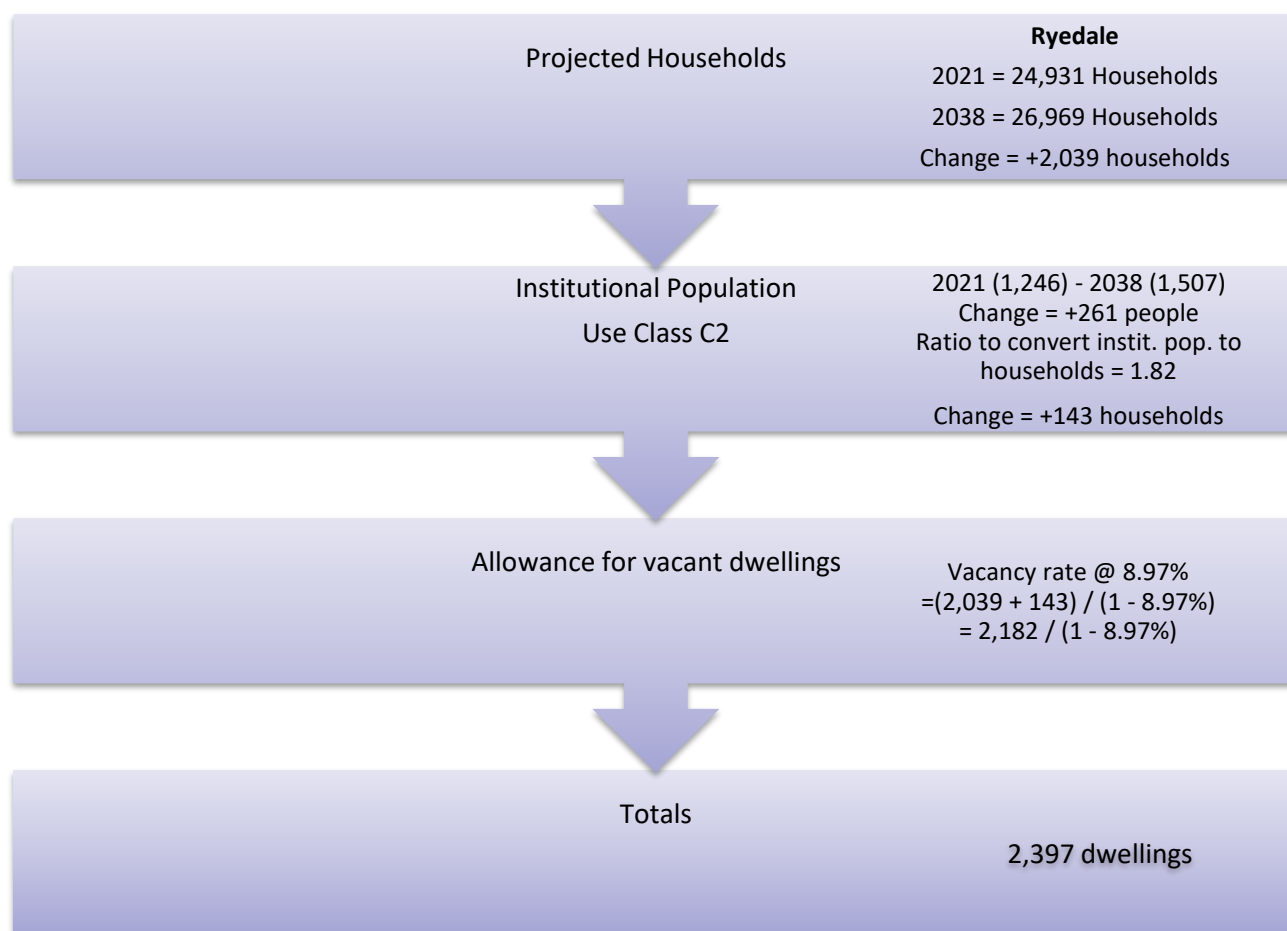
8.12 At this point in our reporting, we are referring to dwellings rather than households. A dwelling is usually occupied by a single household although in some cases two households may share a dwelling. Importantly, we need to make an allowance for an inevitable base level of vacant properties and the word household becomes misleading.

8.13 Thus, the number of dwellings needed to deal with the projected household and institutional population growth is 2,182 in Ryedale. However, if we assume that 8.97%[16] of dwellings will be unoccupied at any one time this means that a total of 2,397 dwellings are required.

8.14 The local housing need has already been identified as 186 dwellings per annum, which translates to 3,162 dwellings across the 17-year period. This leaves a difference between these housing-need figures and the population projected need of 2,397 dwellings.

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[16] Based on 2011 Census data at a local authority level.

8.15   This additional need is made up from two elements:

» Enabling more households to form[17] (from the pent-up housing demand) = 224 dwellings; and

» Enabling more net inward migration[18] = 541 dwellings.

2,397 dwellings to meet projected growth ➕ **224** dwellings to address pent-up demand ➕ **541** dwellings for extra inward migration 🟰 **3,162** dwellings in Ryedale
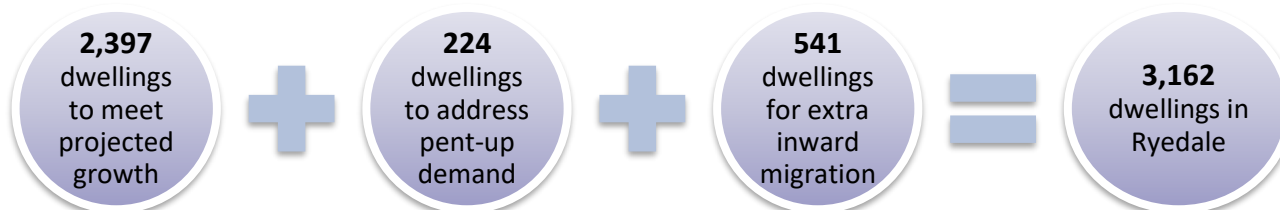
8.16   These 3,162 overall dwellings can be separated into market and affordable housing. A component of affordable housing as outlined in Chapter 7 is affordable home ownership for those that aspire to own. Some of the 765 (224 + 541) extra dwellings for pent-up demand and in-migration to meet the LHN beyond projected growth will inevitably be occupied by residents that aspire to home ownership, and the impact of this group on the affordable housing numbers calculated in Chapter 7 is calculated below.

Figure 49:   **Extra households from pent-up demand and in-migration beyond projected (LHN scenario): Affordable home ownership housing mix by household affordability 2021-2038 (Source: ORS Housing Model)**

	All households aspiring to home ownership	MINUS ineligible households (those able to afford market home ownership or income exceeds cap)	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford and have savings of £5,000 or more
1 bedroom	4	1	3	1	2	2	0
2 bedrooms	23	5	18	4	15	12	3
3 bedrooms	31	5	26	5	22	17	5
4+ bedrooms	10	1	8	3	5	3	2
TOTAL	67	12	55	12	43	33	10

8.17   Figure 49 applies the same calculation to the extra residents as was presented in Figure 44 for households that formed projected growth. Dwellings suitable for 10 extra households are needed to accommodate those that aspire to home ownership that have at least £5,000 in savings and have incomes above the relevant threshold.

