



# **The need for entry-level affordable homes in Craven**

**August 2020**



## 1.0 Introduction

1.1 The concept of entry-level exception sites was introduced in the 2018 National Planning Policy Framework (NPPF). Paragraph 71 of the current NPPF states that, subject to compliance with certain tests:

*“Local planning authorities should support the development of entry-level exception sites, suitable for first time buyers (or those looking to rent their first home), unless the need for such homes is already being met within the authority’s area.....”*

1.2 As stated in the NPPF housing on these sites must be affordable for those whose needs are not met by the market. This report identifies whether or not the need for entry level affordable housing in Craven District is being met by the housing provisions of the Craven and Yorkshire Dales National Park Local Plans. This requires three stages of work to be undertaken. The first will draw upon the results of the Craven Strategic Housing Market Assessment (2017) (SHMA) to estimate the total need for entry-level affordable housing in Craven District up to 2032.

1.3 The second stage of work will draw upon housing supply data from this Council and the Yorkshire Dales National Park Authority to estimate the likely delivery of entry-level affordable housing up to 2032. (Housing data from both authorities is required so that the area of need matches that of the supply.) The SHMA identifies housing need across the whole of Craven District. The northern part of Craven District lies within the Yorkshire Dales National Park where the Park Authority, as a separate local planning authority, maintains its own data on housing supply and has adopted its own local plan.

1.4 Stage 3 will compare the estimated need for such housing derived from Stage 1 with the estimated supply being delivered up to 2032 in Stage 2 and determine whether in the terms of the NPPF *“the need for such homes is already being met within the authority’s area”*.

1.5 It is important to note that this report does not constitute a Council position or policy on this matter. It merely provides evidence to inform the Council’s decision making on proposals for entry-level exception sites.

1.6 The Council is soon to publish a draft supplementary planning document on affordable housing which will include information about the importance of the local plan, Policy SP4: Spatial Strategy and Housing Growth, in the Council’s decision making on entry-level exception sites.

## **2.0 Stage 1: Need for, and affordability of, entry-level affordable housing in Craven District**

2.1 The following provides a summary of Annex 1 to this report. This Annex is entitled “The need for, and affordability of, entry level housing in Craven” and has been evidenced by Arc4 consultancy on behalf of the Council.

- There is a shortfall in affordable housing across the District of 126 dwellings per annum from 2017 to 2032. (2017 Strategic Housing Market Assessment (SHMA)).
- This shortfall comprises 83 general needs dwellings and 43 older persons’ dwellings per annum (SHMA).
- In seeking to estimate the level of need for entry-level affordable housing, it is reasonable to assume that the need for 43 older persons’ dwellings per annum is not a need for first time buyers or renters.
- This leaves an annual need of 83 affordable dwellings for general needs housing, 36% percent of which is from newly-forming households. (SHMA).
- 36% of 83 dwellings per annum equates to 30 affordable dwellings per annum needed for newly-forming households.
- It is a reasonable assumption that these newly-forming households will be first time buyers or renters.
- In addition, over the period up to 2032, many existing households in need of affordable housing will seek to move from the rented sector to home ownership for the first time. These households will represent first time buyers eligible for entry-level affordable housing, but are not able to be identified in the SHMA.
- Therefore, the need for entry-level affordable housing up to the end of the Craven Local Plan period across the District is at least 450 dwellings (30 X 15yrs (2017 to 2032))
- Importantly the document, contained in Annex 1 to this report, also sets out evidence which identifies what is genuinely affordable for the entry-level housing market in Craven. The Council’s Strategic Housing Section will use the evidence provided in Annex 1 to ensure such genuinely affordable housing is secured across the District. The Annex concludes that to be genuinely affordable:
  - Rents should not exceed £521 each month: and
  - Purchases should not exceed £145,000

### 3.0 Stage 2: Supply of entry level affordable housing in Craven District

3.1 Government planning policy on affordable housing means that the majority of such housing is delivered as a proportion of the total yield of private developers' housing proposals, if required by a local plan policy. Craven District Council (CDC) and the Yorkshire Dales National Park Authority (NPA) both have such policies in their adopted local plans.

#### Supply from housing completions across the District

3.2 Craven District's Strategic Housing Section has provided the following figures for the district as a whole. Between the years 2017 and 2019, 65 affordable homes have been built in the District as a whole (excluding specialist affordable homes for older people). These are split by year as follows:-

- 2017/18 28
- 2018/19 37

3.3 This report makes the assumption that 36% of these affordable completions have met the needs of newly forming households (supply broadly meeting need – 36% of general affordable housing need). Using this assumption, the delivery of affordable homes for newly-forming households, will have equated to **23 dwellings of entry level households** as follows:-

- 2017/18 10
- 2018/19 13

3.4 The assumption made above and throughout this report, that supply will broadly meet need is likely to be an overestimate of the supply of newly-forming households. This is because some of the 65 affordable homes built on these sites will have met the need for older persons who do not require specialist housing. The knock on effect of this would reduce the proportion of the 65 affordable homes that are estimated as provided for newly-forming households below 36%.

#### Future supply in the area covered by the Craven Local Plan.

3.5 As at 1<sup>st</sup> January 2020, existing consents for affordable dwellings (excluding specialist affordable homes for older people) were 293 dwellings.

3.6 Assuming that 36% of extant consents will address the need for newly forming households (supply broadly meeting need), **105 dwellings (36% of 293) will provide for entry level affordable households.**

- 3.7 The total yield from allocated sites and planning approvals subject to S106 agreements (excluding allocations for specialist housing for older people and sites below Policy H2 thresholds) will be 2,000 dwellings.
- 3.8 1,783 of the 2,000 dwellings are being delivered on **greenfield sites**.
- 3.9 With a policy requirement (Policy H2) of 30% affordable housing from these greenfield sites, these sites should yield 537 affordable homes.
- 3.10 Assuming 36% of these affordable homes will meet the need for newly forming households (supply broadly meeting need) then **193 affordable dwellings for entry-level households should be delivered**.
- 3.11 217 of the 2,000 dwellings are being delivered on **previously developed sites**.
- 3.12 With a policy requirement of 25% affordable housing from these previously developed sites, they should yield 39 affordable dwellings (less where vacant building credit is applicable).
- 3.13 Assuming 36% of these affordable homes will meet the need for newly forming households (supply broadly meeting need) then **14 affordable dwellings for entry-level households should be delivered**.

(Source: Annex 2: Extant Consents for Affordable Housing & Affordable Housing Yield from Allocated Sites and the Craven District Council January 2020 settlement growth monitoring report, which can be viewed at <https://www.cravencd.gov.uk/planning/planning-policy/archives/evidence-archive/>)

- 3.14 Adding up the above figures (in emboldened text) provides an estimate of 335 affordable homes providing for entry-level households:

Completions (2017 to 2019)	23
Commitments (1 January 2020)	105
Local plan allocations (not included in above headings)	207
<b>Total</b>	<b>335</b>

Future supply in that part of the District within the Yorkshire Dales National Park.

- 3.15 This report uses the information provided by the NPA during the 2018 Craven Local Plan Examination, and updated as at 22 May 2020, to estimate the likely supply of entry-level affordable housing in that part of the district within the National Park. The full details of which can be found at:

<https://www.cravenc.gov.uk/media/7273/el5004-examination-note-on-housing-supply-in-ydnp-area-of-craven.pdf>

Affordable homes within extant consents (as at October 2018) 11 dwellings  
(Updated by the NPA as at 22 May 2020 to 25 dwellings)

Local Plan allocations within the Craven District  
(minus Site 71: North of Hillcroft Barn,  
Horton-in-Ribblesdale – has extant consent at May 2020)

(49) South of John Brown Cottage, Airton	4 dwellings
(9) South West of Pant Head, Austwick	8 dwellings
(24) South of The Croft, Cracoe	4 dwellings
(88) North of Netherfield, Giggleswick	8 dwellings
(203) North of Moody Sty Lane, Grassington	20 dwellings
(61) West of Grosvenor Farm, Long Preston	9 dwellings
(75 & 126) South of Institute, Threshfield	10 dwellings

3.16 In accordance with the NPA's local plan policy, the two 4 dwelling sites above will be restricted to those households satisfying local occupancy criteria. These sites are unlikely to provide for affordable homes. For the remaining allocation sites, the maximum affordable homes contribution will be 50% and for sites below 11 dwellings this will be an off-site financial contribution. Hence a reasonable estimate of the amount of affordable homes to be supplied from the above sources is 48 dwellings:-

Extant consents for affordable homes:	25 dwellings
50% of site allocations above 4 dwellings	23 dwellings

3.17 Assuming 36% of these 48 affordable dwellings will be provided for newly forming households (Supply broadly meeting need) then **17 dwellings for entry-level households should be delivered in this part of the District.**

3.18 There are some differences between the periods of time in the above data for the National Park and that used for the analysis of supply in the Craven Local Plan area (e.g. the NPA adopted plan period ends in 2030 rather than 2032).

