Housing and Economic Development Needs Assessment

Harrogate Borough Council

July 2017

Prepared by

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Page 2 of 199

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Contents

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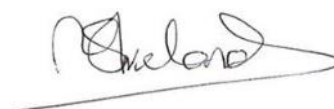
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Limitations

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1   INTRODUCTION

1.1   Harrogate Borough Council (HBC) has commissioned GL Hearn to undertake a Housing and Economic Development Needs Assessment (HEDNA). The report has been prepared by a consultancy team comprising GL Hearn and Justin Gardner Consulting.

1.2   The HEDNA deals with the objective need for housing and employment floorspace, over the period to 2035. It is intended to form part of the evidence base for the preparation of the District Council's Local Plan. This report does not make policy decisions regarding what levels of development should be planned for – this is for the Local Plan itself.

1.3   The intention behind the HEDNA is to provide an integrated evidence base regarding future development needs across uses, recognising for instance that job growth can influence housing need.
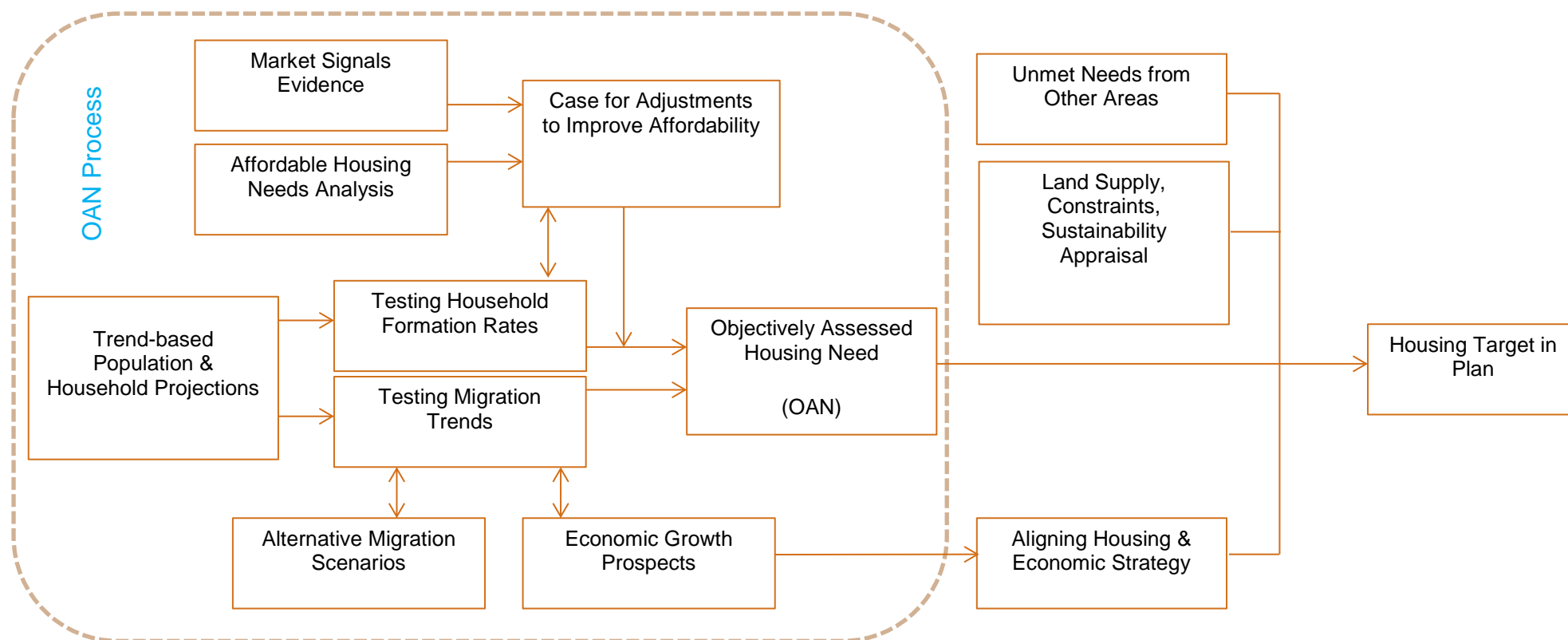
Overview of Methodology

