

# Housing Market Conditions



**plan**ourfuture

A Local Development Framework  
Issues and Options Consultation Paper

November 2009





# Foreword

What will your town or village be like by 2026? It's not an easy question, but it is one that we need to try and answer with your help. Richmondshire's Local Development framework (LDF) will help shape future development across all parts of the District outside of the National Park. This includes Richmond, Leyburn, Catterick Garrison and the villages to the north and south. The National Park Authority is responsible for development in the rest of Richmondshire.

The LDF will be a set of policy documents that shape an overall direction for development in these places. These policies will help determine future planning applications for, amongst other things, housing, economic or green energy developments, once the LDF is adopted. Before we can write these policies we must understand local conditions. We need to find out about where people live and work and how they travel. We also need to recognise the sensitivity of the local environment and our local heritage to development.

This consultation report is one in a series of ten:

1. Achieving Sustainable Communities - Settlement Hierarchy
2. Achieving Sustainable Communities in the Central Area
3. Achieving Sustainable Communities in Lower Wensleydale
4. Achieving Sustainable Communities in the A66 North Richmondshire Area.

5. Scale and Distribution of Development
6. Economy
7. Environmental Assets
8. Housing
9. Infrastructure
10. Climate Change

Each report asks a series of questions about issues we need to debate. For example, how should we treat small villages in terms of development? Or how should Richmond and Catterick Garrison grow? You can make detailed responses to any of the questions using the on-line form on our website or by writing to us using the contacts below. Or simply get in touch with us to talk about the LDF.

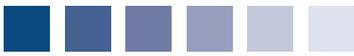
Please ask if you would like this document in a different format or language.

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# 1. Introduction

- 1.1 This consultation paper looks in detail at the components which affect the Richmondshire Housing Market. The LDF needs to address these components and any resulting issues in order to guide future development in terms of location and the mix of property type and tenure. This paper should be read in conjunction with the discussions on settlement hierarchy set out in the paper on 'Achieving Sustainable Communities in Richmondshire' and the issues raised in 'The Scale and Distribution of Development'. Good quality housing of the right type and tenure is an integral component to meeting the sustainable economic objectives of the Plan area.
- 1.2 One of the aims of the Local Development Framework (LDF) is to help to secure mixed communities. Achieving a range of housing type and tenure is fundamental to this aspiration.
- 1.3 Planning Policy Statement 3- Housing (PPS3) states that Local Authorities need to set out in their LDFs:
  - The likely overall proportions of households that require market or affordable housing
  - The likely profile of household types requiring market housing and
  - The size and type of affordable housing required.
- 1.4 PPS 3 defines housing markets as: "Geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work."
- 1.5 A housing market is determined by the choices people make in where they live. Their search behaviour is influenced by a range of often inter-related primary and secondary drivers.
- 1.6 Primary drivers include economic, demographic and housing aspirations. For example the availability of employment opportunities, the number of persons making up household and what the housing stock of an area has to offer.
- 1.7 Secondary drivers tend to be more localised and influence peoples' decisions about where to live and what sort of accommodation they want. It is these drivers which have a local effect on demand both geographically and by property type. They include factors relating to environmental quality, education and accessibility to services.
- 1.8 This paper will consider the factors which influence the Richmondshire housing market and the issues created by those factors coupled with a range of discussion topics is set out in Sections 4 and 5.



## 2. Policy Influences on Development

### RSS (Regional Spatial Strategy)

- 2.1 The RSS provides a broad development strategy for the Yorkshire and Humber Region and informs more local strategies which have a bearing on land use activities.
- 2.2 The RSS sets a target for Richmondshire to provide 200 additional dwellings per year from 2008 to 2026 (a net increase of 170 new units and reinstatement of 30 vacant properties). In general rural areas are expected to absorb less development, although some limited growth is anticipated to support the rural economy and the needs of its communities. Principal Towns are highlighted as having a special role in accommodating development, with a joint designation for Richmond and Catterick Garrison being the only such designation in Richmondshire.

