

# **Towards a Locally Determined Housing Target for the Craven District (outside the Yorkshire Dales National Park)**

## **Background Paper to “Shaping a Spatial Strategy and Housing Figure for Craven” Discussion Paper**

**July 2012**

### **1. Introduction**

This background paper has been prepared to support the **“Shaping a Spatial Strategy and Housing Figure for Craven” Discussion Paper**. The paper sets out the context for why a housing target for Craven needs to be developed and provides greater detail on the evidence from two planning studies on potential future housing requirements in Craven.

### **2. Context for Developing a Housing Figure for Craven.**

The Localism Act 2011 gained Royal Assent on 15<sup>th</sup> November 2011, and heralds a new era of development plan making.

One of the most significant parts of the Act repeals previous legislation which established Regional Strategies and gives the Secretary of State the power to abolish the Regional Spatial Strategies that are currently in force. This does not mean at this stage that the Yorkshire and Humber Regional Spatial Strategy (2008) is no longer part of the development plan for Craven, but it does mean that the Secretary of State now has the power to issue secondary legislation to abolish them.

Although an exact date for publication of this secondary legislation is not yet known, the Coalition Government published the National Planning Policy Framework (NPPF) in March 2012. Annex 1 of the NPPF advises that for a 12 month period from publication of the NPPF, decision makers may continue to give full weight to relevant development plan policies adopted since 2004 even if there is a limited degree of conflict with the NPPF. This may suggest that the abolition of the Yorkshire and Humber Regional Spatial Strategy may occur sometime next year and as such is likely to happen before the statutory adoption of the Craven Local Development Plan.

### **3. What will it mean for Craven when the Regional Spatial Strategy is abolished?**

There are a number of implications for Craven’s own development plan from the impending abolition of the Regional Spatial Strategy. However, one of the key

issues will be the removal of housing targets. The Government's advice published on these matters was contained in a letter from the Chief Planning Officer dated 6th July 2010, "*local authorities will be responsible for establishing the right level of local housing provision in their area, and identifying a long term supply of housing land without the burden of regional housing targets*".

In other words, the Council needs to set out its own locally determined housing figure for the total number of new homes to be planned for in the new Craven Development Plan and to express this as annual minimum housing target. It also means that the Craven Development Plan will need to have policies to ensure that the right mix of housing types, sizes and tenures that the population of Craven is likely to need over the plan period is provided.

#### **4. How will a locally determined housing figure for Craven be established?**

The NPPF at paragraph 159 states that "*Local planning authorities should have a clear understanding of housing needs in their area*" and advocates that local planning authorities should "*prepare a Strategic Housing Market Assessment (SHMA) to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*

- *Meets household and population projections, taking account of migration and demographic change*
- *Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families, and people wishing to build their own homes; and*
- *Caters for housing demand and the scale of housing supply necessary to meet this demand.*"

The **North Yorkshire and York Strategic Housing Market Assessment (SHMA) 2011** was commissioned by the North Yorkshire Strategic Housing Market Partnership in September 2010. Appendix 1 of the SHMA includes a Craven-Specific analysis. Craven District Council also commissioned additional analysis on population estimates and projections from Edge Analytics Ltd following the publication of the SHMA, which is presented in a report entitled "**Craven District Population Estimates and Projections March 2012**". The findings of both these pieces of research will assist the District Council in developing its housing target as well as information from the first phase of the 2011 Census data released on 16th July 2012.

## 5. What do these studies say about population and household change in Craven?

The changing demography (population, household size, age structure etc) of an area impacts strongly on the housing market and the type and quantity of housing required. It is, therefore, vital to have a clear understanding of the population and household structure when assessing current and future housing demand.

Both the 2011 SHMA and the 2012 Edge Analytics report examine population information for Craven from the Office of National Statistics (ONS) and other sources such as Department of Communities and Local Government (DCLG) sub-national household projections and the 2011 SHMA Household survey. However the Edge Analytics report benefits from more recent information on population change from the Office of National Statistics, which also includes important changes to ONS' population estimation methodologies. The recently released first phase 2011 Census figures are also considered.