#### **4.0 Stage 3: Conclusions and balance between need and supply:**

- 4.1 Newly-forming households have been used as a proxy measure of the need for entry-level affordable homes in Craven District. **The need for affordable homes for newly forming households in the District has been derived from the Craven District SHMA and Annex 1 of this report and is estimated at 450 dwellings between 2017 and 2032.**
- 4.2 The actual need for entry-level affordable homes (described in the NPPF as providing for first time buyers and renters) is likely to be higher than 450 dwellings. For example, households renting affordable (or private) dwellings will, during this period, become first time buyers of affordable housing. These will not have been classified in the SHMA as newly-forming households and yet they will represent entry-level first time buyers. The SHMA is unable to measure this scale of transfer from rented to home ownership affordable housing, but it is clear from the Government's 'First Homes' initiative that there will, in the coming years, be incentives for households to become first time buyers of affordable homes.
- 4.3 The supply of entry-level affordable homes to be delivered in the Craven Local Plan area during the same period is estimated as 335 dwellings.
- 4.4 The supply of entry-level affordable homes to be delivered in that part of the District within the Yorkshire Dales National Park during a similar period is estimated at 17 dwellings.
- 4.5 **The total estimated supply of entry-level affordable homes across the District up to 2032 is 352 dwellings. (335 plus 17)**
- 4.6 **Therefore, it is estimated that there will be an unmet need for entry-level affordable housing across the District by 2032 of at least 98 dwellings (450 minus 352).**

## Craven District Council

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# The Need for, and affordability of, entry-level housing in Craven District

## Final Report

April 2020

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# Craven District Council

## The Need for, and affordability of, entry-level housing in Craven District

### Overview

- 1.1 The main purposes of this technical note are to: identify the scale and characteristics of the need for entry-level affordable housing in Craven District; and identify what is genuinely affordable to first-time buyers and renters in the district. This technical note:
- Outlines the provisions for entry-level housing in the NPPF (para 1.4);
  - explores the range of tenures which could be developed for entry-level affordable housing in Craven (Table 2);
  - considers the range of intermediate tenures<sup>1</sup> which could be developed in Craven (Appendix A);
  - reviews the relative cost of alternative tenures at parish, ward and district level (Table 3 and accompanying excel data);
  - reviews the relative affordability of alternative tenures at parish, ward and district level by comparing price to local income (Tables 4-7, 9-12 and accompanying excel data) ; and
  - considers the relative affordability of tenure options for key workers and those on minimum/living wages (Table 13 and 14);
  - sets out an updated position of the equity stake which is likely to be afforded by households who cannot access open market purchase (Table 16).
- 1.2 This report provides the Council with a minimum figure of annual need for entry-level affordable housing in the District, as well as conclusions on what is genuinely affordable housing for such housing in the District. The Council is currently preparing a further evidence-based note which will determine whether this level of need for entry-level affordable housing is likely to be met by the housing land allocations in the Craven Local Plan and what the consequences are for the Council's approach to Entry-level exception sites.

This note is accompanied by a comprehensive set of data tables which are summarised in Appendix B.

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<sup>1</sup> Intermediate tenure is a broad term used in the SHMA which encompasses a range of products for sale and rent at below market value. It currently relates to the products described in Annex 2 of the 2019 NPPF: Starter Homes; Discounted Market Sale Housing; and other affordable routes to home ownership which includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent).

## Affordable housing and entry-level housing definitions

### 1.3 Paragraph 71 of the NPPF states:

‘Local planning authorities should support the development of entry-level exception sites, suitable for first-time buyers (or those looking to rent their first home), unless the need for such homes is already being met within the authority’s area. These sites should be on land which is not already allocated for housing and should:

- a) comprise of entry-level homes that offer one or more types of affordable housing as defined in Annex 2 of this Framework; and
- b) be adjacent to existing settlements, proportionate in size to them<sup>2</sup>, not compromise the protection given to areas or assets of particular importance in the Framework<sup>3</sup> and comply with any local design policies and standards.

### 1.4 The definition in the NPPF of an entry-level exception site (ELES) is ‘a site that provides entry-level homes suitable for first-time buyers (or equivalent, for those looking to rent), in line with paragraph 71 of this Framework.’

### 1.5 The range of affordable tenures acknowledged in the NPPF is summarised in Appendix A of this technical note.

### 1.6 Previous SHMA guidance (withdrawn in 2014) commented ‘entry-level prices should be approximated by lower-quartile house prices.’<sup>4</sup> Research by Lichfields equates an entry-level property to a 2-bed home<sup>5</sup>. This note makes a reasonable assumption that an ELES property would be marketed at the prevailing lower quartile price based on district-level data.

### 1.7 A property is affordable if no more than 25% of household income is spent on rent or the property price is no more than 3.5x household income (after assuming a 10% deposit). These are reasonable and long-standing assumptions which were initially proposed in government guidance<sup>6</sup>.

## Affordable housing need in Craven District

### 1.8 The 2017 Craven District Strategic Housing Market Assessment (SHMA) evidenced a gross need of 233 affordable dwellings each year and, after taking account of affordable supply through lettings and intermediate tenure<sup>7</sup> sales, a net need of 126 each year. Table 1 sets out the summary of net need by number of bedrooms for both general needs and older person households.

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<sup>2</sup> Entry-level exception sites should not be larger than one hectare in size or exceed 5% of the size of the existing settlement

<sup>3</sup> Entry-level exception sites should not be permitted in National Parks (or within the Broads Authority), Areas of Outstanding Natural Beauty or land designated as Green Belt

<sup>4</sup> Strategic Housing Market Assessments Practice Guidance Version 2 2007 (withdrawn 2014)

<sup>5</sup> Getting on the ladder-could entry-level exception sites be part of the solution, Lichfields, Oct 2018

<sup>6</sup> Redacted CLG 2007 Strategic Housing Market Assessment guidance Practice Guidance version 2 p.43

<sup>7</sup> See footnote 1 for definition of intermediate tenures

Table 1 Summary of net annual imbalance based on households in need who couldn't afford by bed size/designation			
No. of Bedrooms	Housing Type		
	General Needs	Older Person	Total
1	30	38	68
2	37	5	42
3	15	0	15
4	1	0	1
<b>Total</b>	<b>83</b>	<b>43</b>	<b>126</b>

Source: Table 7.2 Craven 2017 SHMA

- 1.9 The 2017 SHMA recommended broad tenure split of 75-85% social/affordable rented and 15-25% intermediate tenure<sup>8</sup> split. This takes account of past trends in delivery, relative affordability and potential Government policy. Indeed, affordable home ownership is a key aspect of the new government's housing policy.
- 1.10 The tenure split translates to an annual need for:
- 95 – 107 affordable dwellings to rent;
  - 19 – 32 affordable dwellings to buy.
- 1.11 To support the delivery of affordable housing , Policy H2 of the Local Plan requires:
- Affordable housing contributions:
    1. on all sites of 11 or more dwellings, and for all proposals of more than 1000sqm; and
    2. For sites of 6 to 10 dwellings in Designated Rural areas.
  - This will be in the form of on-site provision for 1. above and off-site financial contributions to 2. Above.
  - The contributions will be 30% or 25% of the site yield or the equivalent financial contribution when off-site for greenfield and brownfield sites respectively

## The need for ELES

- 1.12 The basis of calculating ELES need is the affordable housing needs analysis presented in Tables 7.2 and C1 of the 2017 SHMA. These identify:
- An overall gross need of 233 of which 150 is backlog need from existing households and 83 from newly forming households;
  - An annual affordable capacity through re-lets and sales of 107; and an
  - Annual imbalance (shortfall) of 126.

<sup>8</sup> See footnote 2

- 1.13 The 126 shortfall comprises a need for 83 general needs dwellings and 43 older person dwellings. The analysis indicates that of gross need, 64% is from existing households and 36% is from newly-forming households.
- 1.14 Given that ELES focuses on households entering the housing market, the annual need for 43 older person dwellings is discounted. Of the annual need for 83 general needs dwellings, 30 is from newly-forming households (36% of need). Clearly the 30 dwellings per annum (dpa) newly-forming households will be first-time buyers or renters requiring entry-level homes. However, as well as these households, many existing households will continue to be living in unsuitable/overcrowded housing. The first time they enter into suitable housing should be counted as entry-level affordable housing. Furthermore, many households in rented accommodation, both private and affordable, may become first time buyers of affordable homes over the coming years – especially with the Government’s proposed ‘First Homes Initiative’. Both of these factors are likely to significantly increase the amount of entry-level affordable homes needed above the 30dpa minimum figure given above which is only based on newly forming households.

### Relative affordability of alternative options

- 1.15 The relative cost of alternative housing options across the district is now considered. Firstly, analysis considers prevailing prices across a range of market and affordable tenures and the incomes required to afford these properties. Secondly, analysis considers what is genuinely affordable to households based on local incomes and assumptions around the proportion of income that should be spent on renting and the multiples of income for buying. The analysis of what is genuinely affordable also considers the incomes of selected key workers and those on minimum and living wages.
- 1.16 This note is accompanied by a comprehensive set of data tables which explores data by district, ward and parish. Table 2 sets out the range of market and affordable tenures considered in analysis and any assumptions relating to the cost of properties.
- 1.17 Table 3 sets out the cost of alternative tenure options by ward and Table 4 sets out the indicative household incomes required for options to be affordable. A rental property is affordable if up to 25% of household income is spent on rent; and owning is affordable based on a 3.5x household income multiple (and analysis also assumes deposits of up to 10%). The impact of higher deposits on the income required to service a mortgage are summarised in Table 5 based on district prices; this demonstrates the considerable reduction on income requirements for a property to be affordable through higher deposits.