### Richmondshire SCS (Sustainable Community Strategy)

- 2.3 The SCS sets out a clear vision and direction for the future of the District. The LDF will be the spatial expression of this document and part of its delivery mechanism. The SCS's business plans for delivering the SCS, contain measures relating to National Indicators in respect of housing delivery, including affordable housing, and a housing land supply.

- 2.4 The North Yorkshire Community Strategy 2008-18 and Local Area Agreement Local Area Agreement for 2008- 11 set a target for the delivery of 2,221 affordable homes across the county. The challenge set for Richmondshire is to provide 120 affordable homes by 2011 over the four years 07/08, 08/09, 09/10, 10/11.

### Richmondshire Strategic Housing Action Plan and North Yorkshire Housing Strategy

- 2.5 Both these documents set out how the County and District will react to housing issues. The LDF is an important delivery mechanism for the strategy particularly in relation to increasing housing supply.

### Planning Policy Statement 3 - Housing (PPS3)

- 2.6 This document sets out the Government's national planning policy framework for delivering its housing objectives. PPS3 reflects the Government's commitment to improving affordability and supply of housing. The delivery of rural housing is a key principle in the document, which encourages the provision of high quality housing that contributes to the creation and maintenance of sustainable rural communities in market towns and villages.



## 3. What is the Richmondshire Housing Market?

3.1 Richmondshire is not a particularly self-contained market area and is part of a wider high-price North Yorkshire market. Within the District, there are pockets of lower value areas for instance around Catterick town and Hipswell. Prices are highest in the rural areas of the District, notably in the National Park and to the North of Richmond Town in proximity to the A66. The main factors which create or influence this market include the following, which are considered in turn:

- Migration
- Travel to Work
- Catterick Garrison
- Ageing Population
- Housing Stock Profile

3.2 The effect of those factors is that there is an imbalance in the housing market resulting in:

- Affordability issues
- Insufficiency of the right type of property in the right place.

3.3 The main pressure placed on the existing housing stock comes from the additional demands placed upon it. In simple economic terms prices start to rise making houses increasingly less affordable when income levels do not increase at the same

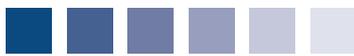
rate. Generally this pressure originates through in migration.

3.4 The ageing population and the shortage of certain types of property ensure that additional pressure is placed on some types of housing because there is insufficient supply to accommodate that demand. In the future there will be an increasing need for housing to suit the requirements of an elderly population.