1.4   The HEDNA provides a consistent, objective assessment of need for housing (OAN) following the approach prescribed by Government in Planning Practice Guidance on *Housing & Economic Development Needs Assessments* ('the PPG').[1]

1.5   The PPG requires that housing need is assessed across the relevant Housing Market Area leaving aside factors related to land availability, infrastructure and capacity; and that an approach is followed where projections based on past population and demographic trends are considered first, with adjustments made (where necessary) for higher migration to support economic growth, and/or adjustments to improve affordability, responding to analysis of market signals and evidence of the need for affordable housing. Figure 1 below summarises the methodology set out in Planning Practice Guidance which is used to assess housing need.

National Planning Policy Framework (NPPF)

1.6   National policies for plan-making are set out within the National Planning Policy Framework[2].This sets out key policies against which development plans will be assessed at examination and to which they must comply.

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[1] http://planningguidance.communities.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/
2 CLG (March 2012) National Planning Policy Framework

Figure 1:   Overview of Approach

1.8   The National Planning Policy Framework (NPPF) was published in March 2012. The Framework sets a presumption in favour of sustainable development whereby local plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted.

Housing Need

1.9   The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

1.10   Paragraph 158 of the NPPF outlines that local planning authorities should ensure that their Local Plan is based in adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. It outlines that they should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals. Paragraph 17 in the Framework reaffirms that planning should take account of market signals, such as land prices and housing affordability.

1.11   Paragraph 47 in the Framework indicates that to significantly boost the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full objectively assessed need for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the Framework.

1.12   The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, 'the starting point' for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of preparation of this report the latest projections are the CLG 2014-based Household Projections[3]. It

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[3] CLG (February 2015) *2012-based Household Projections*

also outlines that the population estimates should be considered. The demographic modelling in this report takes account of the 2015 Mid-Year Population Estimates.

1.13 The Guidance sets out that there may be instances where the national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

1.14 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests that this may provide a case for increasing the level of overall housing provision.

Economic Development Needs

1.15 Paragraphs 18 to 22 of the NPPF set out that the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth, and that significant weight should be placed on the need to support economic growth through the planning system. It sets out a requirement for local planning authorities to plan proactively to meet the development needs of businesses and support an economy fit for the 21st Century.

1.16 The NPPF requires local authorities to set a clear economic vision and strategy for their area in local plans, based on an understanding of the existing business needs, likely changes in the market and any barriers to investment.

1.17 Paragraph 160 and 161 set out that local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area. To do this they should work with Local Enterprise Partnerships (LEPs), the business community, county and neighbouring authorities to understand business needs, likely changes in the market and barriers to investment. They should use their evidence base to assess the land and floorspace for economic development, including the quantitative and qualitative needs for all foreseeable types of economic activity and the existing and future supply of land.

1.18 The Guidance states that employment land should be analysed through a simple typology of employment land by market segment and by sub-areas, where there are distinct property market areas within authorities. When examining the recent take-up of employment land, consideration should be made to projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses.

1.19   The Guidance sets out that an assessment of future needs should be based on current and robust data. Emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible. Key evidence is expected to include:

- sectorial and employment forecasts and projections (labour demand);
- demographically derived assessments of future employment needs (labour supply techniques);
- analyses based on the past take-up of employment land and property;
- consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

Aligning Housing and Economic Evidence

1.20   The Guidance also indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems.

1.21   In assessing housing and economic development needs, this HEDNA report does not deal with development constraints including environmental constraints and infrastructure. These will be taken into account by HBC in considering how development needs can be accommodated.

