

Craven Local Plan; Housing Growth Option Paper: June 2017

1.0 Introduction

- 1.1 The construction of new homes during the plan period has a crucial role in ensuring that the population of the Craven¹ can be accommodated in suitable housing and also in securing the economic well-being of Craven District as a whole. The Council has the responsibility to set its own housing requirement and providing the right number of homes is a major challenge for the Craven Local Plan.
- 1.2 The Council has undertaken its own up to date technical assessment of the number of homes it needs for the period between 2012 and 2032. This is referred to as the ‘full objectively assessed need’ (FOAN) for housing. This paper draws upon the Council’s technical assessment of FOAN and then assesses what policy and other considerations affect the Council’s decision on what the Local Plan’s housing requirement should be.
- 1.3 This paper concludes there are four housing growth options that should be evaluated before a decision is made on the plan’s housing requirement. These are evaluated through a sustainability appraisal of each option and further analysis of their relationship with planning policy, and other considerations, including deliverability.
- 1.4 Finally, the paper concludes on why the Council has chosen one of these housing growth options as its Local Plan housing requirement and why it has rejected the other options. The housing requirement will be reflected in the Draft Craven Local Plan Policy SP1.

2.0 Context: Plan preparation.

- 2.1 The Localism Act 2011, the publication of the National Planning Policy Framework (NPPF) in March 2012 and the abolition of Regional Spatial Strategies in 2013/14/15 heralded a new era for development plan making. The responsibility for determining the number of new homes to be planned for within a local planning authority such as Craven was transferred from the Regional level and Regional Spatial Strategies, to the local planning authorities themselves.
- 2.2 In the autumn of 2012 Craven District Council started the process of consultation on what should be the spatial strategy and housing requirement for the Craven Local Plan; an area which does not include that area of the District within the Yorkshire Dales National Park (YDNP). This part of the District is under the land use planning control of the Yorkshire Dales National Park. At the time the plan looked forward to the year 2026. The consultation was called “Shaping a Spatial Strategy and Housing Figure”. The structure and results of this, and other consultations referred to below, as well as the evidence provided to support these consultations, are published on the Council’s website at www.cravencdc.gov.uk/newlocalplan.

¹ Craven District outside the Yorkshire Dales National Park

- 2.3 The evidence provided by the Council on housing need for the 2012 consultation was the following:
- The North Yorkshire and York Strategic Housing Market Assessment (SHMA) 2011,
 - Craven District Population Estimates and Projections March 2012.
- 2.4 Various growth options were put forward with discussion papers published suggesting that the most appropriate level of growth was between 137 and 208 dwellings per annum (dpa). Craven District as a whole was considered to represent an appropriate housing market area for assessment and these figures included that part of the District within the YDNP. For the purposes of public consultation in 2012 the Council sought views on whether the average of the two figures, minus the need for new homes in the YDNP was an appropriate level of housing growth to plan for. That figure was 160 dpa. The same consultation looked at how the level of growth might be distributed across the local plan area i.e. the spatial strategy.
- 2.5 The Craven Spatial Planning Sub Committee (CSPSC) were provided with feedback from the consultation and on 8 October 2012 resolved to use 160 dpa (minimum) for that part of the Craven District outside the YDNP as the draft housing figure for the purposes of further consultation.
- 2.6 The public consultations on the Craven Local Plan during 2013 and 2014 again used the housing figure of 160 dpa. The 2014 Draft Craven Local Plan (DCLP) looked forward to 2030.
- 2.7 On 25 February 2015 the CSPSC received a report on the results of the DCLP consultation and this report recommended the way forward for plan preparation. A major issue was the need, since the publication of the NPPF and associated National Planning Practice Guidance (NPPG), to update the Council's SHMA in accordance with these changed national requirements. Otherwise the plan was at risk of being found unsound at examination.
- 2.8 Hence the figure of 160 dpa was reviewed through the evidence provided in the Council's updated Strategic Housing Market Assessment (SHMA) of June 2015. In November 2015 and December 2015 the Council's Policy Committee and full Council respectively agreed that the objectively assessed need for housing over the entire District was 290 dpa, but that a housing target for the Craven Local Plan should be based on a lower figure of 256 dpa. This again reflected the estimated objectively assessed housing needs for the District outside the YDNP.
- 2.9 Further consultations on the DCLP took place during 2016 using the above revised housing figures and other new and revised evidence to inform plan making. The first consultation took place during the Spring and as well as publishing a pool of site options for potential development, it put forward draft policies with their explanatory text and the draft policies map (excluding development land allocations) and undertook a sustainability appraisal of these policies. Draft Policy SP1: Meeting Housing Need reflected the latest SHMA figures referred to above for objectively assessed housing need of the plan area. This policy was the subject of a sustainability appraisal which assessed the sustainability of the (256 dpa/5,120 dwelling provision 2012 to 2032) and higher and lower targets for new dwelling provision across Craven. A second consultation in the summer 2016 put forward preferred options for housing development. However, following a legal challenge to this consultation, the Council has accepted that it should undertake to re-consult on preferred options.
- 2.10 In July 2016, the Department of Communities and Local Government (DCLG) released updated 2014 based household projections and the Council sought to ensure, as required by the NPPF, that the Local Plan was based on the latest household projections as well as consideration of the impact of the result of European Union Referendum in June 2016.

