

1 Summary of the Paper

- 1.1 The Ryedale Plan (Core Strategy for Ryedale District to 2027) has been in preparation since 2004 and Members will be well aware that it has suffered a difficult period of preparation; largely because, following an original finding of unsoundness in 2007, changes outside of the Council's control have hindered progression. Unfortunately the current context, in which the Council seeks to submit the Plan to the Inspectorate, is no different and there are several risks that Members need to be aware of prior to agreeing the Plan for submission.
- 1.2 One of the key issues that the Ryedale Plan has to deal with is how much housing to allocate and distribute. Up until now this element has been largely determined by the Yorkshire and Humber Plan (Regional Spatial Strategy), but the recent proposed changes to the planning system require consideration of additional factors and the setting of a 'home grown' requirement.

2 Background

- 2.1 Work on the Ryedale Plan began in 2004 once the Planning and Compulsory Purchase Act signalled the abolition of the North Yorkshire Structure Plan and the introduction of Local Development Frameworks (LDFs). LDFs consisted of the Yorkshire and Humber Plan (Regional Spatial Strategy) and a portfolio of local development plan documents, including a Core Strategy, which would set the local strategic direction for Ryedale.
- 2.2 Ryedale was one of the first authorities to submit their plan for examination and this was done prior to the adoption of the RSS. The Core Strategy was found to be unsound at its Examination in 2007, largely on the basis that it failed to distribute levels of development to individual settlements. An intention to swiftly resubmit the Plan in 2007, taking account of this issue, was hindered by the publication of new government guidance on Spatial Planning (Planning Policy Statement 12(PPS12)) and Housing (Planning Policy Statement 3 (PPS3)). This called for further evidence on strategic housing markets and available housing land. A Strategic Housing Market Assessment (SHMA) and a Strategic Housing Land Availability Assessment (SHLAA) have now both been published and their results integrated within the Ryedale Plan.
- 2.3 Two significant rounds of consultation with local people and other stakeholders have taken place since the original examination. In 2009 views were sought on a series of options that sought to respond directly to the

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- concerns of the Inspector at the first examination and also to align with the, by then adopted, Yorkshire and Humber Plan and emerging national guidance and statements.
- 2.4 This consultation, technical work and sustainability appraisal helped shape a draft Ryedale Plan which was subject to public consultation in the summer of 2010. Responses to this document have been taken into account and will be reported to Members separately.
- 2.5 The Council are required to publish the Ryedale Plan for a final consultation prior to its submission to the Planning Inspectorate. This will enable stakeholders to take a view on the final draft plan and determine the likely areas of contention that will emerge at the Examination into the Plan's soundness. Subject to the approval of Members, the Plan will be published for a period of six weeks after Christmas and submitted to the Inspectorate in the spring. It is envisaged that this will result in an examination during the summer of 2012.
- 2.6 However, the current context, in which the Council are seeking to submit the Draft Ryedale Plan to the Inspectorate, remains volatile. Members have been briefed¹ on the significant changes that are happening to the English planning system. These include: the Plan for Growth, a new presumption in favour of sustainable development, the Localism Bill and the draft National Planning Policy Framework. At the same time, it is important to stress that the Government has made it clear that it does not wish to see local authorities halting progression of their local plans. Development Plans are to remain a fundamental element of the planning system.
- 2.7 As a whole, the Ryedale Plan includes Strategic and Development Management Policies and also Site Allocations. In line with arrangements to prepare these elements of the Ryedale Plan separately, the Strategic and Development Management Policies (contained within the Core Strategy) are forecast to be adopted in autumn 2012 and the Site Allocations not before 2013. Together these elements will comprise the Ryedale Plan and constitute a single Local Plan as advised by Government.
- 2.8 There are significant risks to delaying the production of the Strategic and Development Management Policies. Currently there are no transitional arrangements which exist between the former and proposed planning systems and authorities without an up to date Local Plan are vulnerable to planning by appeal which could harm the district. A failure to quickly establish the District's strategic role for housing and economic growth and for delivering more low carbon energy could expose a weakness in terms of protecting landscape and heritage quality, the roles and character of places

¹ Council 1 September 2011

and strategic infrastructure delivery.

- 2.9 That said, the Council has to address risks in moving forward to the publication version of the Ryedale Plan because it is likely to be Examined when proposed changes to the planning system have been finalised and these to some extent need to be pre-empted. The most fundamental of these issues is around determining a housing requirement.

3 Current Potential Influences on Ryedale's Housing Provision

- 3.1 A recent report from Communities and Local Government reveals that nationally permissions for housing are at the second lowest level for the past five years and the National Housing Federation express concern that at a time when fewer homes are being built in England than at any time since the 1920s, the country's housing crisis will intensify.
- 3.2 The question of how much housing to allocate in the District and how this is distributed are key questions for the Ryedale Plan to answer. A pragmatic view must be taken by the Council in the setting of a housing requirement that takes account of the current housing crisis and Government requirements to increase the housing supply; but which also recognises that a housing requirement will be set for the long term and that a reaction to current issues should not necessarily replace the long term strategic planning for the District that seeks to meet a variety of needs.
- 3.3 This paper specifically deals with the issue of a housing requirement (i.e. how much housing should we build over the next 15 years?) and sets out three approaches that may be taken in the Publication Draft Ryedale Plan. These derive not only from the approach that the Ryedale Plan has been taking from the start, but also from the recent proposed changes of the Coalition Government and a reflection of new population projections. Further technical information will be included in a Housing Background Paper that will support the publication of the Ryedale Plan (Core Strategy).
- 3.4 The following recent proposed changes to the planning system are of most relevance to the consideration of housing numbers:
- the Localism Bill and the introduction of Neighbourhood Planning,
 - the abolition of Regional Strategies,
 - the Draft National Planning Policy Framework and the intended removal of PPS3,
 - the Plan for Growth, and
 - the presumption in favour of sustainable development.

The Regional Spatial Strategy approach

- 3.5 Under the planning system in its current form, the RSS would set a housing target for the region as a whole and disaggregate this to individual local authorities on the basis of a strategic approach founded on a number of core sustainability and regeneration principles. The overall approach of the RSS was to manage growth and change across places in order to achieve more sustainable patterns and forms of development. It was considered that this made best use of existing infrastructure and assisted in the regeneration of areas of low housing demand. The flip side of this was protection of the environment and a managed approach to delivery of housing in rural areas. The starting point for determining housing requirements under this approach was the Household Projections published by the Government and aligned closely with population projections. PPS3 encouraged that household projections should be taken into account when determining a housing requirement.
- 3.6 As part of the RSS Malton/Norton were identified as a Principal Town which would be the main local focus for development. Other places were designated as sub-regional towns and cities, such as Scarborough and York, which would perform a more sub-regional focus and regional cities such as Leeds and Kingston upon Hull, would be the prime focus for development in the region.
- 3.7 Policy H1 of the RSS sought to provide accommodation for all households wanting homes, taking account of strong economic growth within the Leeds City Region as well as regeneration and increasing economic growth in South Yorkshire and the Humber Estuary. Policy H1 stated that in rural areas the emphasis was on meeting needs not demand.
- 3.8 To this end, the RSS undertook to discount the unrefined household projection figures through its strategic approach. The RSS allocated 200 homes per annum for Ryedale from 2008 onwards. This allocation reflected a range of evidence and debate around the scale and distribution within the region as a whole and the outcomes of a Public Examination, which took place in 2006. The RSS figures were based on household projections and specialist modelling which took account of economic growth factors alongside local environmental constraints and affordable housing need.
- 3.9 Following the RSS examination, new household projections, the views of the Inspector and the Secretary of State all pointed to an increase in the housing numbers and the requirement was raised from 170 to 200 homes per annum, which was seen as a means of delivering much needed affordable housing.
- 3.10 The Coalition Government has signalled its clear intention to revoke