Table 2 Summary of tenure, price assumptions and data sources		
Tenure	Tenure price assumptions	Data Source
Social rent	2018/19 prices	Regulator of Social Housing Statistical Data Return 2019
Affordable Rent	Affordable rent based on 80% of median market rent	Zoopla 2019
Market Rent – lower quartile	2018 prices	Zoopla 2019
Market Rent – median	2018 prices	Zoopla 2019
Market Sale – lower quartile	2018 prices	Land Registry Price Paid
Market Sale – median	2018 prices	Land Registry Price Paid
Market Sale – average	2018 prices	Land Registry Price Paid
Shared ownership (50%)	Total price based on median price and 50% ownership. Mortgage based on 40%. 10% deposit required; annual service charge £395, annual rent based on 2.75% of remaining equity	Assumptions applied to Land Registry Price Paid data
Shared ownership (25%)	Total price based on median price and 25% ownership. Mortgage based on 20%. 5% deposit required; annual service charge £395, annual rent based on 2.75% of remaining equity	Assumptions applied to Land Registry Price Paid data
Help to buy	Total price based on median price. Mortgage based on 75% equity. 20% loan and deposit of 5%. Loan fee of 1.75% in year 6 of outstanding equity loan increasing annually from yr7 at RPI+1%	Assumptions applied to Land Registry Price Paid data
Discounted home ownership (30%)	70% of Average Price	Assumptions applied to Land Registry Price Paid data
Discounted home ownership (20%)	80% of Average Price	Assumptions applied to Land Registry Price Paid data

**Table 3 Housing costs by ward**

Ward	Housing option											
	Renting					Buying						
	Social Rent	Affordable Rent (monthly)	Market Rent - LQ	Market Rent - Median	Intermediate rent	Shared ownership 50%	Shared ownership 25%	Help to buy	Discounted Home Ownership (30%)	Discounted Home Ownership (20%)	Lower Quartile	Median
Aire Valley with Lothersdale	£384	£520	£594	£650	£550	£114,500	£57,250	£171,750	£195,364	£223,273	£180,000	£229,000
Barden Fell	£384	£475	£399	£594	£698	£246,000	£123,000	£369,000	£367,886	£420,441	£415,000	£492,000
Bentham	£384	£541	£390	£676	£484	£85,875	£42,938	£128,813	£136,192	£155,648	£128,000	£171,750
Cowling	£384	£340	£394	£425	£346	£73,250	£36,625	£109,875	£122,624	£140,142	£118,000	£146,500
Embsay-with-Eastby	£384	£551	£594	£689	£521	£139,975	£69,988	£209,963	£195,344	£223,250	£210,000	£279,950
Gargrave and Malhamdale	£384	£475	£576	£594	£619	£150,000	£75,000	£225,000	£220,555	£252,063	£195,000	£300,000
Glusburn	£384	£440	£414	£550	£475	£86,625	£43,313	£129,938	£139,599	£159,542	£129,950	£173,250
Grassington	£384	£537	£544	£672	£516	£172,500	£86,250	£258,750	£287,867	£328,990	£310,000	£345,000
Hellifield and Long Preston	£384	£475	£576	£594	£557	£85,500	£42,750	£128,250	£137,638	£157,300	£138,500	£171,000
Ingleton and Clapham	£384	£459	£550	£574	£489	£120,000	£60,000	£180,000	£188,146	£215,024	£151,000	£240,000
Penyghent	£384	£385	£481	£481	£385	£127,500	£63,750	£191,250	£213,501	£244,001	£185,000	£255,000
Settle and Ribblesbanks	£384	£475	£464	£594	£543	£110,000	£55,000	£165,000	£158,871	£181,566	£170,000	£220,000
Skipton East	£384	£520	£594	£650	£558	£107,500	£53,750	£161,250	£155,635	£177,868	£196,000	£215,000
Skipton North	£384	£504	£494	£631	£532	£129,000	£64,500	£193,500	£196,487	£224,556	£181,000	£258,000
Skipton South	£384	£461	£550	£576	£467	£70,625	£35,313	£105,938	£108,369	£123,850	£129,750	£141,250
Skipton West	£384	£447	£524	£559	£457	£72,500	£36,250	£108,750	£118,060	£134,926	£129,750	£145,000
Sutton-in-Craven	£384	£478	£550	£598	£483	£84,375	£42,188	£126,563	£141,797	£162,054	£149,000	£168,750
Upper Wharfedale	£384	£543	£498	£679	£581	£145,000	£72,500	£217,500	£222,970	£254,823	£245,000	£290,000
West Craven	£384	£520	£550	£650	£531	£107,500	£53,750	£161,250	£163,027	£186,316	£174,500	£215,000
Craven District	£384	£475	£548	£594	£508	£97,500	£48,750	£146,250	£163,339	£186,674	£145,000	£195,000

Note: Intermediate rent refers to a rental product which is at least 20% below market rent as set out in the NPPF Annex 2

Source: Data produced by Land Registry © Crown copyright 2019, Zoopla 2019, MHCLG, SDR 2019

**Table 4** Income required for tenure option to be affordable

Ward	Renting					Buying						
	Social Rent (monthly)	Affordable Rent (monthly)	Market Rent - LQ	Market Rent - Median	Intermediate rent	Shared ownership 50%	Shared ownership 25%	Help to buy	Discounted Home Ownership (30%)	Discounted Home Ownership (20%)	Lower Quartile	Median
Aire Valley with Lothersdale	£18,412	£24,960	£28,512	£31,200	£26,385	£43,478	£35,872	£ 45,800	£53,027	£60,603	£ 46,286	£ 58,886
Barden Fell	£18,412	£22,810	£19,152	£28,512	£33,516	£91,757	£75,416	£ 98,400	£99,855	£114,120	£ 106,714	£ 126,514
Bentham	£18,412	£25,958	£18,720	£32,448	£23,245	£32,968	£27,264	£ 34,350	£36,967	£42,247	£ 32,914	£ 44,164
Cowling	£18,412	£16,320	£18,912	£20,400	£16,589	£28,333	£23,467	£ 29,300	£33,284	£38,039	£ 30,343	£ 37,671
Embsay-with-Eastby	£18,412	£26,458	£28,512	£33,072	£24,985	£52,831	£43,532	£ 55,990	£53,022	£60,597	£ 54,000	£ 71,987
Gargrave and Malhamdale	£18,412	£22,810	£27,648	£28,512	£29,692	£56,511	£46,547	£ 60,000	£59,865	£68,417	£ 50,143	£ 77,143
Glusburn	£18,412	£21,120	£19,872	£26,400	£22,814	£33,244	£27,489	£ 34,650	£37,891	£43,304	£ 33,416	£ 44,550
Grassington	£18,412	£25,786	£26,112	£32,232	£24,773	£64,772	£53,313	£ 69,000	£78,135	£89,297	£ 79,714	£ 88,714
Hellfield and Long Preston	£18,412	£22,810	£27,648	£28,512	£26,712	£32,831	£27,151	£ 34,200	£37,359	£42,696	£ 35,614	£ 43,971
Ingleton and Clapham	£18,412	£22,042	£26,400	£27,552	£23,488	£45,497	£37,526	£ 48,000	£51,068	£58,364	£ 38,829	£ 61,714
Penyghent	£18,412	£18,470	£23,088	£23,088	£18,470	£48,251	£39,781	£ 51,000	£57,950	£66,229	£ 47,571	£ 65,571
Settle and Ribblesbanks	£18,412	£22,810	£22,272	£28,512	£26,084	£41,826	£34,519	£ 44,000	£43,122	£49,282	£ 43,714	£ 56,571
Skipton East	£18,412	£24,960	£28,512	£31,200	£26,783	£40,908	£33,767	£ 43,000	£42,244	£48,279	£ 50,400	£ 55,286
Skipton North	£18,412	£24,211	£23,712	£30,264	£25,556	£48,801	£40,232	£ 51,600	£53,332	£60,951	£ 46,543	£ 66,343
Skipton South	£18,412	£22,118	£26,400	£27,648	£22,427	£27,369	£22,678	£ 28,250	£29,414	£33,616	£ 33,364	£ 36,321
Skipton West	£18,412	£21,466	£25,152	£26,832	£21,924	£28,058	£23,242	£ 29,000	£32,045	£36,623	£ 33,364	£ 37,286
Sutton-in-Craven	£18,412	£22,963	£26,400	£28,704	£23,164	£32,418	£26,813	£ 33,750	£38,488	£43,986	£ 38,314	£ 43,393
Upper Wharfedale	£18,412	£26,054	£23,904	£32,568	£27,878	£54,676	£45,044	£ 58,000	£60,521	£69,166	£ 63,000	£ 74,571
West Craven	£18,412	£24,960	£26,400	£31,200	£25,506	£40,908	£33,767	£ 43,000	£44,250	£50,571	£ 44,871	£ 55,286
Craven District Total	£18,412	£22,810	£26,304	£28,512	£24,391	£37,236	£30,760	£ 39,000	£44,335	£50,669	£ 37,286	£ 50,143

Note that the maximum household income to be eligible for affordable home ownership options is £80,000 each year. The red cells indicate where incomes required may exceed this amount.