8.18   The previous analysis (Figure 44) identified 362 households that could afford an affordable home ownership option and had savings of £5,000 or more. Combining this with the 10 extra households identified, this totals 372 households that will aspire to home ownership and have the financial means to be able to afford First Homes at a 50% discount. Application of the affordable vacancy rate (under 1%)[19] yields 386 affordable home ownership dwellings (Figure 50).

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[17] Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001.

[18] Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration.

[19] Affordable vacancy rate data from Regulator of Social Housing - Statistical Data Return 2019.

Figure 50: Summary of households likely to be able to access affordable home ownership in LHN scenario (Source ORS Housing Model, Census)

	Households able to afford and have savings of £5,000 or more (Base Scenario)	Households able to afford and have savings of £5,000 or more (Uplift for LHN)	Households	Dwellings (including a vacancy rate)
1 bedroom	13	0	13	**14**
2 bedrooms	101	3	104	**108**
3 bedrooms	167	5	172	**178**
4+ bedrooms	80	2	83	**86**
TOTAL	**362**	**10**	**372**	**386**

8.19   Figure 51 shows the result of applying the vacancy rate for affordable homes to the summary of households in Figure 46, and further disaggregating aspire to home ownership into those that can afford First Homes with a 30% discount and those that can afford First Homes with a 50% discount, but not with a 30% discount. This latter group will therefore require the provision of a more accessible product than 70% First Homes (e.g., a form of shared ownership, first homes with a larger discount, or similar). These affordable homes are subtracted from the overall dwelling need calculated above, disaggregating the number of market homes implied by the LHN. The category labelled unable to afford market rent includes both social and Affordable Rent and is broken down in more detail in Figure 46.

8.20   The figures also contain market needs which represents the need for Use Class C2 bedspaces, such as care homes, converted to dwellings. The Class C2 figure is outlined in Figure 48 which considers the projected growth in those in Class C2 in the population and household projections. It is important to note that we are not assuming that the equivalent of 157 dwellings in Ryedale are delivered as Class C2 bedspaces. Instead, the population and household projections assume that the equivalent of 157 dwellings will be vacated by those moving to Class C2. If these moves do not occur because Class C2 bedspaces are not delivered, then 157 more Class C3 dwellings will be required. If Class C2 bedspaces are delivered, they can be counted at a ratio of 1.82 bedspaces equals 1 dwelling in the LHN figures.

Figure 51: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Dwellings			Total Affordable Housing	Total Market Housing	Total Housing
	Unable to afford market rents	Unable to afford market ownership				
		Unable to afford 70% First Homes	Able to afford 70% First Homes			
1 bedroom	75	1	12	88	81	**169**
2 bedrooms	319	26	81	426	249	**675**
3 bedrooms	334	24	151	509	1,198	**1,708**
4+ bedrooms	96	35	49	180	273	**453**
DWELLINGS	**823**	**86**	**294**	**1,203**	**1,802**	**3,005**
C2 Dwellings	-	-	-	-	157	157
LHN	**823**	**86**	**294**	**1,203**	**1,959**	**3,162**

8.21   Figure 52 shows the components of housing need presented in Figure 51 as percentages of the 3,162 overall dwelling need calculated in the standard method.

8.22 Overall, the level of affordable housing need in Ryedale amounts to 823 dwellings over the period 2021-2038 for those who cannot market rents (48 dpa) and 280 dwellings for those who can afford affordable home ownership (16 dpa). This give a total of 1,203 dwellings (71 dpa), or 38% of the total of 186 dpa set by the standard method LHN.

Figure 52: Overall need for Market and Affordable Dwellings as percentages of the LHN (including affordable home ownership products) by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Dwellings			Total Affordable Housing	Total Market Housing	Total Housing
	Unable to afford market rents	Unable to afford market ownership				
		Unable to afford 70% First Homes	Able to afford 70% First Homes			
1 bedroom	2.4%	0.0%	0.4%	2.8%	2.6%	5.4%
2 bedrooms	10.1%	0.8%	2.6%	13.5%	7.9%	21.3%
3 bedrooms	10.6%	0.8%	4.8%	16.1%	37.9%	54.0%
4+ bedrooms	3.0%	1.1%	1.6%	5.7%	8.6%	14.3%
DWELLINGS	**26.0%**	**2.7%**	**9.3%**	**38.1%**	**57.0%**	**95.0%**
C2 Dwellings					5.0%	5.0%
LHN	**20.3%**	**5.8%**	**12.0%**	**38.1%**	**61.9%**	**100.0%**

Size and Tenure Mix based Upon LHN

8.23 Whilst it will be a policy decision as to how much of the additional need for affordable home ownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those households likely to form an effective demand (i.e. those able to afford the various products that will be available).

8.24 Figure 53 provides a breakdown of the LHN of 3,162 dwellings between market and affordable housing on this basis. In summary, there is a need for:

  » Social rented housing = 641 dwellings for households unable to afford affordable rent;

  » Affordable Rent = 182 dwellings for households that can afford affordable rent but unable to afford market rent;

  » Affordable home ownership = 380 dwellings for households that can afford market rent but aspire to home ownership and have reasonable prospect of being able to afford this;

  » Market housing = 1,802 dwellings (32.1%); and

  » Allowance for C2 provision within the total housing need of 3,162 = equivalent to 157 dwellings that would be counted against the LHN target.

Figure 53 Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing			Total Affordable Housing	Total Market Housing	Total
	Dwellings Unable to afford		Aspiring to Home Ownership			
	Social rent	Affordable Rent				
1 bedroom	71	3	13	88	81	**169**
2 bedrooms	266	53	106	426	249	**675**
3 bedrooms	242	92	175	509	1,198	**1,708**
4+ bedrooms	62	34	85	180	273	**453**
DWELLINGS	**641**	**182**	**380**	**1,203**	**1,802**	**3,005**
C2 Dwellings	-	-	-	-	157	**157**
LHN	**641**	**182**	**380**	**1,203**	**1,959**	**3,162**

Sub-areas of Ryedale

8.25 To this point, the figures for the sub-areas of Ryedale Planning Authority and for the area of North York Moors NPA inside of Ryedale have been subsumed as part of the Ryedale figures. However, it is possible to provide an abbreviated housing model for this portion of the sub-areas based on available evidence. This splits the 3,162 dwellings into the 2 sub-areas based upon recent trends.

8.26 To undertake this exercise, we utilised the following modelling approach:

» We firstly identify the number of current people, households and dwellings in each sub-area. This includes considering the age profile of the population and also the household types;

» Trends for population change in the sub-areas are then considered which allow us to develop a projection of migration for each area;

» The demography of each area is then considered to develop a projection of births and deaths;

» This allows for a projection of population change in each sub-area based upon recent trends;

» The data is then reconciled with the overall target to 3,162 dwellings to ensure consistency between the sub-area analysis and the overall housing need for Ryedale; and

» The analysis process set out in Chapter is then followed for each sub-area to model their overall and affordable housing needs based upon their demographic projections.

8.27 The important point about the figures set out below in Figure 54 is that they are trend based and are driven by the demographics and affordability for each sub-area. The overall figures are not based upon building capacity or any measure of planned delivery. Therefore, the identified need with the North York Moore NPA in Ryedale equates to 34 dwellings per annum.