Geographies

1.22   This HEDNA report deals specifically with development needs in Harrogate Borough (known locally as the District). Due to the relatively recent Strategic Housing Market Assessment (SHMA) and Employment Land Review (ELR) for the district this work does not seek to redefine the Housing Market Area (HMA) and Functional Economic Market Areas (FEMA).

1.23   The Strategic Housing Market Assessment from 2015 prepared by GL Hearn provided analysis on defining the Housing Market Area (HMA) within which Harrogate sits. The SHMA identified the district as falling within two housing market areas- one linked to Leeds covering the south of the District (including Harrogate and Knaresborough) and one linked to Hambleton (and wider North Yorkshire) in the north of the District (including Ripon).

1.24   The HMA definition reflects the strong and complex set of relationships across the District, based on both market signals, where Harrogate shows the strongest link with Hambleton, recognising an

urban/ rural distinction and local influences on prices. The South of the District also shows strong migration and commuting flows between Harrogate and Leeds.

1.25   In terms of 2011 Travel to Work Areas, the majority of Harrogate District is covered by the Harrogate TTWA, showing a relatively strong self-containment of workforce. The very northern edge of the district (including Masham) falls within the Northallerton TTWA.

1.26   The Employment Land Review from 2015 produced by Atkins identified a FEMA which covers the economic centres of Harrogate, Knaresborough, and Ripon. The analysis also includes the majority of the rural parts of the District, as they also access jobs in this combined labour market area of the District, rather than outside of it.

1.27   The only exception identified, which is considered to be outside the FEMA, was MSOA16 which largely covered the parts of the district east of the A1 and includes the villages of Flaxby, Ouseburn, Moor Monkton, Hammerton, Cattal, Tockwith and Kirk Deighton. These areas show a large proportion of workers travelling out to York and to a lesser extent Leeds.

1.28   For the purposes of this work the HMA and FEMA geographies are based on a 'best-fit' to local authority boundaries to provide practical and manageable definitions. Inevitably towards the boundaries of any defined area there will be relationships to surrounding areas.

1.29   For Harrogate, particular relationships remain with the southern settlements and villages of Richmondshire and central Hambleton in particular with Ripon, as well as the influence of York on the eastern periphery of Harrogate District east of Knaresborough and with Leeds with Harrogate and the southern parts of the district.

1.30   There remains a duty to cooperate with all neighbouring authorities however the focus of these discussions will be with the local authorities set out above.

1.31   In places the report has also included analysis on a sub-area level. This is to help inform local policies within the draft local plan. The five sub-areas have been identified by using Lower Super Output Areas for the Harrogate and are based on the three main urban areas and their broad surrounding areas as well as two rural areas which are split east and west. The Figure below illustrates their spatial boundaries.