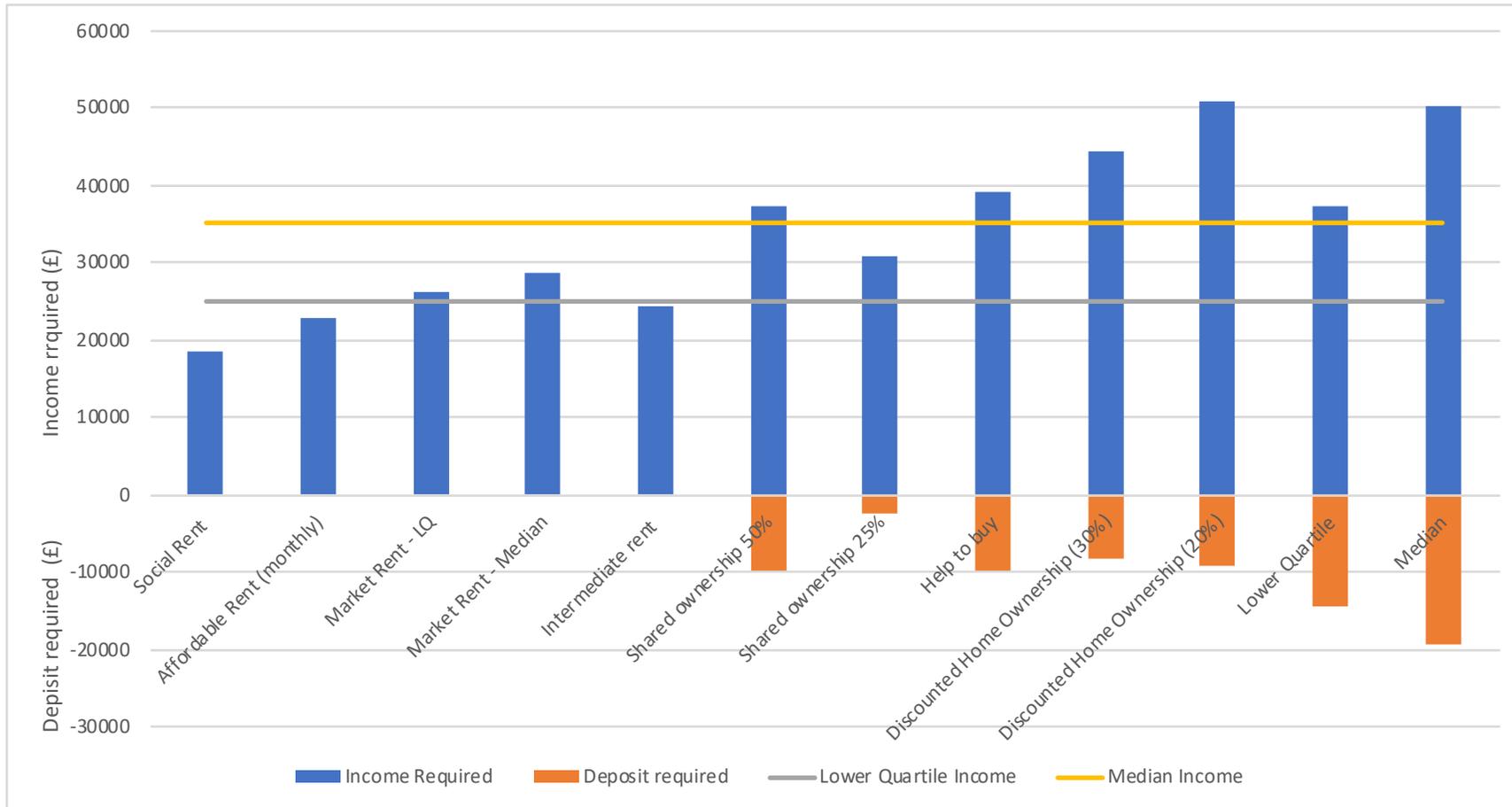
**Table 5** Impact of alternative deposits on income required for open market properties

Market sale price	Amount of deposit				District
	10%	20%	30%	40%	
Market Sale - Lower Quartile	£130,500	£116,000	£101,500	£87,000	£145,000
Market Sale - Median	£175,500	£156,000	£136,500	£117,000	£195,000
Market Sale - Average	£210,008	£186,674	£163,339	£140,005	£233,342
<b>Household income required (3.5x multiple)</b>					
Market Sale - Lower Quartile	£37,286	£33,143	£29,000	£24,857	
Market Sale - Median	£50,143	£44,571	£39,000	£33,429	
Market Sale - Average	£60,002	£53,335	£46,668	£40,001	

- 1.18 Figure 1 summarises in graphical form the relative affordability of alternative tenures in Craven District. It presents the income and deposit required for different options set against prevailing lower quartile (LQ) and median earnings derived from 2018 CAMEO data.
- 1.19 This indicates that social, affordable and intermediate rent are affordable to households on lower quartile incomes (which excludes any housing benefit). For median income households, all identified rental options would be affordable along with some intermediate tenure<sup>9</sup> products.
- 1.20 This comparison of local incomes with the cost of local house prices and rents reinforces the affordability challenge faced by residents within Craven District. A clear conclusion is that there is a mismatch between household incomes and the prices of affordable housing, private renting and home ownership. It also shows the problem faced by households who do not have either existing equity or savings greater than 10%.

<sup>9</sup> See footnote 1 for definition of intermediate tenures

**Figure 1** Craven District household income and housing costs



Source: Data produced by Land Registry © Crown copyright 2018, Zoopla 2018, CAMEO 2018, RSH SDR 2018

Note: The deposit requirements are shown on the table as a negative number

## What is genuinely affordable housing in the Craven District context?

- 1.21 Having considered what a household needs to earn to afford alternative tenures, consideration is now given to the actual incomes of households across the district and how this relates to prevailing prices. This analysis helps to establish what is genuinely affordable based on reasonable income multipliers for renting and buying. The analysis takes into account:
- 2018 lower quartile and median household incomes from CAMEO data;
  - 2018 entry-level incomes for a range of key worker occupations;
  - Incomes associated with 2019 minimum and living wages (using single, dual income and 1.5x income measures);
  - How much households could afford to spend on market rents by considering the percentage of income spent on housing. To do this, analysis considers what rent a household could afford if it spent 25%, 30%, 35%, 40%, 45% and 50% of income on rent. This is then compared with what lower quartile and median market rents actually were in 2018 to determine what is affordable to households;
  - The extent to which affordable rental options are genuinely affordable to households;
  - The extent to which households could afford home ownership based on multiples of household income starting at 3.5x. The analysis does go up to a 10x income multiple (this is to illustrate the affordability challenges of home ownership although it is recognised that obtaining a mortgage would not be possible on such a multiple of income).

### *Genuinely affordable rents*

- 1.22 Table 6 sets out the lower quartile rent that could be afforded based on the percentage of income used to pay the rent by ward. For instance, in Hellifield and Long Preston, lower quartile rent in 2018 was £576 each month and lower quartile gross household incomes were £2,083 each month. The table shows that the rent in this ward would be affordable if 30% of income was spent on rent. Lower Quartile rent affordability was a particular issue in Skipton South and West wards where at least 40% of income was needed to be spent on renting.
- 1.23 Table 7 presents the same analysis based on median rents and incomes. This shows there were three wards where households had to spend more than 25% of their income on rent.
- 1.24 This analysis can help establish what would be a reasonable rent based on local incomes. Assuming that 25% of income is spent on housing, a genuinely affordable lower quartile market rent for Craven District would be £521 each month and a median rent £729 each month. For comparison, Table 8 sets out the Local Housing Allowance which applies to Craven District.

**Table 6 Lower quartile rents, household incomes and what could be afforded**

Locality	Monthly lower quartile rent that could be afforded by percentage of income spent on rent						Actual LQ rent 2018	LQ Gross household income 2018 (Monthly £)
	25% of income	30% of income	35% of income	40% of income	45% of income	50% of income		
Aire Valley with Lothersdale	£729	£875	£1,021	£1,167	£1,313	£1,458	£594	£2,917
Barden Fell	£729	£875	£1,021	£1,167	£1,313	£1,458	£399	£2,917
Bentham	£521	£625	£729	£833	£938	£1,042	£390	£2,083
Cowling	£521	£625	£729	£833	£938	£1,042	£394	£2,083
Embsay-with-Eastby	£729	£875	£1,021	£1,167	£1,313	£1,458	£594	£2,917
Gargrave and Malhamdale	£729	£875	£1,021	£1,167	£1,313	£1,458	£576	£2,917
Glusburn	£521	£625	£729	£833	£938	£1,042	£414	£2,083
Grassington	£729	£875	£1,021	£1,167	£1,313	£1,458	£544	£2,917
Hellifield and Long Preston	£521	£625	£729	£833	£938	£1,042	£576	£2,083
Ingleton and Clapham	£521	£625	£729	£833	£938	£1,042	£550	£2,083
Penyghent	£521	£625	£729	£833	£938	£1,042	£481	£2,083
Settle and Ribblesbanks	£521	£625	£729	£833	£938	£1,042	£464	£2,083
Skipton East	£521	£625	£729	£833	£938	£1,042	£594	£2,083
Skipton North	£521	£625	£729	£833	£938	£1,042	£494	£2,083
Skipton South	£313	£375	£438	£500	£563	£625	£550	£1,250
Skipton West	£313	£375	£438	£500	£563	£625	£524	£1,250
Sutton-in-Craven	£521	£625	£729	£833	£938	£1,042	£550	£2,083
Upper Wharfedale	£521	£625	£729	£833	£938	£1,042	£498	£2,083
West Craven	£729	£875	£1,021	£1,167	£1,313	£1,458	£550	£2,917
Total	£521	£625	£729	£833	£938	£1,042	£548	£2,083