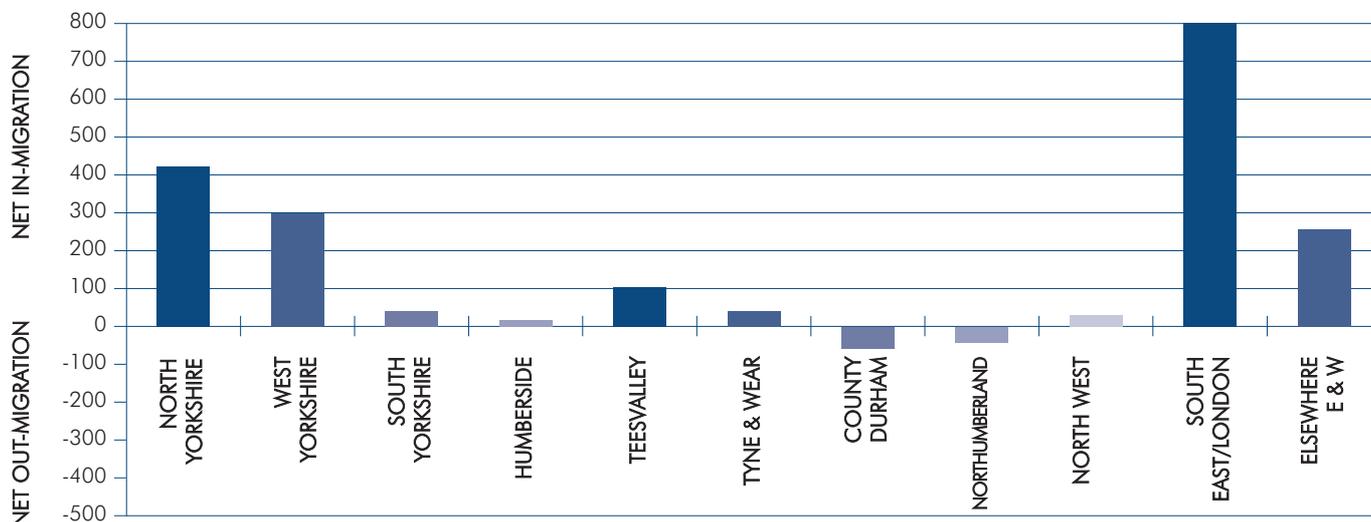
### Migration and Travel to Work

3.5 The District Housing Needs Study 2004 (HNS) and the Housing Market Assessment Update 2008 (HMA) both established that there is net in-migration into Richmondshire, in particular from London and the South East and to a lesser extent from elsewhere in North and West Yorkshire. In contrast, net out-migration to neighbouring Darlington and County Durham authorities is apparent.

3.6 Analysis of data derived from the HNS 2004 suggests that in-migration strongly influences population dynamics within the District. This is supported by the recent Teesdale and Darlington HMAs. Figure 1 summarises the migration flows between Richmondshire and other areas over the period 2001-2006.



**Figure 1 Net migration flows between Richmondshire and other areas**



Source: National Health Service Central Register 2001-2006

3.7 Over this period, there was net in-migration of around 2,280 people, of whom nearly half (1130) had moved from London and the South East. A further 770 net in-migrants have moved from elsewhere in Yorkshire and the Humber, mainly from North Yorkshire and West Yorkshire, with strongest net in-migration from Harrogate (180), Hambleton (170), Bradford (150) and Kirklees (70). In contrast, there has been net out-migration to Darlington (120) and parts of County Durham including Sedgefield and Teesdale.

3.8 The net flow of population has been reducing over the period 2004 to 2006. In 2004, there was a net inflow of 480 but by 2006, inflow and outflow were balanced, resulting in no net increase in population.

3.9 In summary, strongest net in-flows into Richmondshire are from outside the region, particularly from London and the South East, with other significant flows from elsewhere in the region. Throughout the period 2001 to 2006, net in-migration from London and the South East has dominated migration flows. In the year to June 2006, there was a marked shift in

longer-term migration patterns, with stronger net outflows to surrounding districts which is quite likely to be linked with house price increases in Richmondshire encouraging out-migration to more affordable areas. The District is influenced by the migration of military households working on Catterick Garrison, which is considered further below.

### Travel to Work

3.10 The 2001 census provides an analysis of travel to work patterns and the extent to which residents in Richmondshire travel to other areas and how many people commute into Richmondshire. The 2001 census identified the travel to work patterns of 27,859 individuals, of which:

- 17,597 lived and worked in Richmondshire
- 3,905 commuted into Richmondshire for work but lived outside the district and
- 6,357 lived in Richmondshire but commuted out of the District for work.