Regional Spatial Strategies since before the election in May 2010. While the Yorkshire and Humber Plan still remains in force it is likely to have been abolished when the Ryedale Plan is examined. That said, the RSS context and its evidence base is relevant to considering future growth scenarios and to the shape of the strategic approach within the Ryedale Plan.

The National Planning Policy Framework Approach

- 3.11 When the Government announced its intention to abolish Regional Strategies in the Localism Bill, the Secretary of State wrote to Local Authorities advising them to have regard to the decision to abolish the RSS in the decisions they take. The Secretary of State noted that if the Localism Bill receives Royal Assent and comes into force, local authorities can use locally derived housing targets as the basis for the future planning of their areas. He noted that they will “no longer be obliged to conform to housing targets set in Regional Spatial Strategies”.
- 3.12 The proposed future arrangements, as set out in the draft National Planning Policy Framework retain some of PPS3 but provide a stronger imperative for an increase in the supply of housing through a number of measures including:
- meeting the full requirements for market and affordable housing,
 - meeting objectively assessed development needs, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the NPPF as a whole,
 - ensuring that developers have a choice of housing sites available to them by providing a 5-year land supply of specific deliverable sites along with an additional allowance of 20%, and
 - working with neighbouring authorities to ensure that housing requirements that cannot be met within their own area are met elsewhere.
- 3.13 On the face of it, the messages in the NPPF, may appear to contradict early assertions from the Government. However, the Government made the case early that increasing the housing supply in England would be “gold standard” against which they would be judged. They simply considered that top down imposed targets were not the way to achieve more housing.
- 3.14 In telling local authorities that they must plan to meet demand as reflected in the Communities and Local Government (CLG) sub-national household projections the Government are in danger of being seen to replace top-down regional targets with top-down national ones. However, the NPPF’s approach to plan-making alludes to the possibility of a more rounded approach: “that plans should be prepared on the basis that objectively assessed development needs should be met, unless the adverse impacts of

doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework as a whole”.

- 3.15 It is also of note that the draft NPPF advises local authorities to *meet* demand within the context of an objective assessment and the provisions of the NPPF as a whole, it does not advise them to *create* demand or fuel demand in existing high demand areas through the provision of excessive levels of housing.
- 3.16 The draft NPPF also includes a specific section on rural housing that recognises the affordable housing will be of particular importance in these areas and that housing should not be distant from local services.

The proposed Ryedale Plan approach

- 3.17 The prominence of the RSS in setting a housing requirement for Ryedale has therefore been diminished by the publication of the Draft NPPF. The RSS remains a part of the development plan for the time being and the Secretary of State is taking its housing targets into account when assessing development plans and planning applications that are referred to him; mainly by ensuring that local authorities do not provide for lower than RSS targets. However, the weight of the RSS is diminished by the Government’s intention to abolish it and by the draft NPPF providing a clear statement of the Government’s direction of travel for the planning system to increase the supply of housing. Even though the NPPF is still in draft form and subject to change it is unlikely that this overall objective will be amended.
- 3.18 Therefore, for the purposes of determining a local housing requirement, the Council needs to ensure that its Plan is fully NPPF and RSS compliant. This is not essentially problematic as there is no difference in the base evidence that should be used in devising a housing requirement – both RSS and the NPPF provide for the use of household projections and RSS Policy H1 makes it clear that these are a starting point and that they are amended through evidence and debate.
- 3.19 While the Ryedale Plan approach has been developed under the auspices of the Regional Spatial Strategy, officers consider that it is also entirely compliant with their interpretation of provisions within the NPPF.
- Planning for prosperity will be addressed through key objectives to encourage and facilitate growth and create opportunities to retain and create jobs within a restructured and more resilient local and wider York and Hinterland economy.
 - Planning for people will be addressed through objectives around enhancing the roles of the most sustainable settlements within the

District, delivering more jobs, homes (especially affordable homes), and services and improving accessibility to more remote places.

- Planning for places will be addressed through protecting key environmental assets and the character of the District's settlements, responding to climate change and its effects and supporting rural enterprise.
- 3.20 These objectives will be achieved through a strategic spatial approach which emphasises growth of those settlements that can accommodate development sustainably and which will benefit from increased service provision and supporting infrastructure; meeting local needs in the smaller rural villages; and working across the administrative boundaries to develop beneficial economic relationships with Scarborough and York and to support their growth aspirations.
- 3.21 The Ryedale Plan process has revealed considerable support for this approach and for the desire to manage growth in ways which do not change the essential character of the District's settlements. In the absence of such an approach Ryedale has for many years been susceptible to a dispersed and uncoordinated land supply which has made it difficult to secure affordable contributions from the nature of the land supply that has come forward.
- 3.22 The following section sets out the importance of an objectively assessed approach to housing provision as required by emerging national policy within this local context.

4 Devising an objectively assessed approach in Ryedale

- 4.1 Officers' interpretation of the NPPF is that Ryedale must set a housing requirement which is objectively assessed, in accordance with the provisions of the whole NPPF and which plans to meet the full requirements for market and affordable housing as a starting point. This should be based on an up to date Strategic Housing Market assessment (SHMA) and Strategic Housing Land Availability Assessment (SHLAA)
- 4.2 Much of the evidence needed to accord with the process set out in the NPPF has already been gathered and there is no intention to carry out further technical work. In readiness for the Examination, the Council will now need to present this evidence in a manner which complies with the NPPF rather than which relies on the RSS.
- 4.3 That said, officers consider that submitting a Plan which recognises the role that the RSS has played in the derivation of a strategic approach and which is in compliance with the provisions of up to date Government guidance will

be appropriate and relevant and will form part of an objective assessment. The following sub-sections set out the rationale behind this objective assessment.

5 Drivers for housing requirements

5.1 The SHMA discusses four drivers that influence the setting of a housing requirement in Ryedale:-

Natural Change drives a local demand for more housing where the birth rate exceeds the death rate. Figures from national population projections tell us how these two factors would change the population in Ryedale and the demand for housing that would arise.

Natural and Migratory Change provides a more realistic understanding of how the population of Ryedale is forecast to change, taking into account natural change and also internal and international in- and out-migration largely determined by economic performance but also influenced by the desirability of the area. This is the Government's advised starting point for the consideration of meeting demand for housing.