Figure 54: Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size by sub-area (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Ryedale Outside of North York Moors NPA	North York Moors NPA in Ryedale	TOTAL
Dwellings Unable to afford	739	84	823
Aspiring to Home Ownership	326	53	380
Total Affordable Housing	**1,066**	**137**	**1,203**
Total Market Housing	**1,362**	**439**	**3,005**
C2 Dwellings	157	0	157
LHN	**2,586**	**576**	**3,162**

9. Needs of Different Groups

An exploration of need for target groups

Introduction

9.1 Paragraph 62 of the Revised NPPF requires that local planning authorities consider the needs of a range of groups within the population and this chapter considers the specific groups in turn. However, the needs of families with children and those who rent their homes have already been considered within earlier chapters and are therefore not repeated.

> *62. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.*
>
> **Revised NPPF, paragraph 62**

Housing for Older People

9.2 The UK population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 17.6m by 2035 for the over 60s, and from 1.3m (2016) to 3.6m by 2035 for the over 85s.[20]

9.3 Given this context, PPG recognises the importance of providing housing for older people. Additional PPG "Housing for older and disabled people" was published on 26th June 2019, which states:

> *The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector … Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes.*
>
> **Planning Practice Guidance, ID 63-004-20190626**

9.4 It is important to plan for housing which is suitable for this increase in older people within the population with a key requirement being to predict the type of housing which will best meet their needs. Whilst most will remain living in the same area and many will not move from their current homes, those that do move in their later years are likely to be looking for housing suitable for older people.

9.5 This housing comes in a number of different forms and the distribution between these different types needs to be explored. The older people housing options considered in this section follow the definitions in the 2012 *"Housing Our Ageing Population"* report (HAPPI2).[21] This defines specialist provision as mainstream

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[20] ONS 2016-based sub-national population projections
[21] http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf

(including adapted and wheelchair homes), specialised housing (including Extra Care and sheltered housing) and Care Homes (including both Registered Nursing and Registered Care Homes).

9.6 The Housing Learning and Improvement Network (LIN) published "*More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people*"[22] (see Appendix B) in February 2008; and subsequently published the "*Strategic Housing for older people* (SHOP)" [23] resource pack in December 2011. Both the toolkit and the resource pack provide standardised rates for estimating the demand for specialist older person housing products per 1,000 people aged 75 or over. These toolkits these have informed the evidence base for many adopted Local Plans.

9.7 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but neither publication provides any detail about the derivation of the figures. There is no single correct answer when estimating the need for older person housing, however the rates provide a basis for identifying the potential levels of demand.

9.8 In this report we have chosen to use the Housing Learning and Improvement Network (Housing LIN) SHOP resource pack methodology (2012).[24] This forecasts the population and then applies a benchmark need for particular housing types per thousand people aged 75+.

Figure 55: Benchmark Figures for Specialist Older Person Housing

Form of Provision	More Choice, Greater Voice toolkit			SHOP resource pack		
	Owned	Rented	TOTAL	Owned	Rented	TOTAL
Demand per 1,000 persons aged 75+						
Leasehold Schemes for the Elderly (LSE)	75	-	**75**	120	-	**120**
Conventional Sheltered Housing	-	50	**50**	-	60	**60**
Sheltered 'Plus' or 'Enhanced' Sheltered	10	10	**20**	10	10	**20**
Extra care	12.5	12.5	**25**	30	15	**45**
Dementia	-	10	**10**	-	6	**6**
TOTAL	**97.5**	**92.5**	**180**	**160**	**91**	**251**

9.9 The population projections underlying the Local Housing Need figure for Ryedale show a substantial increase in the older population during the period 2021-2038. The population aged 75+ is likely to increase by around 3,420 persons based on providing the number of homes needed to meet the local housing need.

Figure 56: Projected population aged 75+ (Source: LHN dwelling-led population projections)

	75-84	85+	TOTAL
2021	5,235	2,065	7,300
2038	7,188	3,532	10,719
CHANGE	**+1,953**	**+1,467**	**+3,420**

9.10 The data published by the Elderly Accommodation Counsel (EAC)[25] identifies that there is currently a total of 914 specialist Older Person units across Ryedale.

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[22] http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf
[23] http://www.housinglin.org.uk/_library/Resources/Housing/SHOP/SHOPResourcePack.pdf
[24] www.housinglin.org.uk/housinginlaterlife_planningtool
[25] http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf
The EAC 'acknowledges both the rented and private sectors contain a wide range of housing types intended for older people. The social sector has traditionally distinguished these as Category 1, 2 etc., but the private sector tends to refer to them all simply as "retirement housing". This report looks only at schemes that fall within the following definition: *"a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group"*. It is important to note that a considerable proportion of housing

Figure 57: Existing Stock of Specialist Older Person Housing for Ryedale (Source: EAC 2015)

Property Type	Owned	Rented	TOTAL
Housing with support	328	536	864
Housing with care	0	50	50
TOTAL	**328**	**586**	**914**

9.11 The SHOP model can be used to assess that there is already a shortfall in the provision of housing for elderly people. The current population of 7,300 people aged 75+ requires 1,832 specialist homes whilst data shows that just 914 exist, resulting in an unmet need of nearly 918 homes already in the area.

9.12 If we then consider the increase in need by 2038 by applying the SHOP formula (per 1,000) to the 3,400 additional people aged 75+ that are projected to exist in Ryedale by 2038 we can calculate the additional need for elderly housing by 2038.

Figure 58: Modelled Demand for Additional Specialist Older Person Housing 2021-38 (Source: Housing LIN Toolkit)

		SHOP FORMULA rate per 1,000 persons			RYEDALE ADDITIONAL NEED (x 11,271)		
		Owned	Rented	Total	Owned	Rented	Total
SHELTERED	Leasehold Schemes for the Elderly (LSE)	120	0	120	410	-	410
	Conventional Sheltered housing	0	60	60	-	205	205
EXTRA CARE	Sheltered 'Plus' or 'Enhanced'	10	10	20	34	34	68
	Extra care	30	15	45	103	51	154
	Dementia	0	6	6	-	21	21
Total		**160**	**91**	**251**	**547**	**311**	**858**

9.13 The toolkit identifies future need for 1,777 specialist older person additional housing units over the period 2021-2038. (Figure 59)

9.14 The table below summarises the potential requirement for new specialist housing, taking account of the current stock, unmet demand, and population growth for the period.

Figure 59: Modelled Demand for Older Person Housing in Ryedale based on Housing LIN Toolkit

		Rate per 1,000 persons aged 75+	Gross need 2021	Existing supply	Unmet need in 2021	Additional need 2021-38	Overall need
Sheltered Housing	Owned	120	876	328	+548	+410	+958
	Rented	60	438	536	-98	+205	+107
Extra Care	Owned	40	292	0	+292	+137	+429
	Rented	31	226	50	+176	+106	+282
TOTAL		**251**	**1,832**	**914**	**+918**	**+858**	**+1,777**

9.15 The model assumes a continuation of current types of housing, although it is unclear if older people will aspire to these types of specialist housing in the future. Demand for some types of housing are already experiencing low demand, and other, newer types of provision may appear to meet changing aspirations.

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intended for older people falls outside this definition and is therefore excluded. Extra care, assisted living, and other forms of 'housing with care' are included.