- 2.11 Hence the following three reports have been published to support the forthcoming Draft Craven Local Plan for consultation in Summer 2017 and formal publication of the plan later in the year:
- Craven District SHMA Update 2016
 - Craven District Demographic Forecasting Update: August 2016
 - Craven District Demographic Forecasting Update Addendum: October 2016
- 2.12 The latter took account of the first post 'Brexit' forecasting of the regional econometric model for Yorkshire. The SHMA took account of the two demographic forecasting updates. This SHMA Update forecast up to the year 2032.
- 2.13 The Council's Policy Committee on 13 December 2016 accepted the results of the Craven District SHMA 2016 Update as forming part of the evidence base for the Craven Local Plan and agreed that, for the purposes of the preparation of a further draft of the Craven Local Plan for informal consultation, a minimum housing requirement target of 4,280 net new dwellings is used for the period 2012 to 2032. This is a net annual average of 214 dwellings per year.
- 2.14 Unlike the figures of 160 dpa and 256 dpa agreed in earlier Council decisions on the Craven Local Plan referred to above, this figure of 214 dpa is the full objectively assessed need (FOAN) for new homes in the whole of Craven District, including that area covered by the Yorkshire Dales National Park (YDNP). This paper reviews that decision in the light of new information derived from recent Inspector's reports on the soundness of Local Plan housing requirements and a High Court decision on the same matter.

3.0 Addressing the need for affordable housing in the Craven Local Plan.

- 3.1 Since the Council's Policy Committee decision in December 2016, a High Court decision published on 25 November 2016 and a number of Local Plan Examination Inspector's reports have come to the Council's attention. These affect how the Council should consider the Craven Local Plan's housing requirement compared to its previous analysis. The High Court decision relates to the case between the trustees of the Barker Mill Estates; Test Valley Borough Council (TVBC) and the Secretary of State for Communities and Local Government. Here, the soundness of the Revised Test Valley Local Plan was challenged and the Local Plan sought to be quashed. In relation to one of the grounds for challenge, the Claimants complained that TVBC failed to comply with the requirements of the NPPF that, in preparing and adopting a local plan, the plan-making authority must identify the full objectively assessed housing need (FOAN) for its district.
- 3.2 The key lesson learnt from TVBC's and the Examination Inspector's application of the NPPF and the PPG for the Craven Local Plan is that, prior to a decision on the plan's housing requirement, it is advisable that the Council gives consideration as to whether the plan could meet the separately assessed need for affordable housing (FOANAH) as well as meeting the overall need for housing (FOAN). Both 'needs' have been identified in the Councils SHMA 2016 Update, and this paper addresses the issue of meeting these housing 'needs'.
- 3.3 The Examination Inspector's report into the soundness of the Yorkshire Dales National Park Local Plan was published on 15 December 2016. This Inspector's report also highlights the importance of plan preparation considering whether the plan can meet the separately assessed needs for affordable housing.

4.0 The National Planning Policy Framework (NPPF)

- 4.1 The NPPF states that local plans should facilitate the delivery of the homes needed in the plan area within the plan period.
- 4.2 To do so - local planning authorities (LPA's) should have a clear understanding of housing needs in their area and they 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.

- 4.3 The National Planning Policy Framework (NPPF) requires LPA's to prepare a SHMA that

“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 needs 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 home; and*
- *caters for housing demand and the scale of housing supply necessary to meet this demand.*

(NPPF para 159).

- 4.4 Para 14 of the NPPF states that:

*“At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan making and decision taking.*

*For **plan-making** this means that:*

- *Local planning authorities should positively seek opportunities to meet the development needs of their area;*
- *Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:*

any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework as a whole; or

specific policies in this Framework indicate development should be restricted”.

- 4.5 Para 47 of the NPPF seeks to boost significantly the supply of housing by requiring LPA's, amongst other matters, to

- prepare Local Plans that meet the full objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the NPPF.
- identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirement.

- 4.6 In 2014, the Court of Appeal held that the provisions of the NPPF require a two stage approach to be followed by the LPA when identifying a housing requirement in a local plan. (Solihull MBC v Gallagher Estates Ltd (2014) EWCA Civ 1610).
- 4.7 The first stage involves the LPA establishing the full objectively assessed need for housing (FOAN) which disregards policy considerations and other matters such as land availability. This is called the 'policy off' stage. The second stage involves the LPA considering whether policy or other considerations justify constraining (or increasing) the FOAN so as to arrive at the amount of housing which the local plan will require to be provided. This is called the 'policy on' stage. These two stages are now applied in this topic paper for the Craven Local Plan.

5.0 Applying the NPPF to the Craven Local Plan: Stage One.

The Objectively Assessed Housing Need for the Craven Local Plan 2012 - 2032

- 5.1 The Council's SHMA Update 2016 has been prepared in accordance with the NPPF and the detailed guidance contained in the Government's Planning Practice Guidance (PPG) and takes account of the Planning Advisory Service (PAS) *Objectively Assessed Need and Housing Targets Technical Advice Note*, Second Edition, July 2015; and the *Local Plan Experts Group (LPEG) report Local Plans: report to the Communities Secretary and the Minister of Housing and Planning*, March 2016.
- 5.2 The SHMA 2016 Update concludes that Craven District is an appropriate housing market area (HMA) for the purposes of Local Plan policy making. Therefore the responsibility for meeting the housing needs of this HMA lies jointly with the two local planning authorities of Craven District Council and the Yorkshire Dales National Park Authority (YDNPA). (The YDNPA acts as the local planning authority for that part of the Craven District which lies within the YDNP).
- 5.3 In paragraphs 6.34 and 6.35 of the SHMA 2016 Update it concludes that the following are the FOAN figures for the different parts of the District wide HMA:

Craven Local Plan Area:

- 3,640 net new dwellings between 2012 and 2032 equating to an annual average of 182 dwellings.

Craven District (within the YDNP):

- 640 net dwellings between 2012 and 2032 equating to an annual average of 32 dwellings.

Craven District:

- 4,280 net new dwellings between 2012 and 2032 equating to an annual average of 214 dwellings.