3.11 Of the 23,954 people in employment living in Richmondshire, almost three-quarters (73.5%) work in the district,

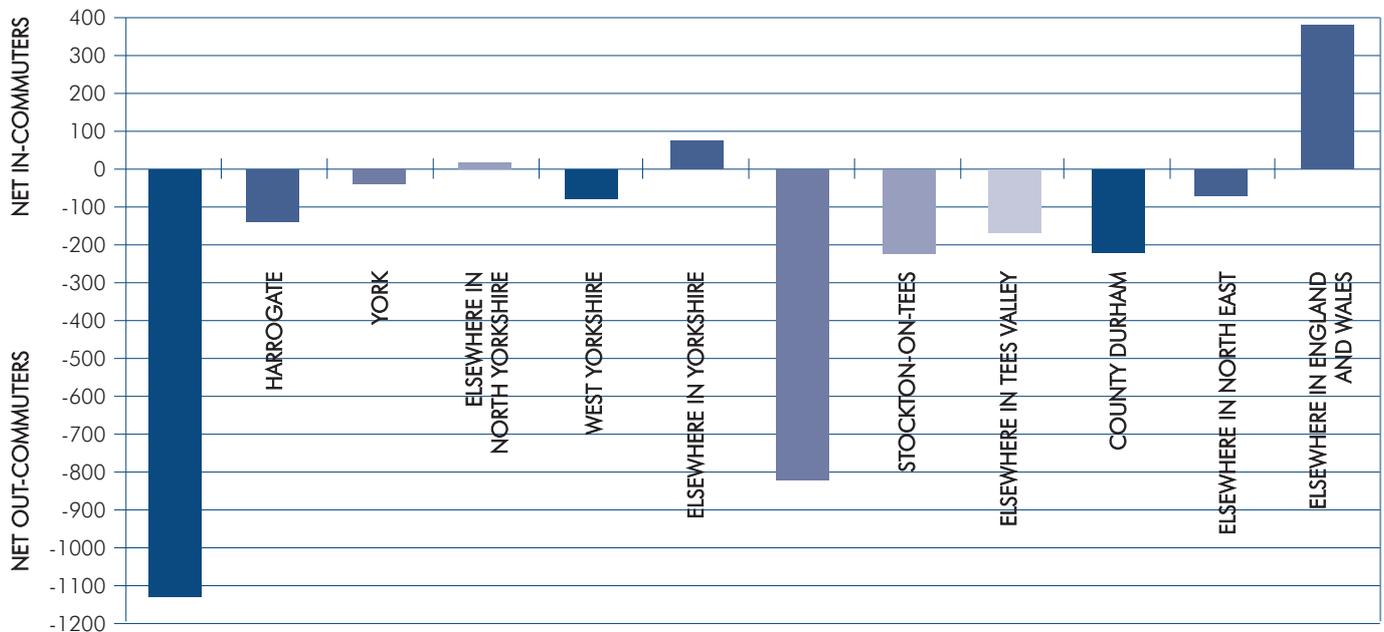


26.5% work outside the District and there is an overall net out-flow of 2,452 workers on a daily basis. Figure 2 illustrates net commuter flows between Richmondshire and other areas, showing that overall new in-flows are mainly from outside the Region (and may be linked to military sites). Data indicates that 36.8% of commuter out-flows are to North Yorkshire, in particular Hambleton and Harrogate. A

further 35.8% of out-flows are to Tees Valley, particularly the authorities of Darlington (25%) and Stockton-on-Tees.

3.12 Commuting patterns indicate strong linkages with neighbouring Hambleton and Darlington districts, with particularly strong net out-flows of commuters to these areas. Figure 2 below demonstrates the commuting flows between Richmondshire and other areas.

**Figure 2 Richmondshire Commuting Flows**



Source: 2001 census

3.13 This sets the scene for the general housing market, characterised by the view that Richmondshire is a destination of choice for higher-income households wanting to move long-distance to find high quality environments, which have the financial resources to exercise their lifestyle choices. However prevailing market prices and a general shortage of affordable accommodation is forcing some households into other areas (e.g. Darlington), where lower-priced properties can be purchased.

3.14 There are also additional influences particularly from Catterick Garrison and the ageing population.

### Catterick Garrison

3.15 The issue of Catterick Garrison is discussed in more detail in the paper 'The Scale and Distribution of Development'. It is worth summarising that any anticipated growth at the Garrison will need to be accommodated and that the RSS suggests there may be a requirement of in the region of 2,250 additional dwellings across the Garrison and its outlying sites. This amount is in addition to the 200 dwellings per year target set in the RSS.