Note: Red cells indicate rent is not affordable; Green cells indicate rent is affordable

**Table 7** Median rents, household incomes and what could be afforded

Ward	Monthly median rent that could be afforded by percentage of income spent on rent						Actual Median rent 2018	Median Gross household income 2018 (Monthly £)
	25% of income	30% of income	35% of income	40% of income	45% of income	50% of income		
Aire Valley with Lothersdale	£938	£1,125	£1,313	£1,500	£1,688	£1,875	£650	£3,750
Barden Fell	£938	£1,125	£1,313	£1,500	£1,688	£1,875	£594	£3,750
Bentham	£729	£875	£1,021	£1,167	£1,313	£1,458	£676	£2,917
Cowling	£729	£875	£1,021	£1,167	£1,313	£1,458	£425	£2,917
Embsay-with-Eastby	£938	£1,125	£1,313	£1,500	£1,688	£1,875	£689	£3,750
Gargrave and Malhamdale	£938	£1,125	£1,313	£1,500	£1,688	£1,875	£594	£3,750
Glusburn	£729	£875	£1,021	£1,167	£1,313	£1,458	£550	£2,917
Grassington	£729	£875	£1,021	£1,167	£1,313	£1,458	£672	£2,917
Hellifield and Long Preston	£729	£875	£1,021	£1,167	£1,313	£1,458	£594	£2,917
Ingleton and Clapham	£729	£875	£1,021	£1,167	£1,313	£1,458	£574	£2,917
Penyghent	£938	£1,125	£1,313	£1,500	£1,688	£1,875	£481	£3,750
Settle and Ribblesbanks	£521	£625	£729	£833	£938	£1,042	£594	£2,083
Skipton East	£729	£875	£1,021	£1,167	£1,313	£1,458	£650	£2,917
Skipton North	£729	£875	£1,021	£1,167	£1,313	£1,458	£631	£2,917
Skipton South	£521	£625	£729	£833	£938	£1,042	£576	£2,083
Skipton West	£521	£625	£729	£833	£938	£1,042	£559	£2,083
Sutton-in-Craven	£729	£875	£1,021	£1,167	£1,313	£1,458	£598	£2,917
Upper Wharfedale	£938	£1,125	£1,313	£1,500	£1,688	£1,875	£679	£3,750
West Craven	£729	£875	£1,021	£1,167	£1,313	£1,458	£650	£2,917
Total	£729	£875	£1,021	£1,167	£1,313	£1,458	£594	£2,917

Note: Red cells indicate rent is not affordable; Green cells indicate rent is affordable

**Table 8** Local Housing Allowance (LHA) Rates 2019/20

Rooms	Broad Rental Market Areas		
	Bradford and South Dales	Lancaster	East Lancs
	Monthly LHA	Monthly LHA	Monthly LHA
Shared	£261	£257	£232
1 Bedroom	£350	£395	£348
2 Bedrooms	£425	£500	£395
3 Bedrooms	£486	£575	£452
4 Bedrooms	£537	£632	£621

*Genuinely affordable rents for selected key workers and those on minimum and living wages*

- 1.25 The extent to which open market rents are affordable to selected key-workers and those on minimum and living wages are explored in Table 9. This clearly establishes that lower quartile prices are not affordable to households with a single earner on minimum or living wage or for the key workers considered. Lower quartile rents are affordable to households where there are two minimum or living wage incomes. Table 10 shows that median rents are not affordable if 25% of income is spent on rent across all of the selected key worker groups. At least 30% of income is needed to be spent on rent, but for some keyworkers at least 40% of income is required for a rent; but median rents are affordable to dual full-time living wage/minimum wage households where 25% of income is spent on rent.

**Table 9** LQ market rents, actual household incomes and what could be afforded

Occupation/Wage	Gross Household Income 2018 (£)	Monthly lower quartile rent that could be afforded by percentage of income spent on rent						LQ Rent and Income	
		25% of income	30% of income	35% of income	40% of income	45% of income	50% of income	Actual LQ rent 2018	Gross household income 2018 (Monthly £)
Police officer	£23,124	£482	£578	£674	£771	£867	£964	£548	£1,927
Nurse	£17,652	£368	£441	£515	£588	£662	£736	£548	£1,471
Fire officer	£23,862	£497	£597	£696	£795	£895	£994	£548	£1,989
Teacher	£23,720	£494	£593	£692	£791	£890	£988	£548	£1,977
Min Wage (single household)	£16,010	£334	£400	£467	£534	£600	£667	£548	£1,334
Min Wage (1 FT/1PT)	£24,014	£500	£600	£700	£800	£901	£1,001	£548	£2,001
Min Wage (two working adults)	£32,019	£667	£800	£934	£1,067	£1,201	£1,334	£548	£2,668
Living Wage (single)	£17,550	£366	£439	£512	£585	£658	£731	£548	£1,463
Living wage (1 FT/1 PT)	£26,325	£548	£658	£768	£878	£987	£1,097	£548	£2,194
Living Wage (two workers)	£35,100	£731	£878	£1,024	£1,170	£1,316	£1,463	£548	£2,925

Note: Red cells indicate rent is not affordable; Green cells indicate rent is affordable

**Table 10** Median market rents, actual household incomes and what could be afforded

Occupation/Wage	Gross Household Income 2018 (£)	Monthly median rent that could be afforded by percentage of income spent on rent						Median Rent and Income	
		25% of income	30% of income	35% of income	40% of income	45% of income	50% of income	Actual Median rent 2018	Gross household income 2018 (Monthly £)
Police officer	£23,124	£482	£578	£674	£771	£867	£964	£594	£1,927
Nurse	£17,652	£368	£441	£515	£588	£662	£736	£594	£1,471
Fire officer	£23,862	£497	£597	£696	£795	£895	£994	£594	£1,989
Teacher	£23,720	£494	£593	£692	£791	£890	£988	£594	£1,977
Min Wage (single household)	£16,010	£334	£400	£467	£534	£600	£667	£594	£1,334
Min Wage (1 FT/1PT)	£24,014	£500	£600	£700	£800	£901	£1,001	£594	£2,001

Min Wage (two working adults)	£32,019	£667	£800	£934	£1,067	£1,201	£1,334	£594	£2,668
Living Wage (single)	£17,550	£366	£439	£512	£585	£658	£731	£594	£1,463
Living wage (1 FT/1 PT)	£26,325	£548	£658	£768	£878	£987	£1,097	£594	£2,194
Living Wage (two workers)	£35,100	£731	£878	£1,024	£1,170	£1,316	£1,463	£594	£2,925

*Buying a property*

1.26 Table 11 considers lower quartile house prices and incomes by ward. It indicates the buying potential based on multiples of income and excludes deposits. The analysis demonstrates that it is not possible to access lower quartile properties with a standard 3.5x lower quartile income multiple. Income multiples must exceed 5x in most wards to afford the lower quartile priced property. For median house prices (Table 12) no ward is affordable at the 3.5x income multiple and only four wards become affordable at the 5x income multiple. This means that households either have to put down a large deposit or pay in excess of a 3.5x multiple to buy a property.

**Table 11 Lower quartile house prices compared with lower quartile household income**

Ward	Potential buying capacity of lower quartile price properties based on income multiples				Lower Quartile Price and Income	
	3.5x	5x	7.5x	10x	Actual LQ price 2018	LQ Gross household income 2018 (Monthly £)
Aire Valley with Lothersdale	£122,500	£175,000	£262,500	£350,000	£180,000	£35,000
Barden Fell	£122,500	£175,000	£262,500	£350,000	£415,000	£35,000
Bentham	£87,500	£125,000	£187,500	£250,000	£128,000	£25,000
Cowling	£87,500	£125,000	£187,500	£250,000	£118,000	£25,000
Embsay-with-Eastby	£122,500	£175,000	£262,500	£350,000	£210,000	£35,000
Gargrave and Malhamdale	£122,500	£175,000	£262,500	£350,000	£195,000	£35,000
Glusburn	£87,500	£125,000	£187,500	£250,000	£129,950	£25,000
Grassington	£122,500	£175,000	£262,500	£350,000	£310,000	£35,000
Hellifield and Long Preston	£87,500	£125,000	£187,500	£250,000	£138,500	£25,000
Ingleton and Clapham	£87,500	£125,000	£187,500	£250,000	£151,000	£25,000
Penyghent	£87,500	£125,000	£187,500	£250,000	£185,000	£25,000
Settle and Ribblesbanks	£87,500	£125,000	£187,500	£250,000	£170,000	£25,000
Skipton East	£87,500	£125,000	£187,500	£250,000	£196,000	£25,000
Skipton North	£87,500	£125,000	£187,500	£250,000	£181,000	£25,000
Skipton South	£52,500	£75,000	£112,500	£150,000	£129,750	£15,000
Skipton West	£52,500	£75,000	£112,500	£150,000	£129,750	£15,000
Sutton-in-Craven	£87,500	£125,000	£187,500	£250,000	£149,000	£25,000
Upper Wharfedale	£87,500	£125,000	£187,500	£250,000	£245,000	£25,000

West Craven	£122,500	£175,000	£262,500	£350,000	£174,500	£35,000
Total	£87,500	£125,000	£187,500	£250,000	£145,000	£25,000

Note: Red cells indicate property is not affordable to buy; Green cells indicate property is affordable to buy.