- 5.4 In the knowledge that the YDNPA now has an adopted Local Plan which runs through to 2030 (only 2 years less than the plan period for the Craven Local Plan) and promotes the meeting of more than its own housing needs within the National Park, it is considered reasonable for this Council to adopt the Craven Local Plan Area FOAN of 182 dpa (3640 dwellings from 2012 to 2032) as its starting point for the consideration of housing growth options. More detail on the YDNPA's Local Plan is given below.

- 5.5 Hence for the purposes of meeting the requirements of paragraph 47 of the NPPF, the FOAN for the preparation of the Craven Local Plan is the provision of 3,640 new dwellings between 2012 and 2032 equating to an annual average of 182 dwellings.

6.0 Applying the NPPF to the Craven Local Plan: Stage Two (Part A).

Setting the housing requirement for the Craven Local Plan.

What should be the housing growth options?

- 6.1 This part of the process involves the assessment of whether policy or other considerations justify constraining (or increasing) the FOAN so as to arrive at the amount of housing which the local plan will require to be provided. The following factors are relevant to consider here:
- Housing need and delivery in adjacent local planning authorities
 - Addressing the need for affordable housing
 - Housing and economic strategy, policy and related evidence.
 - Delivery: Land availability and suitability for housing.
 - Delivery: Past rates and the housing market
 - Environmental impact
 - Infrastructure

Housing need and delivery in adjacent local planning authorities

- 6.2 A Duty to Co-operate statement (DtC) has been published by the Council as part of the Summer 2017 plan consultation. Through discussions with other planning authorities and other relevant organisations the DtC identifies those issues of cross boundary relevance to plan making in Craven District and adjoining local planning authorities. Apart from housing need and deliverability in the Yorkshire Dales National Park Authority (YDNPA) area the DtC does not identify the housing need of any other adjacent local planning authorities as a matter which should affect this District's housing requirement. On 15 December 2016 the YDNPA received the Local Plan Examination Inspector's Report which, subject to a number of modifications, concluded that the YDNPA's Local Plan was sound.
- 6.3 The housing need picture in the YDNP is not straightforward. The YDNP falls within four different housing market areas (HMA's). These are Craven District, South Lakeland District, Lancaster City and Richmondshire. There are acknowledged difficulties in splitting the housing need below the level of HMA's and under these circumstances at the recent examination into the YDNP Local Plan, the YDNPA were reluctant to adopt a full objectively assessed housing need (FOAN) figure for their Local Plan. However, the Inspector considered it necessary to do so in order to comply with the NPPF. He concluded that a range of 32 to 38 dpa should be regarded as the FOAN for the purposes of the Local Plan.
- 6.4 The Inspector's examination report went on to conclude that the critical point is that the plan's housing requirement should meet the identified FOAN. At the examination the YDNPA were promoting a housing requirement of 55 new dwellings per year for the period 2015 and 2030 and clearly this more than meets the Inspector's assessment of the FOAN for the National Park of between 32 and 38 dwellings per annum.
- 6.5 The Inspector concluded that this housing requirement "provides a 'buffer' which bolsters confidence that the Plan will meet housing needs, helping to stabilise the population and meet the objective of helping to make the Park a more attractive option for young adults and

people of working age to live in.” In setting the Craven Local Plan housing requirement the Council would not wish to undermine this key objective of the YDNPA’s Local Plan.

- 6.6 The YDNPA in their Local Plan, rely on a significant level of windfall development to deliver their target of 55 dwellings per year, particularly in the latter part of the plan period. In pointing out his concerns on this issue the YDNPA put forward at the examination as a main modification to the plan that Policy C1, which includes the sites allocated within the policy, should be reviewed within 5 years of the plan’s adoption. This main modification has been found necessary by the Inspector to make the plan sound.
- 6.7 Another main modification recommended by the Inspector to make the YDNP Local Plan sound is the following statement. *“The Plan recognises that some open market housing is now necessary to make sites financially capable of delivering affordable housing. However, the likely scale of development and strong housing market makes it unlikely that all housing demand can be met inside the Park.”*
- 6.8 Hence, the Inspector has endorsed in the YDNPA Local Plan a housing requirement higher than the FOAN in the National Park to maximise the chances of achieving one of the plan’s key social objectives, yet at the same time acknowledges that some of the National Park’s housing demand may be met outside the Park.
- 6.9 However, the YDNPA consider that the 55 dpa housing requirement is robust in terms of deliverability and paragraph 4.3 of the now adopted YDNP Local Plan states *“The housing target for the local plan area is set at an annual average of 55 dwellings per annum. This is a net figure and will be measured over the year by comparing new dwellings completed to demolitions and change of use to non-dwelling uses. This can be disaggregated into the three main housing market areas of Richmondshire (18), Craven (27) and South Lakeland (10). The target of 55 is almost twice the projected rate of household growth up until 2030 but still only half the estimated shortfall of affordable housing. It is, however, equivalent to the average rate of actual housing completion over the last 12 years, so is firmly rooted in deliverability”.*
- 6.10 The close relationship of the housing market either side of the administrative boundaries of CDC and YDNPA and some concern by this Council about the reliance of the YDNPA Local Plan on windfall housing suggest it may be appropriate for the Craven Local Plan to provide for a slightly higher housing supply than that of the FOAN for the Local Plan area itself. However, any higher than FOAN provision for the Craven Local Plan should not undermine the YDNP Local Plan’s objective of making the Park a more attractive option for young adults and people of working age to live in.

Addressing the need for affordable housing

- 6.11 In following the requirements of the NPPF and NPPG, all Strategic Housing Market Assessments (SHMA) must provide housing figures which estimate the overall full objectively assessed need for housing (FOAN) and also a separately assessed need for affordable housing (FOANAH) for each District/Housing Market Area (HMA). Where the affordable housing need can be met because it is viable to provide sufficient affordable homes on sites that will be developed to meet the overall FOAN, then both market and affordable housing needs will be met. Where this is not the case, and there are no other ways of meeting the need for affordable homes, then Councils must consider the option of seeking to deliver more homes than the overall FOAN to meet affordable housing needs.