The **needs of the local economy** can be met through additional housing, so as to ensure that people who are currently or projected to work in Ryedale have a choice of types of homes that they can afford. This ensures that Ryedale is attractive to investors and those who wish to locate their business in the District.

The **need for affordable housing** is met through public subsidy and through the planning system in the form of obligations resulting from the delivery of private open market housing. Government funding to the Homes and Communities Agency, who administer public subsidy for affordable housing has been substantially cut. Delivering more market housing will in turn provide more affordable homes and less strain on the public purse.

5.2 These drivers are demand-side drivers of housing growth. They will be examined in turn below and then considered alongside supply-side factors. These include:

The **availability of land** in the area to accommodate development.

The **availability of finance** influences the ability of developers to purchase land, build homes and meet additional regulatory requirements such as affordable housing and carbon compliance. It also affects the

effective demand for homes through the ability of potential buyers to obtain mortgages and their desire to move.

To wider **impacts of the recession** around growth of the economy, which in turn influences factors such as the level of international migration.

- 5.3 In addition, Ryedale District lies within the York and Hinterland Sub-Area. The objective assessment of a housing requirement must consider the approaches taken by our neighbours and the potential to address any **sub-regional objectives** that have been identified.

Natural Change

- 5.4 The North Yorkshire SHMA² tested a scenario of population change that removes the impact of migration and assumes that the existing population of Ryedale is not expanding or changing through external factors. Such a scenario would stimulate the delivery of only **40 homes per annum**, so as to account for changes to household composition e.g. marriages, divorces and newly forming households.
- 5.5 As the SHMA notes, this is an artificial driver. It assumes a perfect market, that households are occupying the right housing for their needs (i.e. that there is no over- or under-occupancy) and that there is not an existing shortfall within the area. Basing a housing requirement on such a demand driver would not address external factors such as in- and out-migration, affordable housing need, job growth or the role of housing in supporting local services such as shops and schools.
- 5.6 From a spatial strategy perspective, while the provision of 40 homes a year would protect a good deal of land around the District's settlements, such a small level of housing provision would fail to meet the wider social and economic objectives of the Ryedale Plan around enhancing the role of settlements, stimulating employment growth, providing community, transport and utilities infrastructure and providing affordable homes.

Natural and Migratory Change

- 5.7 The starting point for consideration of a housing requirement for Ryedale remains the sub-regional population and household projections published respectively by the Office for National Statistics (ONS) and the Department for Communities and Local Government (DCLG) every two years.
- 5.8 The SHMA takes account of the most recent 2008-based population projections which were published in 2010. These show that during the plan period the population of Ryedale is projected to rise to from 54,300 in 2012

² GVA (2011) North Yorkshire Strategic Housing Market Assessment

to 60,600 in 2027. This trend is in line with other North Yorkshire authorities but the proportionate rise is lower than that projected for Yorkshire and Humber.

- 5.9 The projections comprise three elements of change:
- Natural change – which is forecast to remain at minus 100 people per year as deaths exceed births in the District (see paras 4.6 to 4.8 above),
 - Internal migration (from elsewhere in the UK) – which is forecast (net) to increase by 300 people for the early years of the plan period up to 400 people per year from 2017, and
 - International migration (from outside the UK) – which is forecast (net) to remain constant at 200 people per year throughout the plan period.
- 5.10 It is important to note that there is a high level of uncertainty over these projections and they may therefore not provide an accurate picture of future population change. The ONS themselves admit that the projections are a rough guide and state “The sub-national population projections are based on the assumption that recent trends in fertility, mortality and migration at local authority level will continue; they take no account of local development policy, economic factors or the capacity of areas to accommodate population. The projections provide the population levels and age structure that would result if the assumptions about future fertility, mortality and migration levels were realised”. The projections do however, form a consistent and regular data set which are issued on a national basis.
- 5.11 There are two issues with the population projections that point to a conclusion that they are likely to be an over-estimation of population growth for Ryedale. First, in broad terms the figures are based on trends experienced between 2004 and 2008 when the economy was not in recession and when the housing market was still relatively buoyant. It is expected that future projections, which take account of the recession will be lower. It is important therefore to consider the extent to which recent changes in the economy will mean that overall migration will be lower.
- 5.12 The current downturn in the economy is likely to lead to a reduction in net international migration into the UK but, assuming the economy recovers, the reduction in migration is likely to be temporary and there is no evidence to suggest that the Ryedale economy will not recover in line with the UK overall. What will likely occur though is a reflection of a lower level of international migration in future household projections that are based on the period covering the recession. The impact of the recession on the housing market is also important as the buoyancy of the housing market constrains the propensity of people to move and thus reduces internal migration.

- 5.13 Second, there are also issues around international migration counting. There is some confidence in measures used to count international migrants in to the District, but limited confidence in revealing those migrants who leave the District. Work³ undertaken for the former Regional Planning Body noted that the methodology used to estimate sub-national immigration has significant shortcomings, which result in over inflated estimates that are almost certainly too high. These concerns are derived from comparing historical correlation between the ONS methodology and GP registrations which show over-estimates for Yorkshire and the Humber compared to other regions.
- 5.14 In all it is considered reasonable to express a degree of caution that the population projections set out by the Office of National Statistics will happen.
- 5.15 The projections also show that the composition of the population of Ryedale will have undergone significant change by 2033 with a significant rise in the number of older people and a pronounced reduction in people between 20 and 35 years of age. This is not a surprise and Members will be aware that the implications on the demand for services (including a need for different types of homes) and the economic implications arising from a reduction in labour supply are key issues that the Ryedale Plan need to address.
- 5.16 CLG translate population projections into sub-regional household projections for each local authority. They do this approximately every two years. Throughout the preparation of the Ryedale Plan five sets of household projections have been released that have had a bearing on the housing requirements proposed. Figures have ranged from 4,000 to 6,000 homes for a 15-year plan period, which clearly for a small rural district creates a high degree of uncertainty. Current estimates (2008-based projections) are for an increase of 4,000 homes for the 15 year plan period or **267 homes per annum**.
- 5.17 The SHMA was prepared before the latest CLG household projections were released and the consultants used their own model to translate the 2008-based population projections into projected households. The SHMA calculated that the annual unrefined figure would be **257 homes per annum** for the plan-period.
- 5.18 The NPPF asks local authorities to plan for 15 years but to also take account of longer term requirements. If the latest household projections were to be taken as a whole (i.e. between 2008-2033) then the increase in households would be 6,000 over a 25 year period and annual provision in this instance would be calculated as **240 homes per annum**.