### Key findings on Population and Household Change in Craven since 2001

- Craven's population grew by just over 3% (1,780) and the number of households grew by about 8% (1,847)<sup>1</sup>
- The main drivers of population growth for much of the decade were internal (UK) and international migration, with internal migration being the much more significant driver. However, in the last few years, there have been significant fluctuations in both these components of population change shifting from a positive net impact to a negative net impact.<sup>2</sup>
- In respect of internal migration, the most significant annual net inflow of residents into Craven come from Bradford District, but there are also strong links with Leeds, Pendle and Lancaster Districts.<sup>3</sup>
- Craven gained population through net migration across all age groups except for young adults (15-19 and 25-29). The outflow for the 15-19 age group, is by far the largest net change (-249) and can be attributed to a large number of young adults leaving the area to attend university.<sup>4</sup>
- Natural change (i.e the difference between births and deaths) has been responsible for a significant decline in Craven's population, contributing on average -163 per year between 2001 and 2010.<sup>5</sup>
- The population of Craven is ageing. There have been significant increases in older age groups and a reduction in young children under 10 and those in

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<sup>1</sup> 2011 Census

<sup>2</sup> Edge Analytics 2012, Figure 8 and Figure 11

<sup>3</sup> Appendix 1 Craven SHMA 2011, Figure 3.4

<sup>4</sup> Appendix 1 Craven SHMA 2011, Figure 3.5

<sup>5</sup> Edge Analytics 2012, Figure 8

their twenties and early thirties. This trend has been much more pronounced in Craven than in North Yorkshire as a whole, suggesting that young adults and young families are leaving the District, potentially to seek employment opportunities elsewhere.<sup>6</sup>

- The average household size in Craven is falling, from 2.30 persons in 2001<sup>7</sup> to 2.25 persons in 2011<sup>8</sup>. This reflects the increase in the number of ‘one person households’ (+908) and households of couples with no children (+1,495) and a concurrent net decline of -68 in the number of family households with more than 2 dependent children.<sup>9</sup> This is indicative of Craven’s ageing population, with increasing amounts of people living alone.

## 6. What do the studies say about projected future changes to Craven’s population and households?

### a) North Yorkshire Strategic Housing Market Assessment (SHMA) 2011

The 2011 SHMA presents 3 Core Scenarios for estimated population growth in Craven over the period 2008 to 2026 (18 years).

It is important to understand what these “scenarios” represent in terms of developing a housing figure. The first scenario (**Core scenario 1**) is based on the 2008 based Sub National Population Projections (SNPP). The SNPP are produced every 2 years and provide projections for a 25 year time horizon for each district authority. Assumptions used by the SNPP are based on historical evidence from 2004 -2008 on births, deaths and migration, plus they incorporate evidence from an expert panel which has provided guidance on likely future trends in fertility, mortality and migration.

The SNPP suggests that the population of Craven would, if trends from the historical evidence continued:-

- increase by 7,192 people from a 2008 base to 2026, representing an almost 13% growth in population over 18 years<sup>10</sup>.
- On average grow by 400 people per annum<sup>11</sup>.
- Have an annual household growth of 314 households per annum<sup>12</sup>
- Have a smaller proportion of working age population<sup>13</sup>
- Have a much greater proportion of older age groups, with 38% of the population aged 60+ by 2026<sup>14</sup>.

<sup>6</sup> Appendix 1 Craven SHMA 2011, Figure 3.6, page 17

<sup>7</sup> Appendix 1 Craven SHMA 2011, Figure 3.10

<sup>8</sup> 2011 Census

<sup>9</sup> Appendix 1 Craven SHMA 2011, Figure 3.11

<sup>10</sup> Appendix 1 Craven SHMA 2011, Figure 6.1

<sup>11</sup> Appendix 1 Craven SHMA 2011, Figure 6.3

<sup>12</sup> Appendix 1 Craven SHMA 2011, Figure 6.5

<sup>13</sup> Appendix 1 Craven SHMA 2011, Figure 6.7 and paragraph 6.49

<sup>14</sup> Appendix 1 Craven SHMA 2011, Figure 6.7 and paragraph 6.51

Internal migration is projected to contribute a significant proportion of growth annually, with a much smaller, but nonetheless positive contribution from international migration.