**Table 12 Median house prices compared with median household income buying capacity**

Ward	Potential buying capacity of median price properties based on income multiples				Median Price and Income	
	3.5x	5x	7.5x	10x	Actual Median price 2018	Median Gross household income 2018 (Monthly £)
Aire Valley with Lothersdale	£157,500	£225,000	£337,500	£450,000	£229,000	£45,000
Barden Fell	£157,500	£225,000	£337,500	£450,000	£492,000	£45,000
Bentham	£122,500	£175,000	£262,500	£350,000	£171,750	£35,000
Cowling	£122,500	£175,000	£262,500	£350,000	£146,500	£35,000
Embsay-with-Eastby	£157,500	£225,000	£337,500	£450,000	£279,950	£45,000
Gargrave and Malhamdale	£157,500	£225,000	£337,500	£450,000	£300,000	£45,000
Glusburn	£122,500	£175,000	£262,500	£350,000	£173,250	£35,000
Grassington	£122,500	£175,000	£262,500	£350,000	£345,000	£35,000
Hellifield and Long Preston	£122,500	£175,000	£262,500	£350,000	£171,000	£35,000
Ingleton and Clapham	£122,500	£175,000	£262,500	£350,000	£240,000	£35,000
Penyghent	£157,500	£225,000	£337,500	£450,000	£255,000	£45,000
Settle and Ribblesbanks	£87,500	£125,000	£187,500	£250,000	£220,000	£25,000
Skipton East	£122,500	£175,000	£262,500	£350,000	£215,000	£35,000
Skipton North	£122,500	£175,000	£262,500	£350,000	£258,000	£35,000
Skipton South	£87,500	£125,000	£187,500	£250,000	£141,250	£25,000
Skipton West	£87,500	£125,000	£187,500	£250,000	£145,000	£25,000
Sutton-in-Craven	£122,500	£175,000	£262,500	£350,000	£168,750	£35,000
Upper Wharfedale	£157,500	£225,000	£337,500	£450,000	£290,000	£45,000
West Craven	£122,500	£175,000	£262,500	£350,000	£215,000	£35,000
Total	£122,500	£175,000	£262,500	£350,000	£195,000	£35,000

Note: Red cells indicate property is not affordable to buy; Green cells indicate property is affordable to buy

*Buying a property: selected key workers and wage earners*

- 1.27 Table 13 shows the buying potential (excluding deposits) for selected key-workers and those on minimum and living wages applied to Craven District-wide figures of £145,000 for a lower quartile priced home. This shows that key workers are unable to afford until at least a 5x income multiple is applied. Households on dual minimum/living wages also need a 5x multiple to afford to buy.

**Table 13 Lower quartile house prices compared with lower quartile household incomes for selected key workers and wage earners**

Benchmark incomes	Gross Household Income 2018 (£)	3.5x	4x	4.5x	5x	7.5x	10x	LQ price 2018
Police officer	£23,124	£80,934	£92,496	£104,058	£115,620	£173,430	£231,240	£145,000
Nurse	£17,652	£61,782	£70,608	£79,434	£88,260	£132,390	£176,520	£145,000
Fire officer	£23,862	£83,517	£95,448	£107,379	£119,310	£178,965	£238,620	£145,000
Teacher	£23,720	£83,020	£94,880	£106,740	£118,600	£177,900	£237,200	£145,000
Min Wage (single household)	£16,010	£56,033	£64,038	£72,043	£80,048	£120,071	£160,095	£145,000
Min Wage (1 FT/1PT)	£24,014	£84,050	£96,057	£108,064	£120,071	£180,107	£240,143	£145,000
Min Wage (two working adults)	£32,019	£112,067	£128,076	£144,086	£160,095	£240,143	£320,190	£145,000
Living Wage (single)	£17,550	£61,425	£70,200	£78,975	£87,750	£131,625	£175,500	£145,000
Living wage (1 FT/1 PT)	£26,325	£92,138	£105,300	£118,463	£131,625	£197,438	£263,250	£145,000
Living Wage (two workers)	£35,100	£122,850	£140,400	£157,950	£175,500	£263,250	£351,000	£145,000

Note: Red cells indicate property is not affordable to buy; Green cells indicate property is affordable to buy

1.28 Table 14 presents the same analysis as above but for median priced homes (£195,000). Analysis demonstrates that properties are not affordable until income multiples of 7.5x are applied.

**Table 14** Median house prices compared with lower quartile household incomes for selected key workers and wage earners

Benchmark incomes	Gross Household Income 2018 (£)	3.5x	4x	4.5x	5x	7.5x	10x	Median price 2018
Police officer	£23,124	£80,934	£92,496	£104,058	£115,620	£173,430	£231,240	£195,000
Nurse	£17,652	£61,782	£70,608	£79,434	£88,260	£132,390	£176,520	£195,000
Fire officer	£23,862	£83,517	£95,448	£107,379	£119,310	£178,965	£238,620	£195,000
Teacher	£23,720	£83,020	£94,880	£106,740	£118,600	£177,900	£237,200	£195,000
Min Wage (single household)	£16,010	£56,033	£64,038	£72,043	£80,048	£120,071	£160,095	£195,000
Min Wage (1 FT/1PT)	£24,014	£84,050	£96,057	£108,064	£120,071	£180,107	£240,143	£195,000
Min Wage (two working adults)	£32,019	£112,067	£128,076	£144,086	£160,095	£240,143	£320,190	£195,000
Living Wage (single)	£17,550	£61,425	£70,200	£78,975	£87,750	£131,625	£175,500	£195,000

Living wage (1 FT/1 PT)	£26,325	£92,138	£105,300	£118,463	£131,625	£197,438	£263,250	£195,000
Living Wage (two workers)	£35,100	£122,850	£140,400	£157,950	£175,500	£263,250	£351,000	£195,000

Note: Red cells indicate property is not affordable to buy; Green cells indicate property is affordable to buy

*The affordability of affordable housing options*

- 1.29 The final section of analysis considers the extent to which affordable housing options are genuinely affordable to households across the district. This uses district-wide data and is tested against 2018 CAMEO income data, the incomes of selected key workers and households where members are earning minimum and living wages. This analysis does not factor in benefits which may be available to households.
- 1.30 Table 15 shows that social and affordable renting is affordable to all of the selected key worker households with the exception of lower-wage nurses. It is also affordable to households where there are more than one minimum/living wage earner – but not affordable to single wage earners.
- 1.31 Table 15 also shows the basic income multiples associated with the equity components of alternative affordable purchase options. This does not take into account any rental component but does indicate that for key workers and those on minimum/living wage most tenure options would not be affordable.
- 1.32 This analysis clearly demonstrates that social renting and shared ownership are the most affordable tenure options available to households. However, the affordability of the equity components of intermediate tenures<sup>10</sup> is challenging for the selected key workers and wage earners considered in analysis.
- 1.33 The most affordable ownership tenures for these groups would be 25% shared ownership and lower quartile purchase. Regarding ELES, crucially this has to be affordable and informed by the analysis presented in this note.

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<sup>10</sup> Intermediate tenure is a broad term used in the SHMA which encompasses a range of products for sale and rent at below market value. It currently relates to the products described in Annex 2 of the 2019 NPPF: Starter Homes; Discounted Market Sale Housing; and other affordable routes to home ownership which includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent).

**Table 15** Affordability of rental and intermediate tenure options by selected key workers and wage earners

Tenure option>				Social Rent (monthly cost)	Affordable Rent (monthly cost)	Intermediate rent	Shared ownership (50%)	Shared ownership (25%)	Help to buy	Discounted home ownership (30%)	Discounted home ownership (20%)	Lower Quartile house price
Occupation/Wage	Gross household income 2018 (Annual £)	Gross household income 2018 (Monthly £)	Monthly rent / purchase price>>>	£384	£475	£508	£97,500	£48,750	£146,250	£163,339	£186,674	£145,000
				Household income required (assuming 25% spent on rent is affordable)			Income multiple required for equity component (including deposit)					
				£1,536	£1,900	£2,032						
Police officer	£23,124	£1,927		£1,927	£1,927	£1,927	3.8	2.0	5.7	6.4	7.3	5.6
Nurse	£17,652	£1,471		£1,471	£1,471	£1,471	5.0	2.6	7.5	9.3	9.5	7.4
Fire officer	£27,492	£2,291		£2,291	£2,291	£2,291	3.2	1.7	4.8	5.9	6.1	4.7
Teacher	£29,664	£2,472		£2,472	£2,472	£2,472	3.0	1.6	4.4	5.5	5.7	4.4
Min Wage (single household)	£16,010	£1,334		£1,334	£1,334	£1,334	5.5	2.9	8.2	10.2	10.5	8.2
Min Wage (1 FT/1PT)	£24,014	£2,001		£2,001	£2,001	£2,001	3.7	1.9	5.5	6.8	7.0	5.4
Min Wage (two working adults)	£32,019	£2,668		£2,668	£2,668	£2,668	2.7	1.4	4.1	5.1	5.2	4.1
Living Wage (single)	£17,843	£1,487		£1,487	£1,487	£1,487	4.9	2.6	7.4	9.2	9.4	7.3
Living Wage (1 FT/1 PT)	£26,764	£2,230		£2,230	£2,230	£2,230	3.3	1.7	4.9	6.1	6.3	4.9
Living Wage (two workers)	£35,685	£2,974		£2,974	£2,974	£2,974	2.5	1.3	3.7	4.6	4.7	3.7

**Note:**

Red cells indicate property is not affordable to rent;

Green cells indicate property is affordable to rent or buy

Yellow cells indicate the income multiple is higher than x3.5

Intermediate tenure is a broad term used in the SHMA which encompasses a range of products for sale and rent at below market value. It currently relates to the products described in Annex 2 of the 2019 NPPF: Starter Homes; Discounted Market Sale Housing; and other affordable routes to home ownership which includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent).