- 6.12 The overall Craven District HMA FOAN is estimated as 214 dwellings per annum (4,280 dwellings between 2012 and 2032), and the need for affordable housing, assessed separately within the SHMA 2016 Update is 145 dwellings per annum. This level of affordable housing need provides the Council with a strong justification to negotiate, subject to viability and site size, that a proportion of private sector market housing proposals should be for affordable housing. This type of provision of affordable housing is likely to continue to be the main source of such new homes in the District. The Council has undertaken a Local Plan Viability Assessment which concludes that, including the other proposed planning obligations in the Craven Local Plan, 40% of private sector market housing schemes on greenfield land can be developed for affordable housing at a viable level. A higher percentage of contribution towards affordable housing is not recommended as this would run too high a risk that landowners would not come forward with land for housing. .
- 6.13 The SHMA 2016 has not provided a separate affordable housing need for the Craven Local Plan area. The figure of 145 affordable houses per annum is for the District as a whole, including the YDNP area within Craven District. Hence it is not currently possible to compare the Local Plan area's FOAN of 182 dwellings per annum (dpa) with the same area's FOANAH. Hence this comparison and an assessment of how many new homes would have to be built to meet the need for affordable homes has to be undertaken at District wide level.
- 6.14 Assuming 40% of the total new dwellings being built out as affordable homes the annual average of 214 dpa, would provide for 86 affordable homes per annum. This is 59 dwellings below the affordable housing FOAN for the District as a whole of 145 dpa. This being the case and wishing to avoid the risks in connection with site viability and deliverability, the only way of meeting the FOANAH would be to significantly increase the OAN figure for the District of 214 dpa.
- 6.15 To comply with the NPPF and PPG, the above circumstances mean that the Council should consider the impacts and deliverability of a housing target that is likely to meet or get close to meeting the separately assessed need for affordable housing (FOANAH). For the purposes of this consultation a range of between 350 and 400 dpa has been used as being able to meet or come close to meeting this need. This is based on a simplistic calculation based on an assumption that all the new dwellings coming forward during the plan period would provide for 40% affordable homes. Hence 40% of 350 dpa and 400 dpa would result in the provision of 140 and 160 affordable homes per annum respectively. This may be an underestimate of the 'real world' yield because some sites may have abnormal costs that will reduce site viability and this will require the Council to be flexible in terms of its package of normal planning obligations, including affordable housing. Also a number of sites developed during the plan period will be below the planning obligation threshold of 5 or less dwellings within Designated Rural Areas and 10 or less dwellings outside Designated Rural Areas.
- 6.16 However as a guide range for the purposes of the Council's sustainability appraisal and a deliverability/policy objective assessment at this stage, these figures are considered adequate. If this range of housing development is found to represent sustainable development and deliverable, then further work can take place to provide a more accurate calculation.

Housing and economic strategy, policy and related evidence.

- 6.17 The Draft Craven Local Plan Vision, Objectives and Strategic Policies (Spring 2016 and Summer 2017 consultations) seek to ensure that local needs are met for new homes and economic development. The Council is not seeking to promote a step change or uplift in the District's economic activity and a related increase in migration levels over the plan period either

through the Local Plan or its Economic Development Strategy (2010 to 2016). Indeed, the Craven Employment Land Review March 2017 clearly states that the focus of the Council's economic strategy, rather than any step change in the District's economic profile, is on enhancing and improving existing skill levels of the resident workforce and enabling local companies to expand and meet their growth aspirations within the District.

- 6.18 Nevertheless, there is a falling resident workforce with forecasts for an increasingly high proportion of elderly residents creating an imbalanced age profile over the plan period. The house prices and rents relative to incomes are high and many young people and families are already priced out of the housing market.
- 6.19 The provision of the right mix, number and tenure of new homes will help rebalance the age profile of the area, maintain mixed and balanced communities and improve the supply of local labour for businesses. These are the same strategic objectives for Craven District in the York, North Yorkshire and East Riding Housing Strategy (2015 to 2021).
- 6.20 The evidence from the Experian Regional Econometric Model (REM) for Yorkshire and Humberside in 2014 (as set out in the SHMA 2016 update) indicated the potential for a high level of economic growth in the District during the plan period. This high level of economic growth would have suggested an average annual dwelling requirement of 238 dwellings per annum to support such economic activity in the District. However, this evidence is now questionable and reduced estimates of job growth from the 2016 REM no longer support a higher than FOAN housing requirement.
- 6.21 Indeed, the latest and most appropriate 2016 REM job growth forecasts contained within the SHMA 2016 Update suggest a much lower job growth than the 2014 forecasts and a much lower annual housing number required to support such job growth. The housing numbers required to support these job growth forecasts as set out in Table 6.3 of the SHMA 2016 are 147 and 150 dpa. This suggests, that in the interests of balancing the latest job growth forecasts with the housing requirement and minimising the likelihood of out commuting, a lower than FOAN housing requirement should be assessed.

Delivery: Land availability and suitability for housing.

- 6.22 The Council's Strategic Housing Land Availability Assessment (SHLAA) provides a list of sites (with accompanying site maps and details) suggested to the Council by a wide range of organisations and landowners as having potential for future housing development. The SHLAA assesses these sites in relation to their availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period. The SHLAA database informs the Council's assessment of the District's 5 year housing land supply.
- 6.23 The Council's SHLAA of 2012 is currently being updated and will be published alongside the Publication Draft Plan. Whilst the updated SHLAA is not formally published as part of the Summer 2017 plan consultation, officers are aware that the amount of available land, is not in itself a constraint to the growth level associated with Craven's FOAN of 182 dwellings per annum from 2012 to 2032.