**Core Scenario 2** – Natural Change based projection- This scenario of population change removes the impact of migration from 2008 onwards. This assumes that the population in Craven at 2008 is not expanded or changed by migratory factors and that change in the population is limited to natural change only (i.e. births and deaths). **It is important to recognise that this is a hypothetical scenario, as migration in reality could never be limited to zero. It is not therefore a realistic scenario for developing a housing target.** However, what it does serve to illustrate is that natural change in Craven's population will result in further population decline.

Under the Natural Change Scenario the population of Craven would:-

- Decrease by 2,510 people from a 2008 base to 2026, representing a 4.5% decline in population over 18 years.
- Have an annual household growth of 34 households per annum
- On average decrease by 139 people per annum.

**Core Scenario 3** – Employment –led projection – This scenario aligns population profiles with a projected economic future. It therefore uses the SNPP scenario (Core Scenario 1) as its base and models the population to the Regional Econometric Model (REM) job forecasts made in 2010 for Craven which at that time suggested an additional 3,800 jobs would be created between 2011 and 2026, based on a strong post- recession recovery<sup>15</sup>. **It is important to understand that the jobs forecast from the REM as contained in the 2011 SHMA is not a robust or firm predictor for the number of additional jobs that will be created in reality in Craven over the next 15 years ( for example, the REM forecast did not take account of the double dip recession that has occurred in the UK economy).** Its use in the scenario is to illustrate the general principle that net in-migration will occur if the size of the labour force in an area is insufficient to match the number of jobs forecast to be created, assuming that commuting patterns remain constant alongside economic activity/unemployment levels. Net out-migration will occur in this scenario if there are too few jobs for the labour force that are resident in an area.

Core Scenario 1 projects a decrease in the working age population of Craven. Under the Employment –led Scenario therefore, the working age population in particular is assumed to increase through in-migration to reflect levels of forecast job growth. In the illustrative example of 3,800 additional jobs being created in Craven over the next 15 years, the scenario projects that Craven's population would:-

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<sup>15</sup> Appendix 1 Craven SHMA 2011, Figure 3.15

- grow at a considerably greater rate than that projected by the SNPP in Core Scenario 1, with an increase of approximately 14,000 people from a 2008 base to 2026, representing an almost 26% growth in population over 18 years<sup>16</sup>.
- Have an annual household growth of 470 households per annum<sup>17</sup>. In reality, this level of household growth is unlikely to be sustained with the relationship between commuting and working across authorities likely to be further developed if the levels of employment growth projected are realised within Craven.<sup>18</sup>

**Whilst this scenario is useful for illustrating the potential effect of economic growth on increasing housing demand from in-migration in an area like Craven which is projected to have a shrinking labour force, the level of growth suggested in the scenario is not considered to be a realistic or reliable indicator of future housing requirements in Craven.**

### **Translating household growth into dwelling requirements**

The North Yorkshire SHMA 2011 presents hypothetical dwelling requirements based around the levels of growth under Core Scenario 1, taking into account existing long term vacant private sector stock, which serves as a useful proxy for understanding the latent capacity in the existing stock to absorb future demand. This analysis indicates that the 2008 based SNPP projections would result in an annual net dwelling requirement of 323 dwellings in Craven.<sup>19</sup>

#### **b) Edge Analytics Report - “Craven District Population Estimates and Projections March 2012”.**

The Edge Analytics report provides an updated evidence base to consider the development of a housing target for Craven. Since publication of the North Yorkshire SHMA in 2011, additional demographic statistics have been published by ONS, which provide more recent information and which include important changes to ONS’ population estimation methodologies.