³ Edge Analytics, A Review of Migration Report, 2009

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- 5.19 Within the limits of the 15-year plan period there is a pattern to the projected housing growth with an escalating rate of change between 2022 and 2027. In effect this period is where most of the increase occurs and when translated into 5-year periods the requirement for housing looks quite different:
- 2012 to 2016 – 1,000 change i.e. **200** homes per annum
 - 2017 to 2021 – 1,000 change i.e. **200** homes per annum
 - 2022 to 2027 – 2,000 change i.e. **400** homes per annum
- 5.20 In short, provision of 200 homes per annum would meet household projections for the first ten years of the plan period, although there is currently forecast to be a significant increase in growth after 2022. Officers contend that, given uncertainties around the population projections - the fact that they do not take account of the slow down in the economy and may overestimate international migration - this increase will either be substantially delayed or not materialise at all.
- 5.21 It is also important to note that the Government reviews its household projections approximately every two years and that projections are likely to have gone through change before 2022. It is also worth noting that the results of the 2011 Census will provide the District with a more accurate breakdown of its current population and will to some extent test the robustness of the current projections, especially with regard to baseline international migration levels.
- 5.22 Therefore, while provision of 267 per annum will meet the unrefined 2008 household projections it will also lead to a danger of creating additional demand in the earlier years of the plan. Providing more homes than forecast by population projections means that there is potential to stimulate additional in-migration to take up these homes. This may have implications to Ryedale's neighbours and their ability to deliver housing to meet their needs and demands.
- 5.23 In conclusion, the Government's starting point for the assessment of a housing requirement points to the delivery of between 200 and 267 homes for the plan period but averages this out at 240 homes when assessed across the longer term.

Economic Considerations

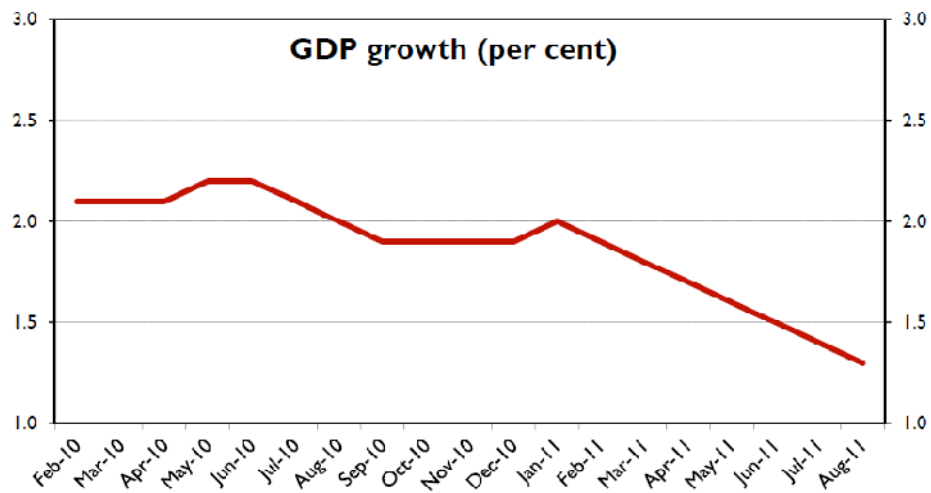
- 5.24 Ryedale has a strong economy that outperforms the sub-region and Yorkshire and Humber in most key economic indicators. Yet the average income level of those who live and work in Ryedale is low. The latest Regional Econometric Model forecasts for North Yorkshire indicate that there will be a strong post-recession recovery including additional job creation of

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31,000 between 2011 and 2026. However, Ryedale is seen to not be a significant driver of this growth with a 4,000 jobs forecast over the same period which means that jobs for Ryedale are forecast to be between 250 and 300 per annum.

5.25 The SHMA has considered that if Ryedale, with its ageing population, were to follow an employment led household provision then it would need to provide for **368 homes per annum**.

5.26 The recent recession in the UK has been one of the most severe in its history. It has had a wide ranging impact across businesses and consumers across the country. After several quarters of contraction in GDP, UK GDP has been volatile since and there is still a degree of uncertainty about the macroeconomic situation going forward as the table⁴ below shows.



5.27 The Budget 2011 reported that government are working on a scenario of slow and gradual recovery of 1.7% in 2011 and rising to 2.5% in 2012. There are however, more recent signs that these forecasts are optimistic for example in relation to the possibility of a 'double-dip' type recession.

5.28 The current environment is clearly one in which making future forecasts based on employment growth is difficult. However, it is clear that the expectation is for lower growth and at a slower pace than that which helped determine the econometric forecasts on which the SHMA scenario is based.

5.29 From a spatial strategy perspective, delivery of 368 homes per annum would not only create / fuel demand, it would significantly change the character of the District – in particular, the character of those settlements which are considered sustainable communities for housing delivery. In addition, this is a level of development which has never been achieved / delivered at any

⁴ Source: Office of National Statistics

point in Ryedale's history. To plan for such a level would be to change the role of the District and its relationship to its neighbours.

The Need for Affordable Housing

- 5.30 The emerging Strategic Housing Market Assessment for North Yorkshire includes specific sections on Ryedale and its housing market which overlap with the City of York, Scarborough and the East Riding as well as the National Park.
- 5.31 The SHMA looks at how various factors work together to lead to a probable scale of change in future housing need and demand. It notes that Ryedale is a very high price area and newly-forming households are finding it very difficult to access open market accommodation. This results in significant out-migration of younger and economically active people. Ryedale is also part of a wider regional and national market, evidenced through in-migration trends from surrounding Districts and from elsewhere in the country. Properties in higher priced rural areas are most likely to be sold to longer distance migrants. The result of current trends is an increasing divergence within the District generally: prices are being sustained through in-migration of higher income groups, which include both economically active and also retirement migrants.
- 5.32 The SHMA indicates that Ryedale will be required to provide for a net annual affordable housing need of 256 dwellings in order to both clear the existing waiting list backlog and meet future arising household need. Clearly, if this need were projected forward for the plan-period this indicates that the actual need for affordable housing in the District outstrips the total supply that is likely to come forward each year. In effect there is technical justification for a target of 100% affordable housing, although this is clearly not an economically viable option. Conversely, on the basis of current delivery and a 35% target for affordable housing, which has been independently assessed to be a viable level, Ryedale would need to deliver at least **731 homes per annum**. While this would fully meet the need for affordable housing it is not considered as a sustainable option.
- 5.33 From a spatial strategy perspective the delivery of this quantum of housing would fundamentally change the appearance and role of the District and would fail to align with many of the Plan's objectives.

6 Additional components of an objective assessment

- 6.1 The previous section looked at four key drivers for the full requirements for housing demand and need in Ryedale – they ranged from 40 to 731 homes per annum. It is considered that of the four drivers the figures provided by

national household projections remain the starting point for a housing requirement. When assessed in different ways, these requirements propose that between 200 and 267 dwellings per annum would meet housing requirements in terms of assumptions about past trends, internal and international migration drivers. While they would not meet affordable housing need in total it is difficult to see a scenario when the chronic needs of affordable housing are fully met under current limited mechanisms and tight government spending. Similarly, while these would not meet economic growth projections the position of Ryedale within the wider functional sub-area and current travel to work trends will ensure that there is a sufficient pool of labour to meet Ryedale's needs for employment growth.