The policy aim of supporting people at home for longer along with assistive technology could also reduce or alter demand.

9.16 In practice, the level of delivery identified as being required is likely to be unachievable given that it represents almost half of the overall local housing need based on the standard method. However, it is important to recognise that the provision of dedicated older person housing schemes will form an important part of the overall housing mix.

9.17 However, it should be stressed that these figures are based upon idealised outcomes for Ryedale. If current rates of provision were to continue a further 425 specialist older person dwellings would be required. Therefore, there is a very big range of potential levels of need for specialist older person housing.

9.18 The delivery of specific schemes for specialist older person housing need should be considered in partnership with other agencies, in particular those responsible for older person support needs. It will be important to consider other factors and constraints in the market:

> » **Demographics:** the changing health, longevity and aspirations of older people mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;

> » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;

> » **Existing supply:** this may be either inappropriate for future households or may already be approaching the end of its life. Other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;

> » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of older people, particularly local authority Supporting People Teams and the Health Service; and

> » **National strategy and its implications for older people:** national strategy emphasises older people being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

Housing for People with Disabilities

9.19   The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).[26]

9.20   Three standards are covered:

» M4(1) Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties;

» M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes; and

» M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

9.21   In terms of new developments, Part M states that: *"Where no condition is imposed, dwellings only need to meet requirements M4(1)"* (Paragraph 0.3).   In July 2022 the government issued their response to a consultation ran in 2020 on the future of accessibility standards.[27] Paragraph 73 of the response concluded that:

73. Government proposes that the most appropriate way forward is to mandate the current M4(2) (Category 2: Accessible and adaptable dwellings) requirement in Building Regulations as a minimum standard for all new homes – option 2 in the consultation. M4(1) will apply by exception only, where M4(2) is impractical and unachievable (as detailed below). Subject to a further consultation on the draft technical details, we will implement this change in due course with a change to building regulations.

9.22   Previously, local authorities were required to assess the need to M4(2) accessible homes in their local area and develop policies to deliver these the properties. The government are now proposing that all homes be delivered to M4(2) standard and therefore this evidence is now longer required.

9.23   However, local authorities are still required to assess the need for the higher M4(3) standard which cover the need for wheelchair adapted and adaptable home. This current study was largely undertaken before July 2022, so evidence was produced to support the existing guidance and we have therefore left this evidence in this report as the guidance as not yet been withdrawn. However, it is likely that any future plan will deliver a policy which requires 100% of new developments to be built to M4(2) standard unless exceptional circumstances apply.

9.24   Planning Practice Guidance for Housing explains that local authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. It provides a summary of the data sources which should be used to inform any calculations, and this forms the basis of the approach used in this report:

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[26] https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m

[27] https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/outcome/raising-accessibility-standards-for-new-homes-summary-of-consultation-responses-and-government-response#government-response

> *Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.*
>
> *To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.*
>
> **Planning Practice Guidance, ID 56-007-20150327**

9.25   However, the PPG recognises that there is no single source of information by which to assess demand, and some limitations to the available data. Not all of those in receipt of PIPs or Attendance Allowance necessarily require home adaptations, whilst DFG applications may underestimate need.

9.26   The PPG states:

> *Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness and plan-makers can access information from the Department for Work and Pensions on the numbers of Personal Independence Payment[28] (replacing Disability Living Allowance) / Attendance Allowance[29] benefit claimants. Whilst these data sources can provide an indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant[30] (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation but would not have applied to the DFG.*
>
> *Engagement at all levels can help plan-makers identify the housing needs of people with disabilities. This could include with occupational therapists and specialist access or inclusive design officers. Discussions with disabled people and disabled people's groups can also provide insights into the types of impairments and number of people likely to require accessible homes in the future.*
>
> **Planning Practice Guidance, ID 63-005-20190626**

Assessing need for M4(2) Category 2: Accessible and Adaptable Dwellings

9.27   In establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.

9.28   Building Regulations for M4(2) Category 2: Accessible and adaptable dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

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[28] Personal Independence Payments (PIPs) started to replace the Disability Living Allowance from April 2013. They are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions).

[29] Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over.

[30] Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs who are owner occupiers, or renting from a private landlord, housing association or council. Grants cover a range of works, ranging from major building works, major adaptations to the property and minor adaptations. It should be noted that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

> *"The provision made must be sufficient to:*
>
> *(a) meet the needs of occupants with differing needs, including some older or disabled people, and*
>
> *(b) to allow adaptation of the dwelling to meet the changing needs of occupants over time."*
>
> **Access to and use of buildings: Approved Document M v1, Page 10**

9.29 The English Housing Survey explores the number of households which contain someone with a limiting long-term illness (LLTI) or disability which impacts their housing need. This identifies that most (71%) of households have no limiting long-term illness (LLTI) or disability and a further fifth (20%) where illness or disability does not affect their housing need.

9.30 Overall, 8.8% of households (around 1 in every 12) have one or more persons with a health problem which requires adaptations to their home. This proportion is markedly higher in affordable housing than in market housing (19.8% and 6.5% respectively - Figure 60).

Figure 60: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

	Market Housing	Affordable Housing	TOTAL
Households without limiting long-term illness or disability	75.2%	50.2%	70.9%
Households with one or more persons with a limiting long-term illness or disability			
Does not affect their housing need	18.3%	29.9%	20.3%
Current home suitable for needs	5.4%	16.2%	7.3%
Current home requires adaptation	0.6%	1.6%	0.8%
Need to move to a more suitable home	0.5%	2.0%	0.7%
Total households where a limiting long-term illness or disability affects their housing need:	**6.5%**	**19.8%**	**8.8%**

9.31 Within this group, the substantial majority of households live in a home that is suitable for their needs (either having already moved or adapted their existing home). This leaves 1.5% of households either requiring adaptations or needing to move to a more suitable home.

9.32 The ORS model uses the national English Housing Survey together with data about relative levels of limiting long-term illness and disability in Ryedale to estimate the number of households likely to require adaptations or needing to move to a more suitable home in the housing market area.

Figure 61: Households with a long-term illness or disability in Ryedale in 2021 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Households with one or more persons with a limiting long-term illness or disability	7,536
Does not affect their housing need	4,962
Current home suitable for needs	2,172
Current home requires adaptation	200
Need to move to a more suitable home	202
Total households where a limiting long-term illness or disability affects their housing need:	**2,574**

9.33 The model (Figure 61) identifies that there were around 7,500 households living in Ryedale in 2021 with one or more persons with a limiting long-term illness or disability. In nearly 5,000 of these households, this does not affect their housing need, but in 2,574 households an illness or disability does impact on housing need.

9.34 Amongst those households where it does affect housing needs 2,172 households are already living in a suitable home (having moved or made adaptations). This leaves 200 households needing adaptations to their current home and 202 households needing to move to a more suitable home. The 202 households needing to move represent an existing **unmet need** for M4(2) housing and some may actually be wheelchair users needing M4(3) housing.

9.35 The identified need for 202 adapted homes at the start of the Plan period is based on households' current needs. The M4(2) standard also requires *"the changing needs of occupants over time"* to be considered. Therefore, even without any change to the number of households in Ryedale, the number of households with one or more persons with a limiting long-term illness or disability will increase over time as people get older.