Using this new data, the Edge Analytics report presents a series of growth scenarios for the District, combining the ONS SNPP benchmark with alternative trend scenarios and an illustrative ‘dwelling-led’ scenario<sup>20</sup>. The scenarios also project growth over a longer time period from 2010/11 to 2032/33 (23 years)

**1. SNPP Scenario<sup>21</sup>** – The SNPP scenario is the benchmark against which other scenarios are compared. The scenario replicates the 2008 based sub

<sup>16</sup> Appendix 1 Craven SHMA 2011, Figure 6.4

<sup>17</sup> Appendix 1 Craven SHMA 2011, Figure 6.6

<sup>18</sup> Appendix 1 Craven SHMA 2011, paragraph 6.41

<sup>19</sup> North Yorkshire SHMA 2011 Figure 7.15

<sup>20</sup> Edge Analytics 2012 Figure 18

<sup>21</sup> Edge Analytics 2012 Figure 12a

national population projection from ONS and is based on historical evidence from 2004-2008 and does not take account of later information from the 2009-2010 mid- year estimates(MYE). This is the same scenario as **Core Scenario 1 in the 2011 SHMA, but with a time horizon of 2010/11 to 2032/33, rather than 2008 to 2026.**

2. **Migration-led Scenario**<sup>22</sup> – Takes account of the more recent evidence from the 2009 and 2010 mid-year estimates (MYE) and uses the later 2006-2010 period as the basis for the derivation of its migration assumptions from the components of change evident in the MYE.

3. **Migration-led – 9 year**<sup>23</sup> – Similar to the Migration-led scenario, but it uses the 9 year period 2001 to 2010 as the basis for the derivation of its migration assumptions.

4. **Migration-led –revised**<sup>24</sup> – This scenario also uses the later 5 year period 2006-2010 for the derivations of its migration assumptions, but uses the revised mid- year estimates released in November 2011 as the basis of the historical calibration.

5. **CR 11 Year**<sup>25</sup> – This dwelling –led scenario is based on an 11 year average of completions (2001 to 2011).

The growth trajectories associated with each scenario are summarised in the table below, to illustrate the likely impact on population, households, net migration and additional job growth required.

Scenario	Projected change 2010/11 to 2032/33				Average Per Year	
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Jobs Requirement
SNPP	9,701	17.3%	7,242	29.2%	618	144
Migration-led	2,253	4.1%	3,962	16.2%	337	-74
Migration-led 9 year	2,737	4.9%	4,156	17.0%	356	-64
Migration-led-revised	-475	0.9%	2,924	12%	246	-133
CR11 Year	3,665	6.6%	4,546	18.6%	395	-46

Source – Edge Analytics 2012 Figure 13

<sup>22</sup> Edge Analytics 2012 Figure 12b

<sup>23</sup> Edge Analytics 2012 Figure 12c

<sup>24</sup> Edge Analytics 2012 Figure 12d

<sup>25</sup> Edge Analytics 2012 Figure 12e

## Key Indications from Scenarios on Future Population Change in Craven

- In each scenario, natural change (the difference between births and deaths) has an increasingly negative impact on Craven's population growth.<sup>26</sup> From 2001 to 2010, natural change contributed to a significant decline in Craven's population, on average by -163 people per year. All the scenarios suggest that this rate of population decline will increase to between -200 people and -300 people per year.
- Net internal migration is positive in each scenario, highest in the SNPP scenario, illustrating the relative importance of migration in each of the trajectories, all of which offset or moderate the population decline resulting from natural change<sup>27</sup>.
- A small positive growth through net international migration is suggested by each scenario, with the exception of **Migration-led-revised**.<sup>28</sup> This scenario suggests that emigration from Craven to places outside the UK, will in future add to the decline in population evident through natural change.
- The **SNPP** has the highest population growth forecast of 17.3% (coupled with 29% increase in households). When more evidence (2009 and 2010 MYE) is used in the migration assumptions the forecast growth reduces to between 4-5% (**Migration –led and Migration-led-9 year scenarios**)<sup>29</sup>
- The latest mid –year estimate revisions which reduce the importance of international migration in Craven's historical growth result in a trend projection which shows flat growth declining towards the end of the projection period ( **Migration-led-revised scenario**)<sup>30</sup>
- In contrast to the 'trend' projections, the imposition of a housing 'constraint' based on average completion rates for the past 11 years results in higher growth of 6.6% (**CR11 Year scenario**)<sup>31</sup>
- The estimated annual job growth requirement is negative in all but the SNPP scenario, reflecting the importance of ageing upon Craven's population i.e a greater proportion of older age groups and a smaller proportion of working age population means that fewer jobs are required for the resident labour force<sup>32</sup> This may have significant implications for Craven's economy. For example, if there is an insufficient labour force in Craven for growing businesses to draw upon, there are risks that