Delivery: Past rates and the housing market

- 6.24 The NPPF states that Local Plans should be deliverable. As well as ensuring that a plan is viable an important part of decision making on delivery relates to whether there is likely to be a market for the construction of the number of private dwellings which a housing requirement would set.

6.25 In this respect it is useful to look at the Local Plan area’s housing completion rates in the past and compare these with the area’s FOAN and the housing requirement.

The table below sets out these figures from 2007/8 to 2016

Year	Net dwelling completions (outside the YDNP)	Housing requirement (District as a whole)
2007/08	134	250 (Regional Spatial Strategy (RSS))
2008/09	278	250 (RSS)
2009/10	79	250 (RSS)
2010/11	127	250 (RSS)
2011/12	240	250 (RSS)
2012/13	118	To be determined
2013/14	35	To be determined
2014/15	109	To be determined
2015/16	188	To be determined

6.26 These past delivery rates indicate some concern over the market being able to provide for the Local Plan area’s FOAN of 182dpa. The average annual delivery rate over these nine years is 145 dpa. Based on this past delivery rate and the latest jobs growth forecasts stated earlier there is a case to consider a lower than FOAN housing growth option.

Environmental impact

6.27 If significant adverse environmental impacts were likely as a result of having to meet the Local Plan’s housing needs (FOAN) this could be a reason to reduce the Plan’s housing requirement below the FOAN. Furthermore, the meaning of part of para 14 of the NPPF (quoted earlier in this report) is that a Local Plan’s housing requirement may be lower than the FOAN if “specific policies in this Framework indicate development should be restricted.” The NPPF clarifies this statement by giving examples of these types of policies. *“For example, those policies relating to sites protected under the Birds and Habitats Directives (see para 119) and/or designated Site of Special Scientific Interest, land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, Heritage Coast or within a National Park (or the Broads Authority); designated heritage assets and locations at risk of flooding or coastal erosion.”* (The Housing White Paper, February 2017 is proposing amendments to the wording of Paragraph 14 of the NPPF).

6.28 The Local Plan, through its scoping of the Plan’s Sustainability Appraisal and its emerging Appropriate Assessment, has identified the natural resources and environmental designations within and adjoining Craven. This work has identified many environmental sensitivities which the Local Plan must take account of. However, it is considered that new housing developments to meet the FOAN of 182 dpa can be located to avoid and be sufficiently distant from those critical natural designations referred to in the NPPF and provide for a sustainable pattern of growth, close to jobs, shops and services.

6.29 Therefore, on the basis of the existing evidence and subject to the results of the housing growth and site specific sustainability appraisal, it appears unlikely that there will be a level of

environmental harm to warrant a lower than FOAN for the Local Plan's housing requirement when comparing that harm with the provisions of the NPPF.

Infrastructure

- 6.30 The need to secure the provision of appropriate infrastructure to support housing and economic growth is a critical part of a Local Plan. Through the Council's dialogue with infrastructure providers and services, including gas, electricity and water utilities, education and highway authorities on the impact of development proposals there are infrastructure needs associated with the FOAN growth levels. However these can be met through a variety of sources of funding, including the Local Plan policies to secure developer contributions from new housing developments. It is envisaged that land can be made available for the level of infrastructure requirements. The Council has published a Draft Infrastructure Delivery Plan as part of the Summer 2017 plan consultation and this sets out the draft infrastructure requirements for the District during the plan period. The IDP is a 'living' document which will respond to the growth levels proposed during iterations of the draft plan.
- 6.31 There is no evidence or information currently provided by relevant organisations to suggest that infrastructure requirements should constrain the level of housing in the Plan area below the FOAN.
- 6.32 The assessment of the above policy and other considerations indicates that the following housing growth options should be the subject of further analysis and a sustainability appraisal.
- **Housing growth option A: 145 dwellings per annum from 2012 to 2032 (2,900 dwellings)**

(This growth option is below the level of the FOAN for the Craven Local Plan Area, but is based on the annual average number of dwellings completed (net) over the past 9 years and broadly reflects the number of dwellings required to support the latest job growth forecasts for the District)
 - **Housing growth option B: 182 dwellings per annum from 2012 to 2032 (3,640 dwellings)**

(This option represents the FOAN for the Craven Local Plan Area, but excludes provision for the housing need of that part of the District within the Yorkshire Dales National Park (YDNP))
 - **Housing growth option C: 214 dwellings per annum from 2012 to 2032 (4,280 dwellings)**

(This option represents the FOAN for the whole of the Craven District (including that part of the District within the YDNP))
 - **Housing growth option D: 350 to 400 dwellings per annum from 2012 to 2032 (7,000 to 8,000 dwellings)**

(This growth option would result in the potential for the Local Plan area/ the District to meet all its need for affordable housing (FOANAH))
- 6.33 The Sustainability Appraisal of these growth options is set out in the **Annex 1** to this paper.

7.0 Applying the NPPF to the Craven Local Plan: Stage Two (Part B).

Selecting the Preferred Housing Growth Option (The Draft Housing Requirement)

7.1 This section of the paper draws on the results of the Sustainability Appraisal and the earlier contents of this paper to conclude on what the preferred housing requirement for the Craven Local Plan should be.