9.36 Whilst around 2,172 households living in Ryedale in 2021 have a health problem that already affected their housing requirement, it is likely that a further 1,024 households would develop health problems within 10 years. These households would also require adaptations to their current home or would need to move to a more suitable home.

9.37 Based on the household projections and the overall housing need, we can establish the future need for adapted housing in the housing market area based on the projected household growth and the changing demographics of the area.

9.38 Further modelling of health needs suggests that by 2038 there will be an additional 2,953 households either already experiencing health problems or likely to develop health problems within 10 years. Some of these will be new households, but many will be existing households resident in 2021 whose health has deteriorated over the Plan period.

9.39 Therefore, considering the needs of households resident at the start of the Plan period together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 4,077 households either needing adaptations to their existing housing or suitable new housing to be provided. This is in addition to the 202 households needing to move and the 200 households needing adaptations based on their current health at the start of the Plan period.

Figure 62: Households with a long-term illness or disability in Ryedale in 2021 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Households where an existing illness or disability affects their housing need in 2021	
Current home suitable for needs	2,172
Current home requires adaptation	200
Need to move to a more suitable home	202
Total households where a limiting long-term illness or disability affects their housing need in 2021	**2,574**
Existing households in 2021 likely to develop health problems that affect their housing need within 10 years	1,124
Additional households in 2038 projected to experience problems or likely to develop problems within 10 years	2,953
Additional households in 2038 where illness or disability affects their housing need or will develop within 10 years	**4,077**

9.40 To provide M4(2) housing for all of the identified need would require housing for up to 4,279 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock.

9.41 Although some households would prefer not to move, many existing homes are not suitable for adaptation to meet the M4(1) Category 1 standard and others would require major works. Fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements. Based on the housing mix in Ryedale, it is likely that around 66% will live in dwellings that could be converted to meet the M4(1) standard.

9.42 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing. On this basis, we could assume that at least 34% of the need is for adapted housing. This is a total of 1,590 households including the 202 households identified as needing to move at the start of the Plan period.

Figure 63: Households with a long-term illness or disability in Ryedale in 2021 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Existing need in 2021	
Households where an existing illness or disability affects their housing need and need to move in 2021	202
Projected future need 2021-38	
Additional households in 2038 where illness or disability affects their housing need or will develop within 10 years	4,077
Maximum need for adapted housing 2021-38 (households)	**4,279**
Less households living in dwellings adaptable to M4(1) standard	2,689
Minimum need for adapted housing 2021-38 (households)	**1,590**

9.43 There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing. Nevertheless, the minimum of approximately 1,600 households and maximum of nearly 4,300 households identified in Figure 63 provide an appropriate range for the local authority to consider.

Housing for Wheelchair Users

9.44 The overall need calculated in the previous section represents the combined need for both M4(2) Category 2 and M4(3) Category 3 housing. Households with a wheelchair user are included within the definition of households having a health problem or disability that affects their housing need.

9.45 Building Regulations for M4(3) Category 3: Wheelchair user dwellings also states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

M4(2) Accessible & adaptable dwellings - 1,600 needed

M4(3) - Wheelchair user dwellings
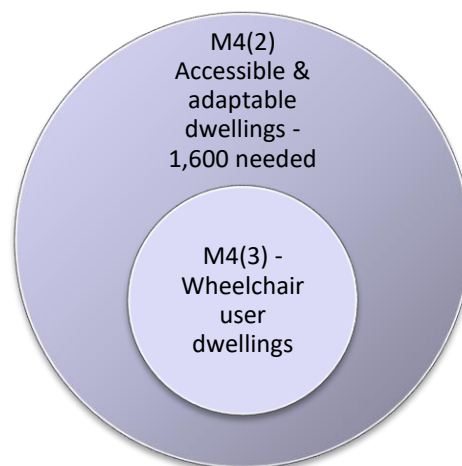
> *"The provision made must be sufficient to-*
>
> *(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;*
>
> *(b) to meet the needs of occupants who use wheelchairs." (Page 23)*

9.46 In establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.

9.47 The CLG guide to available disability data[31] referenced by PPG [ID 56-007-20150327] shows that around one in thirty households in England (3.3%) currently has at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 64 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative.

Figure 64: **Percentage of households with a wheelchair user by type of housing and age of household representative (Source: English Housing Survey 2013-14)**

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Housing type								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.0%	6.1%	9.3%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.0%	10.3%	12.7%	19.9%

9.48 To get a better understanding of the local Ryedale data, Figure 65 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of whom will be wheelchair users) for Ryedale against the figures for England.

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[31] https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data

Figure 65:   Disability benefit claimants in receipt of mobility award by age (Source: DWP, Aug 2021)
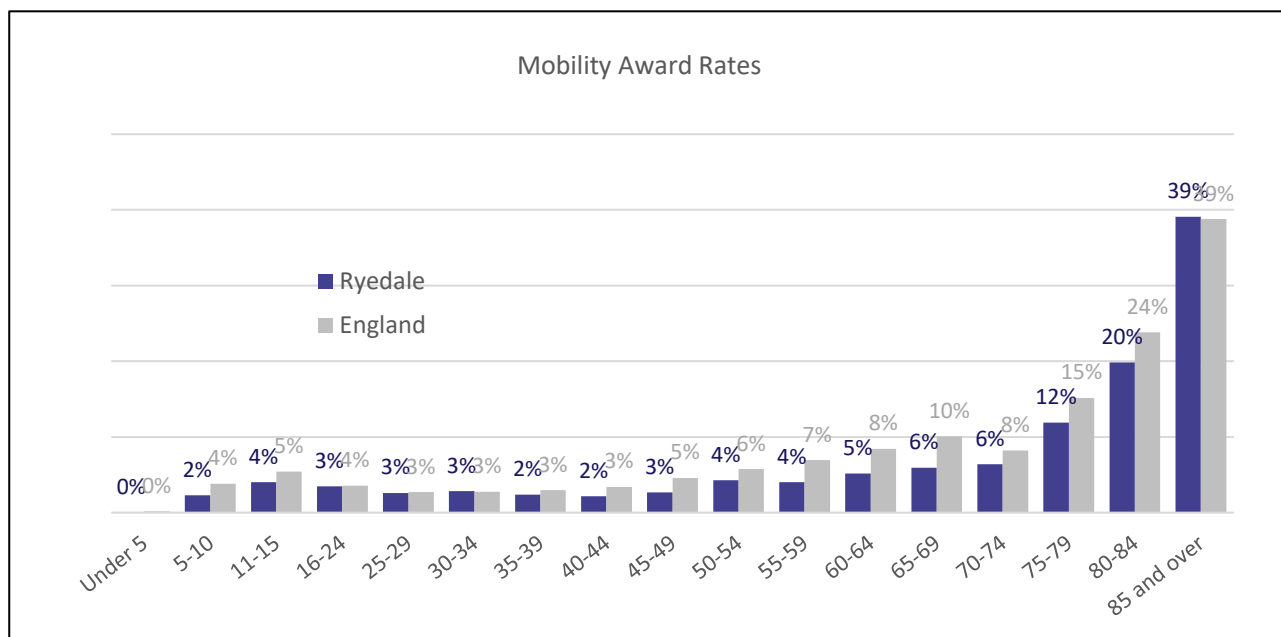
9.49   Through combining the information on local rates with the national data, we can establish the proportion of households in Ryedale likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 66).