- 6.2 The next step in evidencing a housing requirement is to consider additional factors that influence an objective assessment.

The Supply of Housing

- 6.3 Ensuring that the right sites are found for the right levels of housing in Ryedale is a key consideration. The availability of suitable and deliverable sites is crucial to determining the strategy the Council takes forward. The Plan will be tested on the basis that it is deliverable, i.e. that there is land available to deliver the proposed strategy at the point envisaged that it is required.
- 6.4 The Ryedale Strategic Housing Land Availability Assessment (2010) examines land within and immediately adjoining the District's settlements. It provides technical information on what land may theoretically be available and suitable for housing. The SHLAA has been used to inform the strategy of the Ryedale Plan as it provides information on the levels of growth that may be attainable coupled with the broad strategic constraints to development that affect the District's main settlements. The SHLAA is a 'raw' assessment and does not take into account the provisions of the plan as a whole e.g. on protecting the environment or improving accessibility.
- 6.5 The SHLAA shows that there is a plentiful potential supply of 'deliverable' sites - approaching 6,000 dwellings, together with a good supply from 'developable' sites, of approximately 3,000 dwellings at those settlements in the hierarchy where the emerging Ryedale Plan looks to steer development. This means that Ryedale District would be able to meet projected household change forecasts of 4,000 homes throughout the plan period or 267 homes per annum. This would align with the preferred spatial strategy that focuses development on the principal towns, key service villages and meets local need in the smaller villages. The SHLAA will need to be continually updated to assess further sites which have come forward and to ensure that there is a continual supply of deliverable and developable sites throughout the plan-

period.

- 6.6 Past rates of delivery are an indication of the ability of the District to deliver housing requirements. Throughout the 1990's when the Ryedale Plan was up to date and provided a supply of land to meet development requirements completion rates averaged at 227 dwelling per annum. These reduced during the last decade, coinciding with a period of high land values, fewer deliverable and developable land allocations than envisaged through the Ryedale Plan and the economic recession

Year	Net Homes
2004-2005	94
2005-2006	96
2006-2007	170
2007-2008	208
2008-2009	100
2009-2010	138
2010-2011	169

The Effective Demand for Housing

- 6.7 Recent reports by the House Builders Federation conclude that the nation faces a shortage of housing and a shortage of affordable housing finance, which will be especially painful to those trying to get on the housing ladder.
- 6.8 The planning system often gets the blame for a shortage of housing and it is also often claimed that house builders are sat on significant landbanks that they do not release in times of low house prices. The Office of Fair Trading looked into the issue of the competitiveness of house builders and landbanking in 2008 (before the most serious years of the recession) and found no evidence that individual homebuilders have persistent or widespread market power giving them the ability to restrict supply in order to inflate prices. The study also found no evidence that homebuilders have the ability to anti-competitively hoard land or withhold a large amount of land with planning permission on which they have not started to build. Instead, it is likely to be the case that 'landbanking' reflects the need for firms to have a pipeline of land at different stages in the development process.
- 6.9 A shortfall in the number of homes being developed will be the result of a number of different factors:
- fewer housing proposals coming forward,
 - a shortage of allocated sites,
 - a shortage of sites that are demanded by housebuilders,
 - local planning authorities rejecting housing proposals, and
 - lack of effective demand when they are built.

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- 6.10 Ryedale has a deliverable housing land supply of over 5-years with approximately 1422 homes in the planning pipeline (i.e. with consent or approved in principle). This is a healthier trend than that reported nationally. That said, there is still a potential problem that these homes will not necessarily be built or built at an intended rate as a result of low effective demand for housing which will be a function of wider economic conditions.
- 6.11 ECOTEC consultants carried out work for the Regional Planning Body in 2009 which looked at the effective demand for housing and concluded that:
- access to mortgage funds remains tight and will do for a considerable period going forward,
 - the need for large deposits will continue to reduce affordability,
 - the lax lending policies that characterised the boom will not return, and It may well take 5 years for these financial factors to return to the long run normal.
- 6.12 In terms of understanding possible economic futures, 3 scenarios are used which help our understanding of how different recovery trajectories impact on households confidence to buy. These scenarios broadly show that at best the market will recover by 2012 (though this scenario is very unlikely) and at worst by 2017.
- 6.13 The significant under provision of new homes in the next few years will place additional pressure on the private rented and social rented sectors and in general on the existing stock. This is because households who would have purchased are not able to and consequently have to meet their housing needs in a different way.

Cross-boundary issues

- 6.14 The SHMA notes that Ryedale is not a self-contained housing market and there are relationships between the District and the neighbouring authorities of Scarborough, the City of York, East Riding and the North York Moors National Park.
- 6.15 For many years the part of the district that lies outside of the national park has been meeting the housing needs of the park so as to protect its outstanding natural environment and heritage. Likewise travel to work relationships with Scarborough and York will inevitably lead to many living in Ryedale and commuting to these major urban areas. The reverse is of course true, as those who live in Ryedale find affordable housing within parts of Scarborough District.
- 6.16 The relationship between places within housing markets is set out in the functional sub-areas of the Regional Spatial Strategy. Three areas include Ryedale: York, the Coast and Remoter Rural East. Setting a housing

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requirement for Ryedale has implications for the rest of these sub-areas and has potential to harm their strategic objectives.

Sub-Area	Potential Harm from Ryedale Housing Requirement
York	Too high a housing figure is likely to impede the ability of York to be the focus of growth for the sub-area. Travel to work statistics show a significant out-migration of workers from Ryedale to York each day. Too many homes in Ryedale will continue this trend which is likely to put additional pressure on road and rail infrastructure.
Coast	Too high a housing figure is likely to impede the ability of Scarborough to deliver the levels and types of housing it needs to regenerate its urban areas, because Ryedale is likely to be a more popular destination.
Remoter Rural	Too low a figure is likely to impede the National Park as it relies on housing in Ryedale to provide for market housing needs.

- 6.17 Under the Duty to Cooperate these issues will inevitably be explored in more detail. A meeting with officers from the neighbouring authorities was held in September and this revealed that Scarborough, the City of York and the North York Moors National Park are keen to explore a Memorandum of Understanding with the District that supports the setting of housing requirements across the sub-area in a context of a managed approach to growth and meeting local needs and aspirations such as regeneration. This is currently being investigated further by officers.

Previous Views of stakeholders

- 6.18 Since the original Examination, the Ryedale Plan has been the subject of two key periods of consultation in 2009 and 2010. Two housing requirement options were presented: Option 1 (200 homes per annum) which accorded at the time with the RSS target and Option 2 (350 homes per annum) which took account of the 2006-based household projections for a significant step up in households and was also related to meeting the needs of the economy. There were mixed views on the housing targets. Whilst the majority of respondents thought that the higher target was too high and the lower target should be built, a number of respondents, chiefly landowners and developers, supported the higher level.
- 6.19 Lower housing targets and in some case lower than 200 homes per annum were supported for the following reasons:
- it was considered that forecasts should be based on meeting local

housing requirements and in particular, affordable housing need rather than externally driven demand;

- concerns about impact on the landscape; and
- negative effects on what is special about the District, such as its historic environment, access to green space, character, identity and vitality of the market towns and villages.