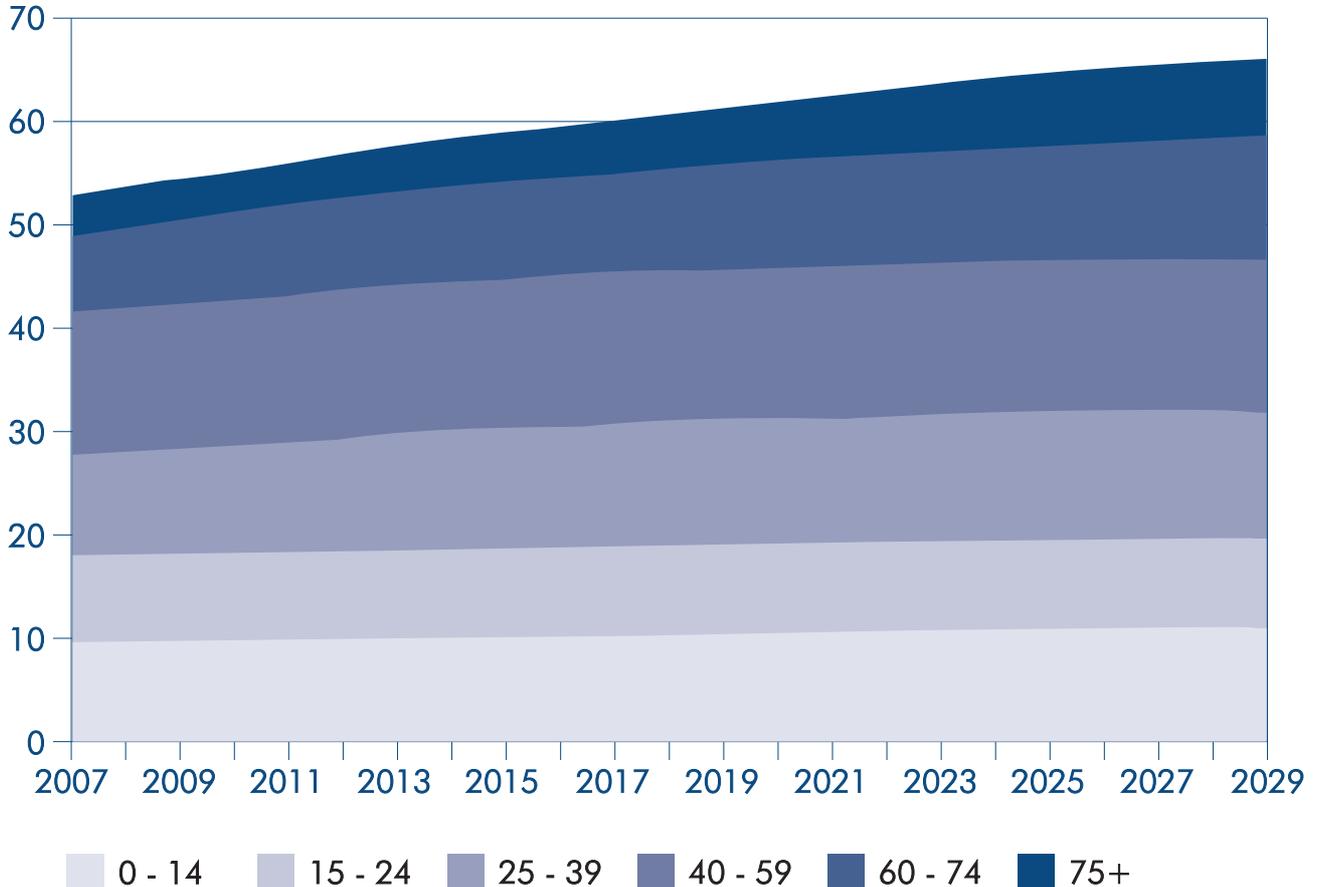


- 3.16 Military households have been associated with up to 40% of homeless applications to the Council. There is a legal requirement to house cases of proven homelessness which puts additional pressure on the available housing stock.
- 3.17 Another factor which could increase stock pressure is the recent legislation 'The Nation's Commitment: Cross-Governmental Support to our Armed Forces, their Families and Veterans (2008)', which gives service personnel 'additional preference' when accessing social housing, and affords them 'key worker status'.

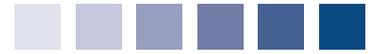
### The Ageing Population

- 3.18 The proportion of residents aged 75+ is expected to increase dramatically by 68%, whilst the proportion aged 60-74 is expected to increase by 22.8%. In contrast, the proportion aged 0-14 is expected to decline by 8.3% and the 15-24 age group by 15.3%. These projections have very significant long-term implications for the provision of appropriate forms of accommodation in particular the supply of smaller units for older persons and declining demand for larger family sized housing. Figure 4 illustrates the forecast changes in population and demography.

Figure 4 Population projections 2007 - 2029



Source: ODPM Revised 2004-based Population Projections



3.19 This shift in the demographic structure for the District's population presents the challenge of ensuring the dwelling stock can meet the change in demand.