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<sup>26</sup> Edge Analytics 2012 Figure 12 a-e

<sup>27</sup> Edge Analytics 2012 Figure 12 a-e and Figure 13

<sup>28</sup> Edge Analytics 2012 Figure 12 d

<sup>29</sup> Edge Analytics 2012 Figure 12a, 12b, 12c, Figure 13

<sup>30</sup> Edge Analytics Figure 12d and Figure 13

<sup>31</sup> Edge Analytics 2012 Figure 13

<sup>32</sup> Edge Analytics 2012 Figure 13

businesses may move out of the area. Alternatively, Craven could experience much higher levels of commuting into the District. At present Craven is a net exporter of labour, with a commuting ratio of 1.07.<sup>33</sup> A contracting labour force in Craven may change this ratio, so that the District becomes a net importer of labour.

- The high levels of household formation evident from all the scenarios are being driven by the ageing process, but even with increased economic participation rates (due to the planned raising of state retirement age), the size of the Craven labour force is expected to contract.<sup>34</sup>

## Translating household growth into dwellings

In general terms, the household growth assumptions in the scenarios can be translated into dwelling requirements. However, to convert households to dwellings it is necessary to take account of vacancies.

The table below illustrates the dwelling requirements for the growth trajectories associated with each scenario taking into account the vacancy rate for Craven derived from the 2001 Census<sup>35</sup>.

Projected change 2010/11 to 2032/33					
Scenario	Population Change	Population Change %	Households Change	Households Change %	Average dwellings per year
SNPP	9,701	17.3%	7,242	29.2%	336
Migration -led	2,253	4.1%	3,962	16.2%	182
Migration -led 9 year	2,737	4.9%	4,156	17.0%	191
Migration -led-revised	-475	0.9%	2,924	12%	137
CR11 Year	3,665	6.6%	4,546	18.6%	208

Source – Edge Analytics 2012 Figure 13

## Conclusions

- The use of more up to date population information and improved population estimation methodologies from ONS clearly demonstrates that the **SNPP (2008 based)** growth scenario ( i.e **Core Scenario 1 in the 2011 SHMA**) is

<sup>33</sup> Edge Analytics 2012 A1.7

<sup>34</sup> Edge Analytics 2012 Appendix 2

<sup>35</sup> Edge Analytics 2012 A1.6

unrealistic and should be considered only as a benchmark against which to compare the alternatives.

- The methodological revisions to Craven’s mid-year estimates results in a contrasting growth trajectory (**Migration-led-revised scenario**), with population decline due to natural change and relatively low net migration suggesting flat growth over the projection period. This results in a consistent reduction in the size of the labour force and a significant ageing of the population profile.
- The alternative trend scenarios ( **Migration-led and Migration-led-9 year**) and the dwelling- led scenario (**CR 11 Year**), suggest limited but positive growth in population over the projection period. For these scenarios, the impact of a reducing labour force and an increasing proportion of population aged 65+ is also very evident, but less severe.
- The dwelling growth suggested by the household numbers in each scenario varies considerably, with the SNPP suggesting an average of 336 per year. **However, the 137 to 208 range suggested by the four remaining scenarios is a much more robust base from which to consider future development strategies.**

## 7. Taking the Discussion Forward

This background paper sets out the context for why a housing figure needs to be developed for Craven and reviews evidence from two planning studies on possible future housing requirements in Craven. However, this is only the start of a process for determining what an appropriate housing figure for Craven might be. The Discussion Paper “**Shaping a Spatial Strategy and Housing Figure for Craven**” takes this process forward by developing ideas on a possible future spatial strategy and housing figure as a basis for discussion with local communities and other stakeholders.