6.20 Those supporting higher targets cited the following reasons:

- a need to meet demand and make up for historically low build rates;
- because evidence shows need is actually much higher; and
- because higher targets would help to provide more affordable housing.

6.21 The overwhelming message from previous consultations was that residents did not want to see Ryedale change beyond recognition and were concerned that higher levels of growth would adversely affect the nature and character of places. There are a limited number of settlements in Ryedale where development can be accommodated within the principles of sustainable development.

The Sustainability Appraisal

6.22 The sustainability appraisal considered both levels of housing growth and concluded that whilst there were clear economic and social benefits to delivering a higher housing target these were largely dependent on the ability of the additional housing to provide additional infrastructure, affordable housing, and community facilities. It was also recognised that there were opportunities for considerable growth to provide for improvements to roads and the provision and improvement of public transport. That said, concern was expressed as to whether in reality the housing on the ground would be able to deliver such a quantum of benefits given that there were likely to be some considerable site constraints which emerged as a result of the need to accommodate such a large volume of housing e.g. potential for bridges over the River Derwent, significant and costly junction improvements and new health care and school facilities.

6.23 The higher level of growth was seen to have a pronounced negative affect on the environment because more greenfield land would be used and the character of settlements would be more likely to change. Impacts on resources such as water and energy and likely impacts on waste production were difficult to quantify. On the face of it more housing would lead to more pressure on water, energy and waste management, but it was also noted

that there could be opportunities for more development to lead to improved water, energy and waste infrastructure. Concerns noted above in relation to the viability of such a scale of growth are also raised here.

- 6.24 Whilst the lower figure was recognised to also have disbenefits upon the environment, it was considered that these were more manageable and that the nature of the places in Ryedale would be less likely to suffer considerable change. Similarly a lower, but still substantial level of growth would be likely to optimise, rather than put pressure on, existing infrastructure and community facilities.
- 6.25 It is considered that if the District were to accommodate greater numbers of homes e.g. to meet economic or affordable housing drivers then the current spatial strategy would not hold. There would be additional pressure on the principal towns and a strategic site would be required. There would also be more pressure on the smaller villages with a need to release more land for development in these less sustainable locations. The sustainability appraisal notes that this is likely to cause harm to the objectives to retain the current character of the District's settlements and to objectives of guiding development to the more sustainable locations..

7 Summary and Conclusions

- 7.1 The Ryedale Plan is at an advanced stage of preparation and in line with the Council's timetable for preparation is nearing the formal stage of publication and subsequent submission for examination (to the Planning Inspectorate). The Council has been aware of proposed changes to the planning system for some time now as a result of the Coalition Government's Localism Agenda. The forthcoming abolition of the Regional Spatial Strategy causes some concern for the Council as it removes strategic support for the proposed Ryedale Plan housing requirement of 200 homes per annum.
- 7.2 Mindful of this, work this year has been undertaken to consider the implications of national policy changes in the context of local and sub-regional evidence and the outcomes of public consultation.
- 7.3 The recent publication of the Draft National Planning Policy Framework has given pause for thought as it stipulates revised approaches to determining requirements for housing. The Council has acknowledged the need to consider the provisions of the draft NPPF and the risks to pursuing with the publication of the Ryedale Plan, which is likely to be examined with a final approved NPPF in place.
- 7.4 The greatest potential risks to the Ryedale Plan arise from revisions to the Government's approach to planning for the supply of housing as set out in

the Plan for Growth and the NPPF. The Coalition is keen to increase the supply of housing and sees it as a means of boosting the economy and helping the UK recover from recession. This means that provisions in the NPPF for local authorities are heavily skewed towards delivering their full requirements for housing. Officers consider that this will be interpreted by landowners and developers as a need to significantly increase the Ryedale housing requirement.

- 7.5 This paper has looked at the implications of meeting full demands (as set out in National Projections, from Economic-led and Affordable Housing led scenarios) for both market and affordable housing in the District and then examined additional factors that together form an objective assessment of development needs.

A Summary of the Evidence

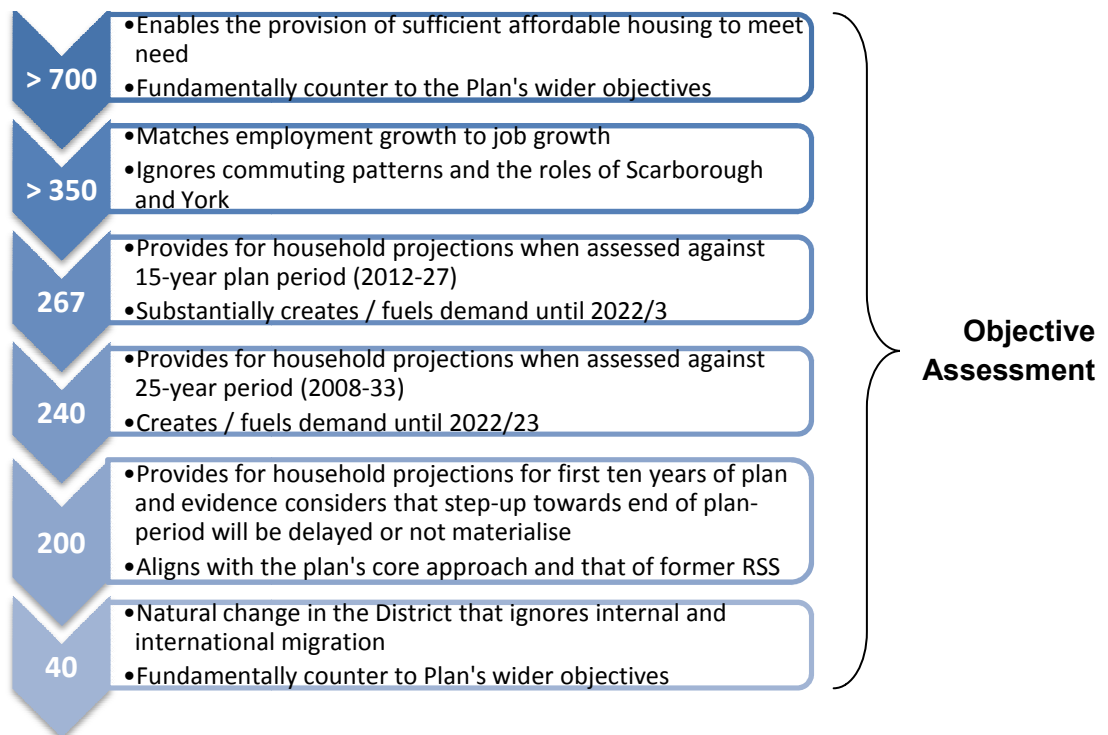
- 7.6 Table 1, at the end of this paper, provides a summary of the main drivers that contribute towards a housing requirement.
- 7.7 The Sub-National Population Projections point to a substantial increase of 9,500 people between 2008 and 2033. This increase is largely driven by internal migration and older people account for the greatest proportional increase. The following issues arise:
- the counting of international migrants, which is an influence on the growth, could be overestimated;
 - the trend between 2004-2008 was based on a period of economic growth and the projections do not take into account the impacts of the recession on internal and international migration; and
 - the continuation of a currently mis-aligned age profile, which it is considered will lead to higher proportions of older people and lower proportions of working age residents that will substantially alter the role of the District.
- 7.8 The Sub-National Household projections translates people into households and shows a demand for 6,000 homes between 2008 and 2033 (240 homes per annum). When assessed against the plan-period (2012 to 2027) the annual requirement rises to 267 homes per annum. Housing demand follows the population trend, but also signals a significant increase in housing towards the end of the plan period above rates of population increase. The following issues arise:
- the household projections are a blunt tool and have tended to be an over-estimate in the past and are notoriously difficult to predict with precision in rural areas;