### What can we do through the LDF to assist to resolve the situation?

H01

Should we consider making special provision for care homes, (i.e. allocating specific sites for that purpose) or,

H01a

Establish criteria that positively allow for care homes in sustainable locations or,

H01b

Make no special provision for care homes but respond to speculative developments in accordance with general housing policies.

H02

Should we consider building all homes to 'Lifetime' homes or a related standard?

H02a

Building a proportion of new homes to 'Lifetime Homes' standard? If so what proportion e.g.50%?

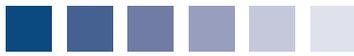
H02b

The need to build to 'Lifetime Homes' standard is triggered in relation to size of development e.g. 5 houses. What should the trigger be? or,

H02c

Standardise the proportion of units constructed to 'Lifetime Homes' across all developments regardless of numbers of units.

3.20 Another approach, not mutually exclusive, would be to ensure that new homes fulfil the requirements of their occupants as needs change. For example Lifetime Homes Standard. This standard incorporates 16 design criteria based around the idea of 'accessibility' enabling the dwelling to be 'used' throughout an occupiers lifetime whatever their physical circumstances substantially reducing the requirement for adaptation to reflect changing circumstances. The criteria include: level access bathing facilities, wheelchair accessibility, car parking width. Full details of all criteria can be found at [www.lifetimehomes.org.uk](http://www.lifetimehomes.org.uk)



## 4. Affordability

- 4.1 This subject is likely to be one of the most significant issues which will need to be addressed by the LDF, requires its own separate discussion. As mentioned earlier affordability is an outcome of the increased demand for housing through the factors discussed above as well as the differential between household incomes and purchase prices.
- 4.2 The Richmondshire HMA Update 2008 states that over the period 2001 to 2007 average residential property prices across Richmondshire more than doubled, from £94,070 (2001) to £213,701 (2007). At the same time the median income for full-time workers across Richmondshire has remained more or less static at £20,686.

During the recent economic downturn the market has remained reasonably stable.

- 4.3 The HMA update calculates an annual requirement for 61 affordable dwellings across the LDF area for the 5-year period April 2008 to March 2013, equating to 307 over the five years. Emphasis is placed on delivering affordable housing for general needs (i.e. singles under 60, couples under 60 and families). The sub-areas utilised in the HMA update are not entirely consistent with those now being proposed for plan-making purposes in the Sustainable Settlement Hierarchy paper, but the general pattern of affordability requirements can still be clearly seen.

**Figure 5 Affordable housing requirements over 5 years Apr 2008-Mar 2013 by HMA sub-area**

Sub-area	Stock designation		Grand Total
	General Stock	Older Persons Stock	
	Total	Total	
Richmond Central	90	42	132
North Richmondshire	12	0	12
A1 Corridor	90	0	90
Lower Wensleydale	73	0	73
<b>Richmondshire LDF Area</b>	<b>265</b>	<b>42</b>	<b>307</b>

N.B. Figures have been adjusted to reflect that some of the Lower Wensleydale Area Forum contains an area of the Yorkshire Dales National Park.

- 4.4 The table demonstrates the difference between the affordable housing requirements around the District. This requirement equates to 61 per annum over the period, of which 8 should be for older people. Note should be made that there is no need for older persons stock according to this research outside of the Richmond

Central area however the Council's waiting list demonstrates a high demand throughout the District. The housing waiting list suggested that 33.2% of the requirement was for 1 bedroom accommodation, 45.9% was for 2 bedrooms while the remaining was for 3 or more bedrooms.



- 4.5 The scale of need is generally reflective of the population of each sub-area but supplying the requirement will also need to take into account the proportion of new housing each sub-area will receive.
- 4.6 Increasing the housing supply can assist in achieving greater numbers of affordable houses, and increasing the general level of affordability. The papers on *'The Scale and Distribution of Development'* and *'Achieving Sustainable Communities in Richmondshire'* discuss the scale and location of development in the Plan area and the proposed hierarchy of settlements.
- 4.7 The majority of affordable housing is normally acquired through a developer's contribution involving a s106 planning obligation on a market housing site. In effect the grant of planning permission is dependent on the developer supplying a percentage of the houses proposed on the site as affordable housing.
- 4.8 What can the LDF do to address affordability? PPS 3 requires Local Planning Authorities to:
- set a target for the overall amount of affordable housing to be provided
  - set separate targets for social-rented and intermediate affordable housing where appropriate
  - specify the size and type of affordable housing
  - set out the range of circumstances in which affordable housing will be required
  - set out the approach to seeking developer contributions
  - consider whether a particular approach is needed to secure more Affordable Housing in Rural Communities.