Figure 66:   Percentage of households with a wheelchair user by type of housing and age of household representative

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Market housing	< 0.1%	0.4%	1.0%	1.5%	2.8%	3.8%	5.7%	9.3%
Affordable housing	0.3%	2.0%	2.9%	5.8%	5.8%	9.8%	12.1%	19.9%

9.50   If we apply these proportions to the population and household data for the area, then we can identify the net change in the number of households with a wheelchair user over the period 2021 to 2038. (Figure 67). Using this approach, we calculate the number of households likely to need wheelchair adapted housing in Ryedale is likely to increase by 240 over the 17-year period. This amounts to 8% of the dwelling target over the same time period, so would suggest a need for 8% of new dwellings to be built to M4(3) standard.

Figure 67:   Households needing Wheelchair Adapted Housing
(Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	2021	2038	Net change 2021-38
Market housing	660	820	+160
Affordable housing	330	410	+80
Total	990	1,230	+240

9.51   Importantly, as the model has included household age, it is possible to identify that a significant proportion of this growth (92%) comes from households which are aged over 75. This can be seen in Figure 68.

Figure 68: Households needing Wheelchair Adapted Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+		
	2021	**2038**	**Net change 2021-38**	**2021**	**2038**	**Net change 2021-38**
Market housing	360	360	+0	300	460	+160
Affordable housing	190	210	+20	140	200	+60
Total	**550**	**570**	**+20**	**440**	**660**	**+220**

9.52 This means that there are likely to be some people who are identified in both categories – Wheelchair adapted housing and specialist older person housing.

9.53 Earlier analysis of housing for older people identified a need for 1,777 specialist older person housing units for households aged 75 or over in Ryedale. Whilst not all over 75 households needing wheelchair adapted housing will live in specialist older person housing, it is likely that around a tenth of those living in specialist older housing will need wheelchair adapted homes. It is also likely that some older households will progress to using a wheelchair whilst living in specialist housing due to a deterioration in their health.

9.54 On this basis, it may be appropriate to adopt higher targets for specialist accommodation for older people that is also wheelchair accessible. This could reduce the proportion of general needs housing that would need to meet the M4(3) Category 3 requirements.

The Private Rented Sector

9.55 The growth in the private rented sector in Ryedale has been considered as part of the housing trends section (Figure 8) which showed the changes in the sector over recent years. This is consistent with national trends, with the English Housing Survey (EHS) 2016-17 identifying 20% (4.7 million) households renting from a private landlord, much higher than the 13% recorded 10 years ago in 2006-07. Outside of London, private rented is the third largest tenure and is now larger than social rented; 36% outright ownership, 29% buying with a mortgage, 19% private renting, and 16% social renting. Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector:

> *Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. The level of changes in rents, (known as "market signals"), may reflect the demand in the area for private rented sector housing. Evidence can also be sourced from the English Housing Survey, Office for National Statistics Private Rental Index, the Valuation Office Agency, HomeLet Rental Index and other commercial sources.*
>
> **Planning Practice Guidance, ID 67-002-20190722**

9.56 Growth in the sector seems likely to continue, driven by a combination of demand and supply factors:

» Increasing demand from more households;

» Recent reductions in incomes (in real terms);

» Affordability of owner occupation reducing;

» Changing Bank lending practices;

» The impact of inheritance and the difficulties involved in selling properties; and

» Pensions reform: pension drawdowns invested in BTL property.

9.57 The growth of the Sector has been acknowledged as both a growing and long-term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association forecast) that the private rented sector will increase in size to 35% nationally by 2032.[32] On this basis, the number of households renting privately could double again over the next 17 years.

9.58 As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.

9.59 The Office for Budget Responsibility analysis of the UK's public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)[33]:

> *"The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19. … We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating."* (paragraphs 4.152-154)

9.60 Importantly, the Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.

9.61 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply[34] (including the Build to Rent investment scheme[35]). The Government published *"Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities"* in March 2015[36], and the Foreword by the Minister stated:

> *"The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue."*

9.62 Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences for the wider housing market as more properties come on to the market; therefore, it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs in future. Nevertheless, it is essential for local

[32] http://news.rla.org.uk/rpi-rent-revolution/
[33] http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf
[34] https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment
[35] https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence
[36] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly.

The Future Role of the Private Rented Sector

9.63 PRS is an important tenure that has grown since 1991 to house a significant proportion of households in the area. At the same time, young households have been less likely to meet their housing need in affordable housing given the various constraints in accessing local authority and housing association rented housing. Recent changes to letting polices and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1-bedroom social rented or affordable rented property.

9.64 Further, there have been other changes announced (Starter Homes, Right to Buy for housing association tenants and the new First Homes scheme) which may influence the demand for private rented sector accommodation. The Housing and Planning Act 2016 contains proposals to further the Government's policy of encouraging home ownership through promoting Starter Homes to provide affordable property for first-time buyers. This duty has been updated to support the new First Homes scheme.

9.65 As is shown in Figure 51 there are many households residing in the private rented sector in Ryedale who aspire to home ownership. If affordable to own homes could be provided for this group, it would help to reduce the size of the private rented sector.

9.66 However, if the new supply of affordable homes changes to include a large proportion of First Homes or other affordable to own properties, and if existing affordable supply in net terms reduces (i.e. if new affordable supply does not exceed stock sold under RTB), then demand for PRS stock may continue or increase further. This means that much of the increased demand for PRS property is likely to continue, driven by young households with few other options should they wish to establish their own household.

9.67 In practice this implies that, unless current trends are reversed, there will be a further growth in the private rented sector.

Student Housing

9.68 PPG includes specific reference to identifying the needs of students:

> *Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus ... Local Planning Authorities will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements.*
>
> **Planning Practice Guidance, ID 67-004-20190722**

9.69 Unless there is a major expansion of a higher education body into Ryedale, students will continue to play a minimal role in the housing market.

Service Families

9.70 The RAF Fylingdales base is located within the North York Moors NPA in Ryedale. The Ministry of Defence publish location statistics of service personnel, and the most recent iteration is dated April 2020. According

to the Ministry of Defence location statistics[37], the numbers of armed forces personnel in Ryedale has fallen slightly over the last few years.

Figure 69: Service personnel in Ryedale 2012-20 (Source: Ministry of Defence)

Ryedale		2012	2013	2014	2015	2016	2017	2018	2019	2020
Military	Total	110	100	100	100	100	90	90	90	90
Civilians	Total	110	100	100	100	100	90	90	80	60

9.71 Given that the numbers of MOD personnel deployed in Ryedale has been falling over time, there is no identifiable housing need for service families.

People Wishing to Build their Own Homes

9.72 Planning practice guidance requires that people wishing to build their own homes are considered and states:

> *How can self-build and custom housebuilding needs be assessed?*
>
> *Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.*
>
> *To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.*
>
> **Planning Practice Guidance, ID: 67-003-20190722**

9.73 Over half of the population (53%) say that they would consider building their own home[38] (either directly or using the services of architects and contractors), but it is likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 7%-10% of housing completions in the UK[39], compared with rates of around 40% in France and 70% to 80% elsewhere in Europe.