- the household projections have altered significantly between their last four runs and the latest figures represent a substantial decrease on 2006-based projections;
 - the trend between 2004-2008 was based on a period of economic growth and the projections do not take into account the impacts of the recession;
 - the forecast step-up in households post 2023 does not proportionately match the population projections i.e. there is a danger that the District will create demand in the latter part of the plan period; and
 - because of the significant step-up between 2023 and 2028 annual figures when assessed across the plan-period (15 years) are artificially higher than when assessed across the projection as a whole (25 years).
- 7.9 The Strategic Housing Market Assessment assesses the requirements for affordable and market housing in Ryedale. The SHMA is up to date and has taken into account the latest population projections but not the latest household projections. It has applied a consistent methodology across the whole of North Yorkshire and York and examined the overlapping nature of housing markets. The SHMA looks at a variety of housing drivers and points to the following scenarios:
- an affordable housing need of 256 dwellings per annum, which in order to be met under current mechanisms would require over 700 homes to be delivered annually. Clearly, this is not a realistic option;
 - meeting natural change only by providing 40 homes per annum;
 - an assessment of population projections which take into account internal and international migration and point to a figure of 257 homes per annum; and
 - an employment-led housing demand where new homes and new jobs are aligned and is calculated at 368 homes per annum.
- 7.10 The Strategic Housing Land Availability Assessment establishes strategic theoretical assumptions about the availability, suitability and viability of land to meet housing requirements. It points to a healthy potential supply of land in the District.
- 7.11 The Sustainability Appraisal of the Ryedale Plan advises that there will be some environmental impact as a result of new house building but that fewer homes will lead to less potential for damage, loss of landscape character, biodiversity value and the distinctiveness of identifiable communities. Fewer homes also reduces carbon emissions. The Appraisal also notes that providing more homes delivers more opportunities to provide more infrastructure which has wider benefits, but notes that there are levels of housing growth which if exceeded would require more substantial investment

in critical infrastructure. In terms of other social benefits the appraisal notes that providing for more homes can help support existing services such as shops and schools, thus retaining distinctiveness in some places. It also recognises the relationship between increased house building and the provision of more affordable homes. Higher housing numbers are seen to have economic benefits too in terms of supporting the vitality and viability of places and attracting new businesses. There are a number of different factors that come to bear on the sustainability of housing levels, and in short, the sustainability appraisal concludes that lower housing figures are more sustainable than higher figures.

7.12 Taken together these documents reveal the potential full requirements for housing in Ryedale and the ability of the District to accommodate them. This report has focused on testing this evidence in the form of a wider objective assessment. This takes into account issues such as the recession and impacts on building, the effective demand of purchasers, issues around international migration assumptions, the likely realisation of economic growth ambitions and the policy approach of the Ryedale Plan itself.

7.13 This assessment concludes that while the full requirements for housing are as high as 731 homes per annum and as low as 40 homes per annum an objective assessment of the evidence reveals that a figure of between 200 homes per annum is considered more appropriate. Table 2 below summarises this process with regard to various “per annum” housing requirements:



The Ryedale Spatial Strategy

- 7.14 It is worth noting that the Ryedale Plan will put in place a spatial strategy that will help tackle a number of issues that have arisen within the District, namely: the drift towards smaller sites in the smaller settlements, the lack of housing delivery in the main settlements and the provision of more affordable housing through the allocation of larger sites for development. The Ryedale Plan will ensure through its settlement strategy that Malton/Norton will be the focus for the majority of new development and growth, including housing, employment, retail and infrastructure provision.
- 7.15 Local needs will be met and the role of smaller settlements such as Pickering, Kirkbymoorside and Helmsley supported through more limited growth to address local employment, housing and tourism needs and opportunities. There will be limited small-scale growth in the service villages to ensure that affordable housing meets needs where they arise and to protect community facilities.
- 7.16 This approach relies on a level of housing growth appropriate to place and this balance must be struck carefully because the District does not have the advantage of higher order settlements or alternative Principal Towns.
- 7.17 It is considered that growth in Ryedale must support the roles and functions of the settlements within the District, whilst not impinging the roles and functions of higher order and complementary settlements outside of the District. Both the RSS and the Sub-Regional Strategy expect the City of York and Scarborough to be the main drivers of growth within this part of the sub-region. This is an objective that the Ryedale Plan can help support by delivering a level of housing to meet its own needs whilst ensuring that it does not create housing demand that impedes the ability of neighbours to deliver their objectives.
- 7.18 The Council must also ask itself: what type of housing are we planning for? Population projections show a marked increase in older persons (retirees) entering the District from within the UK. One of the aims of the Ryedale Plan is to improve choices for local people and meet their needs for new homes. It is argued that in meeting household projections (by providing for 267 or 240 homes per annum) the needs of older people from outside Ryedale will be satisfied because it is these groups that form the bulk of the projected increase in population.
- 7.19 This argument is also linked to the objective of the Plan to provide for growth and diversify the economy of the District. It is considered that the spatial strategy – i.e. focussing a greater proportion of development in

Malton/Norton, where most of the employment and transport opportunities are located – succeeds in providing for economic growth irrespective of the housing number delivered. To that end, it is important that the District does not create or fuel additional demand which could exist purely in terms of a continuing influx of older, retired in-migrants.

8 Recommendation

- 8.1 The Council have re-examined their approach to housing provision in light of key changes to the planning system and especially the Draft National Planning Policy Framework. The process that officers have undertaken is an objective assessment of housing requirements using up to date evidence. The conclusion of this is that the provision of 200 homes per annum is a housing requirement which meets the Plan's objectives as a whole.
- 8.2 While 200 homes is the figure that was identified in the Regional Spatial Strategy and has been consulted upon as part of the development of the Ryedale Plan, it is important to note that its derivation also now relies on local and sub-regional evidence and analysis of the latest 2008 household projections. It is comforting that the objective assessment reveals a figure of 200 homes because the Council can now place significant confidence in the fact that two separate processes, conducted at different times, have arrived at the same level of housing.
- 8.3 So as to fit with the Draft NPPF it is also recommended that Members agree the following related amendments to the Ryedale Plan:
- A strategic principle that sets out that Ryedale District will play its part in delivering more growth within the framework of a presumption in favour of sustainable development;
 - An approach to housing delivery that encompasses an additional 20% of housing supply as part of a plan, monitor and manage approach to delivery for the plan period (see Figure 1 below);
 - An approach to implementation that is flexible and takes account of market signals and the latest national and local evidence;
 - A proposal that a review of the Plan may be required to provide for more housing if household projections post 2021 perform to the trends identified in sub-national projections.