## Recommendations for affordable equity shares

- 1.34 Updated evidence on household income and the incomes of key workers provides a basis for reviewing what is an appropriate and affordable equity share for households in need of affordable home ownership products. The SHMA and this note point to a 75% rented and 25% affordable home ownership split which is further supported by the NPPF para 64 which sets out a general policy to expect at least 10% of homes to be available for affordable home ownership.
- 1.35 The 2018 lower quartile annual household income across Craven District was £25,000. Table 16 sets out a range of selected key worker incomes, the equity potential of the household assuming (unless otherwise stated a single earner household) and the discount required for a lower quartile price to be affordable.

**Table 16** Incomes and equity potential

Household income examples	Annual gross income	Income multiple	Equity potential	LQ house price	Discount required	% discount required
Lower quartile household income	£25,000	3.5	£87,500	£145,000	£57,500	39.7
Living wage (1 full-time plus 1part-time)	£26,325	3.5	£92,138	£145,000	£52,863	36.5
Police Constable (3 years service)	£26,232	3.5	£91,812	£145,000	£53,188	36.7
Health Visitor	£31,368	3.5	£109,788	£145,000	£35,212	24.3
Teacher (starting)	£24,372	3.5	£85,302	£145,000	£59,698	41.2
Social worker	£29,640	3.5	£103,740	£145,000	£41,260	28.5
Teacher (mid- main range)	£30,600	3.5	£107,100	£145,000	£37,900	26.1
Ward nurse/midwife (starting)	£24,216	3.5	£84,756	£145,000	£60,244	41.5

Source: ONS EARN06, CAMEO UK

## The affordability of discounted home ownership products

- 1.36 The cost of alternative tenures has been based on Land Registry price paid and Zoopla rental data. An alternative set of house price assumptions are available through the council's residential market review which underpinned the economic viability testing of the Local Plan.

- 1.37 Further analysis has been carried out to assess the affordability of discounted home ownership products (Table 17).

**Table 17 Discounts needed for discounted home ownership products to be affordable**

Property type/size	District average*	Price after 5% deposit	LQ income	Equity which can be afforded (3.5x household income)	% equity which can be afforded	% discount needed
1 bedroom flat	£131,733	£125,147	£25,000	£87,500	69.9%	30.1%
2 bedroom flat	£177,300	£168,435	£25,000	£87,500	51.9%	48.1%
1 bedroom house	£151,067	£143,513	£25,000	£87,500	61.0%	39.0%
2 bedroom house	£191,400	£181,830	£25,000	£87,500	48.1%	51.9%
3 bedroom house	£269,660	£256,177	£25,000	£87,500	34.2%	65.8%
4 bedroom house	£320,970	£304,922	£25,000	£87,500	28.7%	71.3%
5 bedroom house	£400,820	£380,779	£25,000	£87,500	23.0%	77.0%

\*based on the average of prices reported for the Skipton, Settle and High Bentham Market Areas in Table 4.1 – Open market Sales Values Assumptions of the Residential Market Paper 2017

## Conclusions

- 1.38 There is a need to deliver a range of affordable tenures across the district and a broad 75-85% rental and 15-25% intermediate tenure split has been proposed in the 2017 SHMA. There is a minimum affordable need for 83 dwellings of which 30 are from newly-forming households. Clearly the 30 dwellings per annum (dpa) newly-forming households will be first-time buyers or renters requiring entry-level homes. However, as well as these households, many existing households will continue to be living in unsuitable/overcrowded housing. The first time they enter into suitable housing should be counted as entry-level affordable housing. Furthermore, many households in rented accommodation, both private and affordable, may become first time buyers of affordable homes over the coming years – especially with the Government’s proposed ‘First Homes Initiative’. Both of these factors are likely to significantly increase the amount of entry-level affordable homes needed above the 30dpa minimum figure given above which is only based on newly forming households.
- 1.39 A thorough analysis of the affordability of affordable and market rents and alternative home ownership options has been carried out. This shows that lower quartile and median prices are not generally affordable unless households are buying on a multiple in excess of 3.5x of their annual household income. Amongst key workers and those

on minimum/living wage, income multiples of 5x need to be applied for a lower quartile property to be affordable (although for key workers this assumes a single earner in the household).

- 1.40 Although there is a role of intermediate tenure products, they have to be priced to reflect what local residents can genuinely afford. Based on equity components alone, discounted home ownership is the least affordable of the intermediate tenure options, with help to buy and shared ownership options relatively more affordable. Lower quartile prices are relatively affordable but still require multiples in excess of 3.5x a household income to be affordable.
- 1.41 Detailed analysis of rents and prices has established that lower quartile rents are generally affordable; and lower quartile prices remain relatively affordable to households, although income multiples in excess of 3.5x may be needed when buying a property, particularly if the household only has a 10% deposit.
- 1.42 Entry-level affordable housing in Craven should be priced appropriately in order to be genuinely affordable. This means:
- Rents should not exceed £521 each month; and
  - Purchases should not exceed £145,000.

## Technical Appendix A: Affordable housing definitions

Definitions relating to affordable housing are presented in the NPPF 2019 (Annex 2):

**Affordable housing:** housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for social rent or affordable rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes, affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
- c) **Discounted market sales housing** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) **Other affordable routes to home ownership** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision or refunded to Government or the relevant authority specified in the funding agreement.

Note that the Starter Homes delivery has been limited and no longer part of Government housing policy.

## Technical Appendix B: Background data

A separate excel workbook is published on the Council's website at <https://www.cravenc.gov.uk/media/9598/eles-technical-appendix-b-background-data.xlsm> and accompanies this report which includes the following data:

1	Land Registry 2007-2018 by District, Ward and Parish.
2	Land Registry 2007-2018 by District, Ward and Parish broken down into Newbuild and Resale Properties
3	Zoopla Private Rental data 2010-2018 by District, Ward and Parish
4	Zoopla Private Rental data 2010-2018 by District, Ward and Parish by no. of bedrooms
5	CAMEO income data by District, Ward and Parish
6	Income needed for affordable home ownership options
7	Income multiples and affordability of LQ and Median prices
8	Key worker affordability - affordability of LQ and Median prices for key workers and those on minimum and living wages
9	Affordable completions

## Annex 2

Extant Consents for Affordable Dwellings to Rent and Buy at 01.01.2020				
NB. If no specific tenure split has yet been agreed the tenure split in the SHMA of 75% rent and 25% sale has been applied, but where this results in a fraction of an affordable unit, the figures have either been rounded up or down				
Application Ref	Address	Affordable Units to Rent with Consent	Affordable Units to Buy with Consent	Total Affordable Units with Consent
15503	Land at North Parade, Skipton	24	8	32
17312	Clay Hall, Broughton Road, Skipton	4	2	6
18340	Land at Corner Field, Skipton	17	1	18
18237	Hawbank Field, Skipton	31	11	42
18923	Crookrise, Skipton	7	2	9
20737	Land south of Burnside Crescent, Skipton	21	11	32
20736	Land south of Burnside Crescent, Skipton	13	4	17
19563	Wyvern Park, Skipton	28	9	37
19146	Aldersley Avenue, Skipton	15	5	20
19190	Felstead, High Bentham	2	2	4
17327	Ling Haw/BrowTop, Cross Hills	4	2	6
17097	Malsis Hall, Glusburn	7	4	11
10758	Former NYCC Depot, Backgate, Ingleton	1	6	7
15663	Land at Hellifield Road, Gargrave	7	2	9

16967	Meadow Lane/ Meadow Close, Cononley	4	1	5
20172	Station Works, Cononley	6	3	9
15886	Land south of Shires Lane, Embsay	9	3	12
17297	Land off Shires Lane, Embsay	11	4	15
19386	Land E of Laurel Croft	0	2	2
		211	82	293

**Allocations and Approvals Subject to S106 Agreements at 01.01.2020 (data derived from Settlement growth monitoring Jan 2020)**