9.74 The attractiveness of self-build is primarily reduced costs; however, the Joseph Rowntree Foundation report *"The current state of the self-build housing market"* (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.

9.75 *"Laying the Foundations – a Housing Strategy for England"* (HM Government, 2011)[40] redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. *"Build-it-yourself? Understanding the changing landscape of the UK self-build market"* (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' in 2014 to test how the 'Right to

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[37] [Location of UK regular service and civilian personnel annual statistics: 2020 - GOV.UK (www.gov.uk)](www.gov.uk)
[38] Building Societies Association Survey of 2,051 UK consumers 2011
[39] Self-build and custom build housing (England) House of Commons Brief Paper March 2017
[40] https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2

Build' could work in practice in a range of different circumstances. Individual local authorities produced their own reviews of their experiences[41], but no detailed review of all 11 Vanguards was produced.

9.76   In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act[42] 2015 places a duty on local planning authorities to:

» Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;

» Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and

» Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

9.77   The 2015 Act was amended by the Housing and Planning Act 2016[43] which placed a duty on local planning authorities to provide serviced plots which have planning permission that allows for self-build or custom housebuilding:

> *An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.*
>
> **Housing and Planning Act 2016 Section 2(a)(2)**

February 2021 Policy Update

9.78   In February 2021 the Government updated Planning Practice Guidance in the form of, *"Self-build and custom housebuilding"*[44]. The new guidance offers an updated definition of self-build and custom-housebuilding and also seeks to set out how the need can be assessed and met. The new guidance defines self-build and custom housebuilding as:

> *An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.*
>
> *Self-build and custom housebuilding covers a wide spectrum, from projects where individuals are involved in building or managing the construction of their home from beginning to end, to projects where individuals commission their home, making key design and layout decisions, but the home is built ready for occupation ('turnkey')*

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[41] Right_to_Build_Vanguard.pdf and Version-02-APPG-Enquiry-SCDC-response-to-circ.pdf (cambridgeshireinsight.org.uk)
[42] http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html
[43] http://services.parliament.uk/bills/2015-16/housingandplanning.html
[44] Self-build and custom housebuilding - GOV.UK (www.gov.uk)

The Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal definition of self-build and custom housebuilding. The Act does not distinguish between self-build and custom housebuilding and provides that both are where an individual, an association of individuals, or persons working with or for individuals or associations of individuals, build or complete houses to be occupied as homes by those individuals.

When reading this guidance, reference should be made to the:

Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016)

Self-build and Custom Housebuilding Regulations 2016

Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016

In considering whether a home is a self-build or custom build home, relevant authorities must be satisfied that the initial owner of the home will have primary input into its final design and layout.

Off-plan housing, homes purchased at the plan stage prior to construction and without input into the design and layout from the buyer, are not considered to meet the definition of self-build and custom housing.

Self-build and Custom Housebuilding Guidance

Paragraph: 016 Reference ID: 57-016-20210208

9.79   Within this definition, it is clear that conversions can be counted as self-build and custom housebuilding if they involve the first occupant developing them, but homes bought directly off-plan cannot. However, it does seem to leave a situation where the buyer can choose from a range of options before building commences as being custom build. If this is the case, this will make comparisons with an area such as Germany more valid, because of the 70%-80% of German homes considered to be self-build and custom housebuilding, many are bought off plan to individual specifications and built by small builders.

9.80   Alongside the updated guidance, MHCLG have published detailed data from the registers for the period 2016 to 2019, with 10,700 new entries being recorded in 2018/19. However, the number of households joining the registers varies across the country and household can appear on more than register. However, it is also likely that the figures do not fully reflect the demand for self-build and custom housebuilding as many households will address their own needs without appearing on any register.

9.81   As noted above, it is already considered that by 2017 around 7%-10% of housing delivery occurs via allocated and windfall self-build and custom housebuilding schemes. This would represent around 15,000-22,000 dwellings, but MHCLG statistics indicate that only around 10,100 plots were given planning permission in 2018/19. Therefore, alongside registers potentially underestimating the demand for self-build and custom housebuilding plots, it may also be the case that in some local authority areas, only those schemes which were explicitly granted planning permissions as self-build and custom housebuilding plots are being counted. The guidance also confirms that the uses of the self-build and custom housebuilding registers include:

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. There is no duty on a relevant authority to permission land which specifically meets the requirements expressed by those on the register. Relevant authorities should use preferences expressed by those on the register to guide their decisions when looking at how to meet the duty to grant planning permission etc. This will help ensure that relevant authorities permission land suitable for self-build and custom housebuilding which people are actually keen to develop.

Self-build and Custom Housebuilding Guidance

Paragraph: 028 Reference ID: 57-028-20210208

What does having a 'duty to grant planning permission etc' mean?

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. The level of demand is established by reference to the number of entries added to an authority's register during a base period.

The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

At the end of each base period, relevant authorities have 3 years in which to permission an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period.

Self-build and Custom Housebuilding Guidance
Paragraph: 023 Reference ID: 57-023-20210208

9.82   Therefore, there is an expectation that planning authorities must grant enough permissions to meet the numbers on their register with a 3-year time lag. A failure to deliver sufficient plots can be considered as a material consideration in planning appeals. The level of demand is measured in 'base periods' that run from 31st of October until 30th of October in the following year; and local authorities have three years from the end of each base period to permission enough serviced plots to meet the demand shown in the respective base periods.

9.83   The plots granted planning permission do not have to explicitly be for those who are on the register, so plots could be granted and then sold to households not on the register. This is recognised in the guidance which states that:

What is the relationship between the register and the Strategic Housing Market Assessment?

Assessment of local housing need as a whole should be conducted using the standard method in national planning guidance. Within this context, the size, type and tenure of housing needed for different groups should be assessed including people wishing to self-build or custom-build their own homes.

Local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the housing and economic development needs guidance), to understand and consider future need for this type of housing in their area. Secondary sources can include data from building plot search websites, enquiries for building plots recorded by local estate agents and surveys of local residents. Demand assessment tools can also be utilised.

Plan-makers will need to make reasonable assumptions using the data on their register to avoid double-counting households.

Self-build and Custom Housebuilding Guidance
Paragraph: 011 Reference ID: 57-011-20210208

9.84 The guidance is clear that planning authorities should meet the demand for plots from their register, but also should consider a different level of provision if it is clear that there is a demand for this.

April 2021 Self and Custom Build Action Plan

9.85 In April 2021, MHCLG produce a new action plan to further support the development of the self-build and custom housebuilding sector.[45] This focused upon four key areas:

» **Mortgage finance:** A multi-year funding for 'Help to Build' was announced at the 2020 Spending Review. In April the Government confirmed an initial £150 million over 4 years to support the scheme to deliver low deposit mortgages and improve affordability of home ownership for self and custom builders similar to Help to Buy;

» **Developer finance:** The Home Building Fund, offers £2.5 billion in short term loan finance targeted at small and medium sized builders, innovation and custom build. Funding is available to custom-build developers bringing forward serviced plots on sites of 5 units or more;

» **Access to land**: As part of the 2020 Spending Review, the Government announced additional funding for local authorities to release their surplus brownfield land through the Brownfield Land Release Fund (BLRF). The £75 million BLRF will allocate up to £25 million to local authorities to enable them to bring forward serviced plots for self and custom build on public sector land. The 'Planning for the Future' White Paper also included specific proposals that allow local authorities to identify sites for self-build and custom-housebuilding and community-led housing in their local plan, including ensuring sufficient provision to meet requirements identified in their self-build register, and proposals to explore how publicly owned land disposal can support SMEs and the self-build sector; and

» **Expertise/knowledge gap**: The National Custom and Self Build Association's (NaCSBA) Right to Build Task Force was established to help local authorities, community groups and other organisations help deliver self and custom build housing projects across the UK. Since 2020 it has been funded by government to provide expertise and support to local authorities on the implementation of the Right to Build and how to secure self and custom build delivery.