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Driver	Effect on housing numbers and the Ryedale Plan	Effect on the wider Ryedale Plan	Evidence
Natural Change	<ul style="list-style-type: none"> • Lowers the requirement for housing 	<ul style="list-style-type: none"> • Harms the ability of the plan to capitalise on the benefits accruing from growth in the District • Harms the ability to provide affordable housing to meet chronic need None 	ONS Population Projections SHMA
International Migration	<ul style="list-style-type: none"> • Increases the requirements for housing • Represents a smaller proportion of total migration than for NY&Y as a whole 	<ul style="list-style-type: none"> • Unreliability of ONS projections could lead to Plan which creates demand rather than meets it • Difficult to gauge number of international migrants who stay in District • Impact of the recession likely to reduce migration in the short term 	ONS Population Projections Edge Analytics SHMA
Internal Migration	<ul style="list-style-type: none"> • Increase the requirements for housing • Represents a greater proportion of total migration than for NY&Y as a whole 	<ul style="list-style-type: none"> • Role of the plan to rebalance the population • Increasing ageing population • Provides support for economic growth • Has historically tended to be older retired in-migrants • High incidence of out-migration of younger residents of working age 	ONS Population Projections SHMA
Economic Growth	<ul style="list-style-type: none"> • Increases the requirement for housing based on econometric projections which point to significant job growth 	<ul style="list-style-type: none"> • Fits with the objective to deliver economic growth • Risks providing more housing than is needed if the job growth does not happen or if those who occupy the new homes do not work in Ryedale 	Econometric Modelling SHMA Economic Assessment
The UK Economy	<ul style="list-style-type: none"> • Points to reduced rates of delivery in the next 5 years with a slow and steady recovery • Government wish to stimulate market through provision of more allocated land 	<ul style="list-style-type: none"> • Ryedale currently has a 7 year land supply and it is ready to deliver new housing on sites which the market desires • Concern that too high a housing requirement that is not delivered in the early years of the plan leads to unsustainable rates of growth in latter years 	SHMA Economic Assessment ONS
Cross-boundary Issues	<ul style="list-style-type: none"> • York, Scarborough and East Riding are all planning to meet their levels of objectively assessed demand 	<ul style="list-style-type: none"> • Little impact as all neighbouring authorities are in balance with only overlapping historic housing market issues arising as reflected in travel to work patterns 	Sub-Regional Strategy Sub-Regional Spatial Planning Assessment York Sub-Area Study

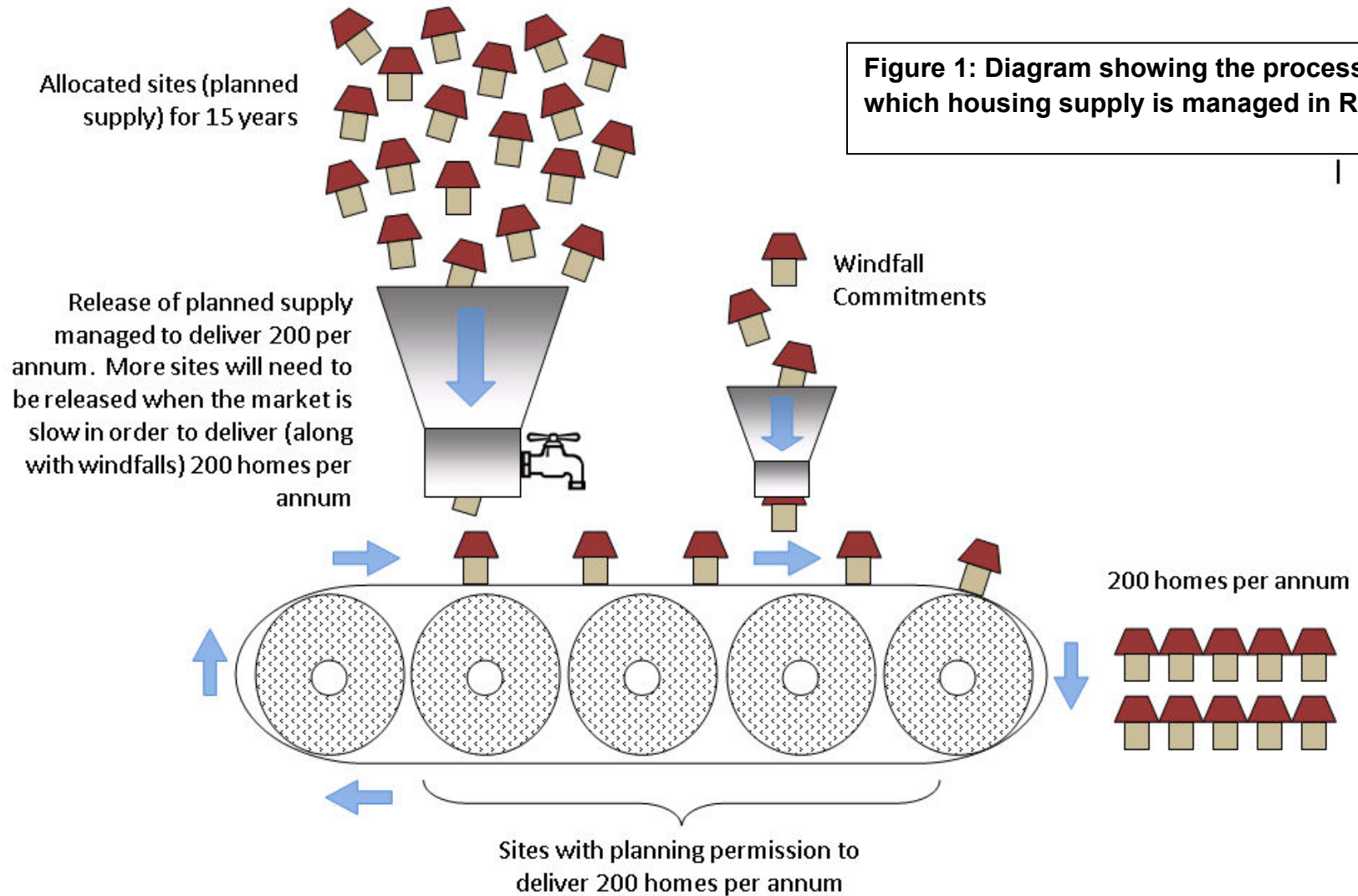


Figure 1: Diagram showing the process by which housing supply is managed in Ryedale