Each of these courses of action is now considered in turn.

### The overall target(s) proportions of affordable housing

- 4.9 The annual requirement for affordable housing is 61 units. As a percentage of the annual RSS target of 200 dwellings this is 30.5% however, the RSS suggests a rate of 40% in North Yorkshire Districts. However, the affordable housing completion rate over the past 4 years 2005/6 to 2008/9 was only 114 dwellings rather than the 244 required illustrating that this target is not being met and therefore a shortfall of affordable housing continues to accumulate.

#### H03

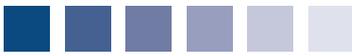
Should we set a target, plan-area wide, of 40%?

#### H04

Or, in view of the recent low achievement of affordable housing, should we set a higher annual target than that evidenced by the HMA, to take account of this overall shortfall?

Whilst the 30.5% figure is derived from the HMA, the RSS suggests a rate of 40% in North Yorkshire Districts.

Figure 5 demonstrates that the requirement for affordable housing varies across the plan area. As a result a blanket target may deliver the numbers of affordable of housing required but it may result in an under or over-supply in some places.



H05

Should the proportions sought be varied to reflect the need in a particular location?

### Targets for social-rented and intermediate affordable housing

The HMA 2008 suggests that a split of tenure of 80% social rented housing and 20% intermediate tenure would be appropriate, reflecting the incomes of those in need and what they can afford. However, where evidence suggests a different local need, these proportions could be altered to reflect particular local requirements.

H06

Do you agree that this is an appropriate mix of tenure?

### The size and type of affordable housing

4.13 The HMA 2008 indicates shortfalls for all property types in all parts of the LDF area. This is discussed in greater detail in the section on the Mismatch of Dwelling Stock below.

H07

Should we specify the type of affordable housing required in a particular area, or is there a better way to ensure the right mix of housing is provided in an area?

### The range of circumstances in which affordable housing will be required

4.14 One of the tools available to the Council to supply affordable housing is by setting a threshold on sites at which the provision of affordable housing will be required on the development. PPS3 states that:

“The national indicative minimum site size threshold is 15 dwellings. However, Local Planning Authorities can set lower minimum thresholds where viable and practicable, including rural areas. This could include setting different proportions of affordable housing to be sought for a series of site-size thresholds over the plan area”.

4.15 The national indicative threshold does not reflect the sites typically coming forward in the District, the bulk of which are smaller than 15 dwellings and therefore opportunities can be lost to secure affordable housing.

H08

Should we consider a lower threshold at which affordable housing will be required to maximise the delivery of affordable housing?



4.16 It should also be noted that the scale of developments varies considerably across the LDF area. For example, outside of the settlements of Richmond and Catterick Garrison many completions are through conversions. The pattern of residential development can be established by examining planning permissions granted to assess the scale and location of proposed developments in the District. Over the period 2004 to 2007, 98% of sites were for fewer than 15 dwellings and 60% of sites were for one dwelling. Later larger permissions were still not delivering the level of affordable housing required.

H09

Should the threshold for applying the affordable housing requirement be set at different rates across the LDF area to reflect a site size differential and the degree of need in the area?

H10

Should financial contributions be sought for affordable housing provision from all housing developments including single dwellings?

### The approach to seeking developer contributions

4.17 There may be circumstances in which it would be appropriate to seek to reduce the level of the planning obligation for affordable housing where the development costs of a particular site are prohibitive. Such circumstances might for example include the removal of contamination and other environmental considerations. This is

considered further below under the issue of viability.