7.2 It is divided into the following headings:

- Environmental considerations
- Social considerations
- Economic considerations
- Other considerations: Delivery (including viability and land availability)
- Other considerations: Council strategy, policy and evidence base.
- Other considerations: Housing in the Yorkshire Dales National Park

Environmental considerations

7.3 The Sustainability Appraisal (SA) of the four housing growth options indicates that, in general terms, the higher the scale of housing growth the greater the anticipated adverse environmental effects. Clearly, the greatest adverse impact on the countryside and natural interest is anticipated from the housing growth option D of between 350 and 400 dwellings per annum. Similarly option D is anticipated as having the greatest adverse impact of all the options on climate change, the conservation of water resources, air quality and noise levels and the minimisation of waste. The environmental impact of the other options increases from Option A to B and then C, with Option A having the least impact on the environment and Option C having the highest impact of these three options.

7.4 In respect of the SA assessment of each option against connectivity and reduction in the need to travel, the results are somewhat inconclusive, being to a large extent dependent upon the location of new housing. Nevertheless the SA concludes that the higher the level of housing growth and population the greater the need to travel. Notwithstanding the reasonable logic of this general position on travel needs, the latest evidence from the Regional Econometric Model (REM) on jobs growth forecast in Craven District, (SHMA 2016 Update) suggests that Option A could be the housing growth closest of all the growth options to the population numbers required to support the number of jobs in the District. If this relationship of homes to jobs is realised, Option A has the greatest potential to minimise the length of travel to work journeys and out of district commuting. On this element of travel needs alone, Option A offers the potential for the least increase in CO2 emissions and least impact on climate change. If these latest jobs growth forecasts are realised, Options B and C, it is likely that a higher level of out of district commuting would take place compared to Option A. This increase in travel may be mitigated somewhat in options B and C with a proactive economic strategy for the District and the creation of a good portfolio of new employment sites. However the scale of the housing growth under Option D is such a large number (200 to 250 dwellings per annum higher than that needed to support the latest job growth forecasts for Craven), that the potential levels of out commuting could be very high with little or no prospect of mitigation through higher levels of economic growth in the District.

7.5 In addition to the SA for each growth option, it is useful to look at an important issue in the NPPF on providing for sustainable development in terms of the environment. One of the key

factors in determining the sustainability and suitability of site options for new residential development has been the strong preference of the Council to avoid areas within the Environment Agency's (EA) higher flood risk zones of 2 and 3, and land within high to medium risk of surface water flooding. This is in accordance with the NPPF paragraph 101 which states that *"Development should not be allocated or permitted if there are reasonably available sites appropriate for the proposed development in areas with lower probability of flooding."* This issue is considered particularly important in Craven following recent flood events in 2015 and the potential for increases in land take within these higher risk flood areas through climate change.

- 7.6 To take this issue into account here, reference is made to the Local Plan Background Paper entitled 'The Residential Site Selection Process' (RSSP) published as part of the Summer 2017 plan consultation. This RSSP paper explains the Council's approach to the selection of the plan's preferred housing allocations. This process starts with consideration of all the sites in the Council's Strategic Housing Land Availability Assessment (SHLAA) database, and thereon through a two stage and multi-level selection process resulting in the plan's preferred housing allocations. In summary, those sites in the SHLAA database which have failed to pass the Stage 1 (Level 1 and 2) Sustainability Appraisal tests are considered to be unsustainable and unsuitable to be allocated for new housing. This leaves a 'pool of sites' at Stage 1 (Level 3) from which the Council has selected the plan's preferred housing allocations. It is this 'pool of sites' which represents the Council's view of what the current capacity of the Local Plan area is to provide for sustainable residential development up to 2032. It is this 'pool of sites' therefore that is relevant to consider in connection with the decision making on the plan's housing growth options. Stage 2 of the process, which leads to the selection of the plan's preferred housing allocations, is described in the RSSP. It is not necessary to reference this stage here.
- 7.7 Hence a preliminary assessment of the amount of land covered by the 'pool of sites' that lie outside the EA's flood zones 2 and 3, and land with medium to high risk of surface water flooding has been undertaken. The land outside these zones/areas is therefore within the EA's flood risk zone 1 and areas of low risk of surface water flooding. The Council have combined these two classifications to form its own classification of land of 'low risk from flooding'. This is considered to be in synergy with the above paragraph of the NPPF which does not differentiate between the two types of flooding. The conclusions of this assessment and an assessment of the amount of land, as at 31 March 2017, that would be required to be allocated to meet Housing Growth Option D in Skipton, is provided below.
- After taking account of completions between 2012 and 2017, outstanding planning permissions at 31 March 2017, and adding an allowance to ensure the plan would be delivering a sufficient net dwelling increase,
 - Housing Growth Option D (the lower end of the range - 350 dpa) would require the plan to allocate land for about 4360 new dwellings in Skipton to conform with the plan's spatial strategy (50% of the plan's housing requirement is to be provided for in Skipton).
 - After excluding all land within the higher flood risk areas described above from the Council's 'Pool of Sites' there would remain about 70 hectares of land available for development. If all this 70 hectares of land was suitable for development at 32 dwellings per hectare then a
 - housing supply of 2240 dwellings could be provided for on low flood risk land (see note below).
 - Hence, to get even close to providing for this level of growth very large areas of land of higher flood risk would have to be built on. Alternatively, significant increases in

housing land would have to be provided for in the District's smaller settlements. Neither of these options is considered sustainable.

- 7.8 **Note re 2240 dwelling yield from low risk flood areas in Skipton:** There are of course other important sustainability issues, including impact of heritage, landscape and the natural environment, that the RSSP and the plan's Sustainability Appraisal have identified and taken into account. These issues mean that, on other environmental considerations the 'real' dwelling yield is likely to be substantially reduced.
- 7.9 With the above proviso, the above amount of land in low flood risk areas could accommodate more than enough land required for Skipton in Housing Growth Options A, B and C.