Tier	Settlement	Approx yield of allocated Local Plan sites which do not yet have planning permission and which are not allocated for Older person's housing or below affordable housing threshold in Policy H2	No of dwellings on greenfield sites requiring 30% affordable housing	30% affordable housing requirement on green field allocations	25% affordable housing for sale of 30% affordable housing requirement	No of dwellings on brownfield sites requiring 25% affordable housing	25% (or less if VBC applies) affordable housing requirement (brownfield land and sites subj to vacant building credit)	25% affordable housing for sale of 25% affordable housing requirement
Tier 1	Skipton	<b>996</b>	875	263	66	121	18	4
Tier 2	High and Low Bentham	<b>412</b>	412	124	31	0	0	0
Tier 2	Settle*	<b>329</b>	306	92	23	23	6	2
Tier 3	Glusburn and Cross Hills	<b>25</b>	0	0	0	25	6	2
Tier 3	Ingleton	<b>105</b>	86	26	7	19	5	1
Tier 3	Gargrave	<b>58</b>	44	13	3	14	4	1
Tier 4a	Burton in Lonsdale	<b>15</b>	0	0	0	15	0	0
Tier 4a	Carleton	<b>0</b>	0	0	0	0	0	0
Tier 4a	Cononley	<b>0</b>	0	0	0	0	0	0
Tier 4a	Cowling	<b>0</b>	0	0	0	0	0	0
Tier 4a	Farnhill & Kildwick	<b>0</b>	0	0	0	0	0	0
Tier 4a	Hellifield	<b>0</b>	0	0	0	0	0	0
Tier 4a	Low Bradley	<b>25</b>	25	8	2	0	0	0
Tier 4a	Sutton-in-Craven	<b>0</b>	0	0	0	0	0	0
Tier 4b	Clapham	<b>0</b>	0	0	0	0	0	0
Tier 4b	Embsay	<b>0</b>	0	0	0	0	0	0
Tier 4b	Giggleswick	<b>35</b>	35	11	3	0	0	0
	<b>Total</b>	<b>2,000</b>	1,783	537	135	217	39	10

\* Excludes mixed use site at Runley Bridge Settle as no affordable housing requirement for this site.

Allocations and S 106 - Greenfield & Brownfield									
Skipton									
Site Ref	Address	Consent Granted	Greenfield	Brownfield and/or Vacant Buildings	Comment	Total dwellings	Total affordable units	Affordable units to rent (75%)	Affordable units to buy (25%)
SK013	Aldersley Ave	Yes	Yes	No	Already accounted for in extant consents				
SK015	Cefn Glas	No	Yes	No	30% aff housing requirement	14	4	3	1
SK044	Former Allotments/Garages, Broughton Road	Yes	Part	Part	Already accounted for in extant consents				
SK058	Whitakers Chocolate Factory Site	No	No	Yes	Below threshold of Policy H2	0	0	0	0
SK060	Business Premises and land west of Firth St	No	No	Yes	Likely to be less than 25% affordable housing due to vacant building credit - assume 15%	121	18	14	4
SK061	East of Canal, west of Sharpshaw Ave	No	Yes	No	30% aff housing requirement	89	27	20	7
SK81,82,108	Gargrave Road site	No	Yes	No	30% aff housing requirement	339	102	76	26
SK087	Crookrise	Yes	Yes	No	Already accounted for in extant consents				
SK088	Hawbank Field	Yes	Yes	No	Already accounted for in extant consents				
SK089/90	Airedale Ave & Elsey Croft	No	Yes	No	30% aff housing requirement	211	63	47	16
SK094	Land bounded by Carleton Rd, railway line & A65	Yes	Yes	No	Already accounted for in extant consents				
SK101	East of Keighley Rd & south of Cawder Lane	No	Yes	No	30% aff housing requirement	110	33	25	8
SK114 & SK124	Land east of North Parade and Cawder Rd garage site	No	Yes	No	30% aff housing requirement	112	34	25	9
						<b>996</b>	<b>281</b>	<b>210</b>	<b>71</b>
Settle - RDA									
Site Ref	Address	Consent Granted	Greenfield	Brownfield and/or Vacant Buildings	Comment	Total dwellings	Total affordable units	Affordable units to rent (75%)	Affordable units to buy (25%)
SG021,66,80	Land NW & SW of Penny Green	No	Yes	No	30% aff housing requirement	80	24	18	6
SG025	Land south of Ingfield Lane	No- 106 Approval	Yes	No	30% aff housing requirement	125	38	28	10
SG027,68	Land to south of Brockhole View	No	Yes	No	30% aff housing requirement	57	17	13	4
SG032	Car Park, Greenfoot	No	No	Yes	25% aff housing requirement	13	3	2	1
SG035	Ellis's Garage site	No	No	Yes	Older persons site	0			
SG042	NYCC Depot, Kirkgate	No	No	Yes	25% aff housing requirement	10	3	2	1
SG079	Land N of Town Head Way	No	Yes	No	30% aff housing requirement	26	8	6	2
LA004	Land N of Barrel Sykes	No	Yes	No	30% aff housing requirement	18	5	4	1
						<b>329</b>	<b>98</b>	<b>73</b>	<b>25</b>
Bentham -RDA									
Site Ref	Address	Consent Granted	Greenfield	Brownfield and/or Vacant Buildings	Comment	Total dwellings	Total affordable units	Affordable units to rent (75%)	Affordable units to buy (25%)
HB011	Former High Bentham Primary School site	Yes	No	Yes	Already accounted for in extant consents as site for older person's accommodation				
HB023	N of Low Bentham Rd	No	Yes	No	30% aff housing requirement	53	16	12	4
HB024	Land N of Lakeber Drive	No	Yes	No	30% aff housing requirement	29	9	7	2
HB025	East of Butts Lane	No	Yes	No	30% aff housing requirement	32	10	8	2
HB026	N of Springfield Crescent & E of Butts Lane	No	Yes	No	30% aff housing requirement	82	25	19	6
HB038	Land S of Low Bentham Rd	No	Yes	No	30% aff housing requirement	19	6	4	2
HB044	Land W of Goodenber Road	No	Yes	No	30% aff housing requirement	61	18	13	5
HB052	Land NW of Bank Head Farm & S of Ghyll Head Farm	No	Yes	No	30% aff housing requirement	118	35	26	9
LB012	Wenning View	No	Yes	No	30% aff housing requirement	18	5	4	1
						<b>412</b>	<b>124</b>	<b>93</b>	<b>31</b>
Glusburn/Cross Hills									
Site Ref	Address	Consent Granted	Greenfield	Brownfield and/or Vacant Buildings	Comment	Total dwellings	Total affordable units	Affordable units to rent (75%)	Affordable units to buy (25%)
SC085	Malsis Hall	Yes	Yes	No	Already accounted for in extant consents				
SC037a	Land at Ashfield Farm	No	No	Yes	25% aff housing requirement	25	6	4	2
						<b>25</b>	<b>6</b>	<b>4</b>	<b>2</b>

Ingleton - RDA									
Site Ref	Address	Consent Granted	Greenfield	Brownfield and/or Vacant Buildings	Comment	Total dwellings	Total affordable units	Affordable units to rent (75%)	Affordable units to buy (25%)
IN006	Car Park at Backgate	No	No	Yes	25% aff housing requirement	6	2	1	1
IN010	Caravan Park, N of River Greta	No	No	Yes	25% aff housing requirement	13	3	2	1
IN028	Between Ingleborough Park Drive and Low Demesne	No	Yes	No	30% aff housing requirement	29	9	7	2
IN029	E of New Village & S of Low Demesne	No	Yes	No	30% aff housing requirement	36	11	8	3
IN049	Former playing Fields, Ingleton Middle School	No	Yes	No	30% aff housing requirement	21	6	4	2
						<b>105</b>	<b>31</b>	<b>22</b>	<b>9</b>
Gargrave -RDA									
Site Ref	Address	Consent Granted	Greenfield	Brownfield and/or Vacant Buildings	Comment	Total dwellings	Total affordable units	Affordable units to rent (75%)	Affordable units to buy (25%)
GA004	Neville House, Neville Crescent	No	No	Yes	25% aff housing requirement	14	4	3	1
GA009	Land off Eshton Road	No	Yes	No	Older persons site	0			
GA031	Land W of Walton Close	No	Yes	No	30% aff housing requirement	44	13	10	3
						<b>58</b>	<b>17</b>	<b>13</b>	<b>4</b>
Burton in Lonsdale - RDA									
Site Ref	Address	Consent Granted	Greenfield	Brownfield and/or Vacant Buildings	Comment	Total dwellings	Total affordable units	Affordable units to rent (75%)	Affordable units to buy (25%)
BU012	Richard Thornton Primary School	No	No	Yes	Likely to be waived or significantly less than 25% affordable housing due to vacant building credit and conservation of heritage asset- assume 0%	15	0	0	0
						<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>
Low Bradley									
Site Ref	Address	Consent Granted	Greenfield	Brownfield and/or Vacant Buildings	Comment	Total dwellings	Total affordable units	Affordable units to rent (75%)	Affordable units to buy (25%)
BR016	Land west of Gilders	No	Yes	No	30% aff housing requirement	25	8	6	2
						<b>25</b>	<b>8</b>	<b>6</b>	<b>2</b>
Giggleswick -RDA									
Site Ref	Address	Consent Granted	Greenfield	Brownfield and/or Vacant Buildings	Comment	Total dwellings	Total affordable units	Affordable units to rent (75%)	Affordable units to buy (25%)
SG014	Land at Lord's Close	No	Yes	No	30% aff housing requirement	35	11	8	3
						<b>35</b>	<b>11</b>	<b>8</b>	<b>3</b>
Cononley									
Site Ref	Address	Consent Granted	Greenfield	Brownfield and/or Vacant Buildings	Comment	Total dwellings	Total affordable units	Affordable units to rent (75%)	Affordable units to buy (25%)
CN006	Station Works	Yes	No	Yes	Already accounted for in extant consents				