4.18 Whilst, as PPS3 indicates, it will normally be appropriate to seek provision of affordable housing on-site (in order to contribute towards achieving a good mix of housing), in some circumstances the provision of affordable housing may not be appropriate on a particular site and it might be preferable to agree to 'off-site' provision or a commuted sum to be used to provide the affordable housing elsewhere.

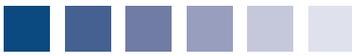
H11

Do you agree that off-site provision and commuted sums should be used to provide affordable housing where appropriate?

### Achieving Affordable Housing in Rural Communities

4.19 PPS 3 also states that the aim should be to deliver high quality housing that contributes to the creation and maintenance of sustainable rural communities in market towns and villages. In addition, where viable and practical, Local Planning Authorities should consider allocating and releasing sites solely for affordable housing.

4.20 Currently, the retained Local Plan Policy 34 makes provision, where there is an identified and proven local need, for small sites on the edge of development limits which would not normally be given planning permission, to be used for providing affordable housing. Such sites must be 100% affordable and remain so in perpetuity. These are known as Rural Exception Sites.



H12  
Should a Rural Sites Exception policy be included in the LDF?

4.21 There is some debate about whether such sites are in fact socially exclusive by creating the stigma of edge of settlement enclaves of affordable housing:

H13  
Is there a preferable solution to providing affordable housing in small rural settlements?

## Viability

4.22 National policy set out in PPS3 requires development viability to be taken into account when preparing policies on affordable housing, and when seeking affordable housing provision through the planning application process. Detailed consideration of these critical matters will need to be undertaken in taking forward the LDF.

4.23 It is proposed that the appropriate thresholds and proportions of affordable housing contributions will be assessed using a range of scenarios in order to establish the levels that are broadly viable and therefore suitable as targets for the Core Strategy. The assessment will need to take into account property type and size, market values, wider planning obligations and build costs associated with residential development. Following Government guidance, it will need to take a longer term view of viability, which whilst not ignoring

current “credit crunch” conditions, will consider viability over the plan period as a whole, ie. up to 2026.

4.24 This assessment will need to investigate and assess the impact on land values, and therefore on development viability, of varying the affordable housing thresholds and increasing the proportion of affordable housing sought on average open market residential sites in the District.

4.25 Recent legal cases where developers have challenged the thresholds and percentages set in affordable housing policies make it imperative that:

- The local planning authority ensures that the evidence base informing policy is robust and,
- There is a degree of flexibility embedded in the policy where it can be shown, through an ‘open book’ approach that adhering to policy would make a development unviable
- A viability assessment of thresholds and percentage contributions has been undertaken.

H14  
What particular approach and considerations should be taken into account in considering the viability of affordable housing requirements in the Richmondshire LDF plan area?



## 5. The Mismatch of Housing Stock

5.1 The HMA 2008 indicates shortfalls for all property types in all areas although the degree of shortfall is heavily influenced by the prevailing dwelling stock profile of an area. Overall, houses are in strongest demand and the supply/demand imbalance is less acute than for bungalows and flats. There is a limited supply of bungalows, which exacerbates demand for this type of property, although development is relatively rare. There is some appetite for living in flats/apartments, and given the relatively low provision this also increases market pressures.

5.2 The degree to which occupied dwellings are overcrowded or under occupied can be investigated with reference to the 'bedrooms standard' model. This model considers the number of bedrooms a household requires and compares this to the actual number that are available. One bedroom is required for:

- a couple;
- any other adult (aged 18 or over)
- any two children aged 10-18 or over of the same gender
- any two children, regardless of gender, aged under 10
- any other child

5.3 Across Richmondshire, a total of 300 households were identified as being overcrowded. Data from the HMA 2008 indicates that the proportion of households which are overcrowded is highest in the housing sub-areas of Richmond Central, the A1 Corridor and North Richmondshire. It is more likely to affect those in Council housing and those renting tied accommodation. It is also more likely to affect couples and lone parents with three or more children and other multi-adult households.

H15

Should we promote development to meet the difference in stock shortfall across the LDF sub-area?

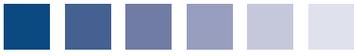
If so,

H15a

Should the type and tenure of dwellings required in each area be stipulated or,

H15b

Will a general approach covering the whole of the plan area be more appropriate?



# Notes





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