Social considerations

- 7.10 The SA indicates that the higher the housing growth the greater the contribution that can be made toward the full objectively assessed needs for affordable housing (FOANAH). Option D may well provide for all the FOANAH. In contrast, Option A would fail to meet, and be at least 37 dpa short of meeting, the full objectively assessed need for housing (FOAN) and result in a very large shortfall of affordable homes compared with the assessed need. Options B and C would, respectively, meet the FOAN (overall housing need) for the Local Plan Area (excluding the National Park) and the District as a whole. However neither would meet the FOANAH (need for affordable housing). Option C would contribute towards a higher level of affordable housing than Option B.
- 7.11 The SA indicates that Options B and C would provide best for a balanced population, stemming the influence of an ageing population and maintaining economic activity. These Options have also been assessed as least likely to result in poor access to essential services and most likely to promote physical, mental and social health and wellbeing.

Economic considerations

- 7.12 The SA indicates that increasing housing numbers will generally have an increasingly positive impact on the economy. Increased jobs will be created in the housing construction industry and increased numbers of residents will result in additional spending in local shops and services. However the highest housing growth option, Option D, is significantly out of balance with the latest forecast for jobs growth in the District. Options B and C would also result in higher housing growth than would be required to support the latest job growth forecasts. However the imbalance attached to these Options is relatively small compared to Option D and they provide a level of housing growth which would offer some useful flexibility were the latest job forecasts found to be an underestimation of future workforce requirements in the District.

Other considerations: Delivery (including viability and land availability)

- 7.13 Housing Growth Option A was identified as an option to consider in plan preparation because of past completion rates for new homes which reveal generally lower levels of house building per annum than the FOAN (see table earlier in this report). Clearly, if historic conditions are repeated in the future, there would be concern that significantly higher growth options may not be deliverable. However the 9 years of past completion rates referred to earlier in this paper cover a period of unprecedented economic recession which has driven down housing completions across the country. Furthermore this period spans the time when housing land allocations in the existing Craven Local Plan were virtually all developed and there was very little planned forward supply of housing land.

- 7.14 Whilst 'Brexit' will provide uncertainty in the economy for some years yet, there are signs of a recovery in the housing industry and both the major parties in the forthcoming General Election are promoting high levels of house building. The Council will soon be publishing its Local Plan providing a commitment for a 15 year supply of housing land through a comprehensive set of site/land allocations. It is therefore considered reasonable to be optimistic that delivery rates will increase over the plan period compared to the rates of the last 9 years. Even within the last 9 years of economic uncertainty two years have seen the building of well over 200 dwellings in the District.
- 7.15 Therefore in terms of the capacity and appetite of the market in the District to build residential development, it is considered that Housing Growth Options A, B and C are deliverable.
- 7.16 Housing Growth Option D would be promoting the construction of between 350 and 400 dwellings per annum. To deliver this option, between 205 and 255 dwellings per annum above the 9 year annual average of 145 dpa would have to be built. This appears unrealistic and incompatible with the NPPF requirement to ensure plans are deliverable. The closest Craven has come to reaching the 350 dpa in the last 9 years was 278 dwellings in 2008/09.
- 7.17 In relation to the viability element of deliverability, there is no evidence to suggest that options A, B and C would create market conditions to question the viability of this scale of development. In contrast option D could saturate the market with land opportunities for new housing and create uncertainty over the viability and deliverability of sites.
- 7.18 The land availability element of 'deliverability' and the Council's Strategic Housing Land Availability Assessment (SHLAA) shows that Housing Growth Options A, B, C and D can be delivered, but with the environmental impacts set out above.

Other considerations: Council strategy, policy and evidence base.

- 7.19 The strategic and policy context and evidence base for housing and employment has been summarised earlier in this paper. With the emphasis of this context on meeting local needs and with no proposals to create a step change in the economic profile of the District, there is no support for a plan housing requirement significantly above the FOAN of 182 dwellings per annum.
- 7.20 However, in order to fulfil the Council's strategic aspirations to maximise affordable housing, minimise the impacts of an unbalance in its ageing population, create balanced and inclusive communities, as well as maximise the workforce potential to support existing local businesses, there is justification to promote a moderately higher level of housing growth above the 182 dwellings per annum.
- 7.21 Housing Growth Option D would best meet the Council's aspirations for affordable housing, but such an increase in labour force and population runs a very high risk of not being matched by local jobs and being in conflict with the Council's economic strategy. This would also be in conflict with the Draft Local Plan Vision which seeks to enable residents to work locally. The likely resultant out of District commuting to work would also be in conflict with Local Plan Objective 1 which seeks to promote sustainable travel movements.
- 7.22 Housing Growth Options B and C would be in general alignment with the recommendations of the Craven Local Plan Employment Land Review (March 2017) (ELR) with regard to future employment land requirements within the plan period. Housing Growth Option A would result in a lower than recommended employment land requirement in the ELR.

Other considerations: Housing in the Yorkshire Dales National Park

- 7.23 The YDNPA now have an adopted Local Plan which seeks to deliver 55 new dwellings per annum across the National Park. The examination Inspector's view was that the FOAN for the Park is between 32 and 38 dwellings per annum. On the face of these statistics it can be suggested that the YDNPA should easily be able to meet its own FOAN. This perhaps points to Housing Growth Option B (the Craven Local Plan Area FOAN of 182 dpa – outside the National Park) as being the growth option best aligned with the YDNP Local Plan.
- 7.24 However, the examination Inspector was concerned that the National Park's Local Plan housing supply up to 2030 was somewhat dependent on windfall housing. As a result his report recommends a modification on housing land supply to the Plan in order to make it sound. A review of the Park's Local Plan Policy on housing allocations within 5 years has also been recommended. Notwithstanding this position and in the knowledge of the challenges faced by the YDNPA on identifying land for housing due to its significant environmental constraints, there still remains some uncertainty over the ability of the YDNPA to meet the housing needs of that part of Craven District's Housing Market Area within the National Park. Furthermore, the geography of housing need does not align with the boundary between the two authorities with some residents of the National Park likely to find housing and jobs in the Craven Local Plan Area.
- 7.25 The above circumstances suggest that Housing Option C, providing agreement is reached with the Yorkshire Dales National Park Authority, may be a more appropriate housing requirement to maximise the chances of meeting the FOAN for the District as a whole in the most sustainable locations and with least environmental impact.
- 7.26 Housing Growth Option D could create a strong housing market immediately adjacent to the YDNP which would be highly likely to undermine the YDNPA's Local Plan objective to make the Park a more attractive option for young adults and people of working age to live in.