Evidence for Ryedale

9.86 Ryedale have put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including providing a self-build and custom housebuilding registers.

9.87 Figure 70 shows that as of October 2020, Ryedale has over a 4-year period provided enough self and custom housebuilding plots to meet the needs identified on the register, as measured by CIL exempt properties, but this has dropped more recently. The delivery of plots is calculated from CIL exemptions, so most self and custom housebuilding plots will be counted in the figures, with any exceptions missing out on being exempt from CIL.

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[45] Self and custom build action plan - GOV.UK (www.gov.uk)

Figure 70: **Self-build and Custom Housebuilding Register and Plot Provision (Source: Local Authority Data. Note: * is not recorded)**

Self-build and Custom Housebuilding Register and Plot Provision	Up to October 2016	Oct 2016-Oct 2017	Oct 2017-Oct 2018	Oct 2018-Oct 2019	Oct 2019-Oct 2020
New applicants on the register	3	17	15	19	16
CIL monitoring – number of new self and custom housebuilding exemptions issued	*	40	24	11	14

Future Need for Self-build and Custom Housebuilding

9.88 As highlighted above, Ryedale have been providing sufficient plots to comply with its requirement to meet the needs of those on its own self-build and custom housebuilding register. This has been achieved without a designated policy to promote serviced plots and with no requirement for a proportion of plots on larger sites to be made available.

9.89 The Council is already complying with its first priority of meeting the demand from the self and custom housebuilding register. Over the past 4 years it has averaged 22 plots per annum, which is just over 10% of the LHN. In the context that the Government considers that 7%-10% of all delivery already meets the definition of self and custom housebuilding, this should not be surprising in a district authority like Ryedale where the demand for self-build plots is likely to be higher.

9.90 However, the self-build and custom housebuilding register clearly has the potential to underestimate demand for plots in Ryedale. If 15% of delivery occurs as self and custom housebuilding, that would amount to 28 plots per annum in Ryedale and would represent a realistic target for the authority in context of national delivery and the objective to grow the self and custom housebuilding sector.

9.91 We recommend that more information is gathered on the number of self-build and custom housebuilding dwellings which are provided currently in Ryedale. This information can potentially be gathered as part of the process for gathering information on the 5-year land supply and newbuild delivery.

9.92 We would note that our experience across the country has been that the self-build and custom housebuilding sector works relatively well for households who are seeking to build bespoke properties on single plot sites and as part of multi-plot sites. There is less evidence that those with lower budgets are having their needs met because the price of plots remains high. This in turn can be taken as a reflection that the market for self and custom housebuilding is supply constrained and that suitable plots attract a premium which is offsetting any reductions from CIL exemptions. Within this group there are likely to be some households who are seeking to help design their own house, often from customising the interior of a set exterior. Meanwhile, other households will be seeking affordable home ownership dwellings where they can be heavily involved in the building of their property. The Government's new Help to Build scheme may help to make self and custom housebuilding more accessible and affordable.

9.93 It is for these two groups that Ryedale could seek to work more proactively. There is potential for builders to deliver market homes which can either be customised at the outset, or which could be built as exteriors with the interior to be completed by the final occupant. Both of these approaches can be considered to fit within the definition of custom-built housing; and could both be encouraged with the provision of small and larger sites.

9.94 Meanwhile, Ryedale could also seek to work with developers and Registered Providers to assess the potential demand for affordable to own self-build and custom housebuilding. This would be in lieu of providing

completed affordable housing, but would allow households to help deliver their own affordable home ownership properties. This element could range from providing serviced plots at cost or partially completed dwellings which are sold to Registered Providers at cost.

Essential Local Workers

9.95   Annex 2 of the 2019-Revised NPPF also mentions the needs of essential local workers in its definition of affordable housing:

> *Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers);*
>
> *Essential local workers: Public sector employees who provide frontline services in areas including health, education and community safety and can include NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.*
>
> **NPPF 2019 – Annex 2**

9.96   It is notable that the definition provided by the 2019 NPPF is similar to the definition of Key Workers which was utilised prior to the adoption of the original 2012 NPPF. Under this definition, being classified as an essential worker in need correlates directly with being unable to afford home ownership.

9.97   Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers in need.

Appendix A
Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report, we have used the definition in the National Planning Policy Framework 2012.

Category 2 and Category 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the SHMA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

Concealed families are defined as: *"family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity"[46]*.

A Dwelling as a single self-contained household space (an unshared dwelling) or two or more household spaces at the same address that are not self-contained but combine to form a shared dwelling that is self-contained. In most cases, a single household space will be an unshared dwelling.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Headship rates are defined by CLG as: *"the proportion of people in each age group and household type who are the 'head' of a household"[47].*

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or **Registered Provider** is an independent not-for-profit body that primarily provides low-cost 'social or affordable housing' for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

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[46] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf
[47] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

Household Representative (HRP) is a person chosen for statistical reasons by virtue of economic activity, age and/or sex as the representative of a household.

House in Multiple Occupation are currently defined by the Housing Act 2004 as:

> » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;

> » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;

> » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and

> » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving to a new house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home but cannot afford to buy outright (with a mortgage). Through this type of scheme, you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low cost home ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

AHC   Affordable Housing Commission

AHO   Affordable Home Ownership

BRMA   Broad Rental Market Area

CLG   Department for Communities and Local Government (now MHCLG)

CPI   Consumer Prices Index

DFG   Disable Facilities Grant

DWP   Department of Work and Pensions

EHS   English Housing Survey

HB   Housing Benefit

HMA   Housing Market Area

HPSSA   House Price Statistics for Small Areas

LA   Local Authority

LHA   Local Housing Allowance

LHN   Local Housing Need

LHNA   Local Housing Needs Assessment

LLTI   Limiting Long-Term Illness

LPA   Local Planning Authority

LQ   Lower Quartile

LRR   Local Reference Rent

LSE   Leasehold Schemes for the Elderly

MHCLG   Ministry for Housing, Communities and Local Government

MSOA   Middle-layer Super Output Area

NPPF   National Planning Policy Framework

OAN   Objectively Assessed [Housing] Need

OBR   Office for Budget Responsibility

ONS   Office for National Statistics

ORS   Opinion Research Services

PPG   Planning Practice Guidance

PPTS   Planning Policy for Traveller Sites

PRS   Private Rental Sector

RSL   Registered Social Landlord

SHMA   Strategic Housing Market Assessment

VOA   Valuation Office Agency

Appendix B: Table of Figures