Conclusions

- 7.27 Taking into account all the above analysis, a summary of the Council's reasons for its decision making on the preferred housing requirement for the Craven Local Plan is given below:

Housing growth option A: 145 dwellings per annum (2,900 dwellings) from 2012 to 2032

- **is rejected** because, whilst indicating a relatively good scoring on environmental impact in the Sustainability Appraisal (SA) and a good alignment with the latest jobs growth forecast for the District (Experian REM 2016), it fails to meet the full objectively assessed need for housing (FOAN) and would not represent the positive planning for growth required by the NPPF. This option would not meet the full objectively assessed need for affordable housing (FOANAH).

Housing growth option B: 182 dwellings per annum (3,640 dwellings) from 2012 to 2032

- **is rejected.** It scores reasonably well in its environmental impact (SA), and would be able to be met without the need to encroach into higher flood risk land or risk adverse impacts on the District's heritage. It would meet the full objectively assessed need for housing (FOAN) in the Craven Local Plan Area. However this option fails to recognise that some of the YDNP's housing need is likely to be met within the Craven Local Plan Area (outside of the National Park) and runs some risk that the housing need for the District as a whole

may not be met. (It would be reliant on all the remaining housing need of the District being accommodated in the YDNP- this is a risk because of the current supply of housing in the YDNP Local Plan includes some reliance on windfall housing and the YDNPA is committed to reviewing its housing land allocations to identify more land for housing in the latter part of the plan period. This will be a challenge without environmental harm). This option would not meet the full objectively assessed need for affordable housing (FOANAH).

Housing growth option C: 214 dwellings per annum (4,280 dwellings) from 2012 to 2032

- **is accepted as the preferred housing requirement for the Craven Local Plan.** It would contribute better towards meeting the need for affordable housing than Growth Option's A and B. It aligns better than Growth Option B with the Council's Housing and Economic Strategies. This level of growth should ensure that the FOAN for the Housing Market Area (HMA) of the District as a whole will be met in the most sustainable locations across the District and minimise environmental harm in the Yorkshire Dales National Park. The moderate environmental harm likely to arise from providing for this level of housing is considered to be outweighed by the above benefits. This option is considered the best realistic option for minimising the impacts of an ageing population, the creation of balanced and inclusive communities, maximising the workforce potential to support existing local businesses and for maximising affordable housing. Any higher growth than 214 dwellings per annum runs the following risks:
 - undermining the stability of the YDNP's population by encouraging more people to move into Craven District, in particular young adults and people of working age,
 - adversely impacting on sensitive environmental designations, and
 - unnecessarily increasing the lengths of travel to work through the lack of jobs within Craven District for the resident population.

Housing growth option D: 350 to 400 dwellings per annum (7,000 to 8,000 dwellings) from 2012 to 2032

- **is rejected.** Although it is the only option that could potentially meet the full objectively assessed need for affordable housing (FOANAH), it could not be met without significant risks to the environment and an unsustainable pattern of growth. It would result in the unnecessary loss of significant areas of land of medium to high risk of flooding. This option appears unrealistic and undeliverable when compared with historic completions rates in the District which have reflected market demand. It runs the risk of saturating the market and undermining viability and delivery of that level of housing. It would be in conflict with the Council's Economic Strategy and Local Plan Objectives and be out of alignment with the Local Plan evidence contained in the Craven Local Plan Employment Land Review (Feb 2017). It is likely to undermine a key objective of the Yorkshire Dales National Park Authority's Local Plan to make the Park more attractive for young adults and people of working age; and it is likely to result in high levels of out of District commuting by residents seeking work not available in the District.

7.28 Notwithstanding the above conclusions which means that the Council would not meet all its needs for affordable housing (FOANAH) identified in the SHMA it is important to emphasise that the Council is working hard to maximise the opportunities for affordable housing provision through other means than through planning obligations. Its housing strategies and action plans seek to facilitate these other measures. For example, Priority 4 of the Council's Housing Action Plan 2015/16 seeks to return empty properties into use and promote opportunities to registered providers to acquire/lease and refurbish/renovate empty

properties. Furthermore, the York, North Yorkshire and East Riding Housing Action Plan 2015/16 seeks to maximise delivery of affordable housing via planning obligations and other means. This Action Plan proposes to achieve this objective through the establishment of a York, North Yorkshire and East Riding Local Enterprise Partnership wide Registered Provider (RP) forum and identify and engage with RPs not active in the area to promote potential opportunities. This Action Plan also seeks to identify and use opportunities to re-develop or re-use existing residential or commercial property for new housing. Finally, the York, North Yorkshire and East Riding Housing Strategy 2015- 2021 provides the overall strategic basis for these action plans and at this strategic level seeks to continue to make the best use of existing stock and increase the supply of good quality new homes across all tenures and locations in line with Local Plans.

- 7.29 On 14 June 2017, the Council's Spatial Planning Sub Committee, agreed to seek to agree with the Yorkshire Dales National Park Authority a 'Memorandum of Understanding' which sets out the respective positions of each local planning authority in relation to cross boundary matters.