Figure 2:   Sub-Areas Harrogate
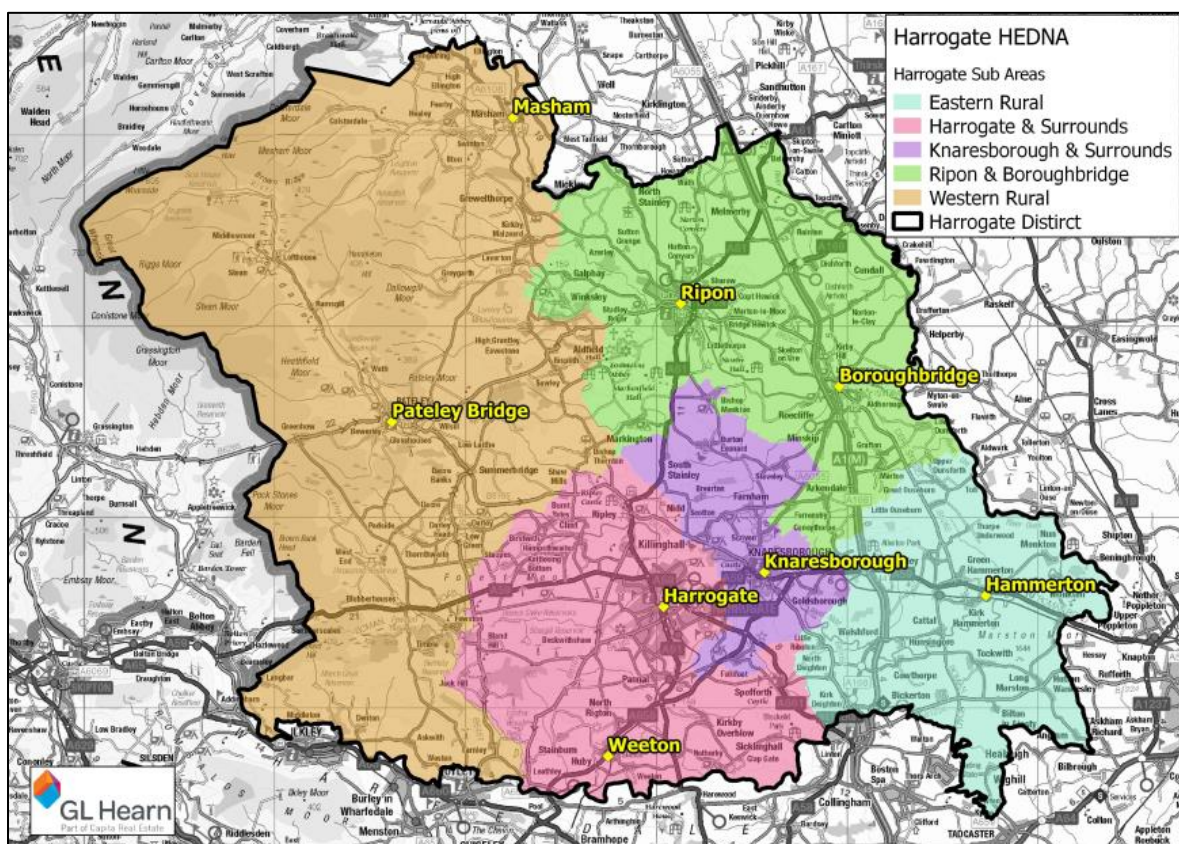
Source: GL Hearn, 2017

Report Structure

1.32   The remainder of the report is structured as follows:

- Section 2   Interrogating demographic trends
- Section 3   The economy and labour market
- Section 4   Employment forecasts
- Section 5   Economic led Housing Need
- Section 6   Market Signals
- Section 7   Affordable housing need
- Section 8   Objectively assessed housing need
- Section 9   Housing technical standards
- Section 10   Need for different sizes of homes
- Section 11   Commercial property market
- Section 12   Employment land requirements
- Section 13   Employment land supply
- Section 14   Employment site supply-demand balance
- Section 15   Conclusion

2   INTERROGATING DEMOGRAPHIC TRENDS

2.1   In this section we update key socio-economic indicators, address demographic trends and key labour market indicators. The analysis uses local authority level data, and compares trends in Harrogate District with wider areas such as North Yorkshire, but also with regional trends from Yorkshire and the Humber. We have also provided for comparison figures for York and Leeds as the largest neighbouring authorities.

2.2   The section also reviews future projections for population and household growth, and the associated housing need. This is a key output of the HEDNA.

Population Trends

2.3   Harrogate District's population totals 157,000 persons as of mid-2015[4]. Figure 3 indicates how the population has changed since 1981. Over this period the population has grown by 15%, with an average annual growth of 0.4%. As the graph shows, the population of Harrogate remained fairly stable until 1993 followed by gradual growth throughout the rest of the 1990s. Growth continued in the 2000s and reached a peak in 2011 and has fallen each year since.

Figure 3:   Harrogate District, 1981-2015
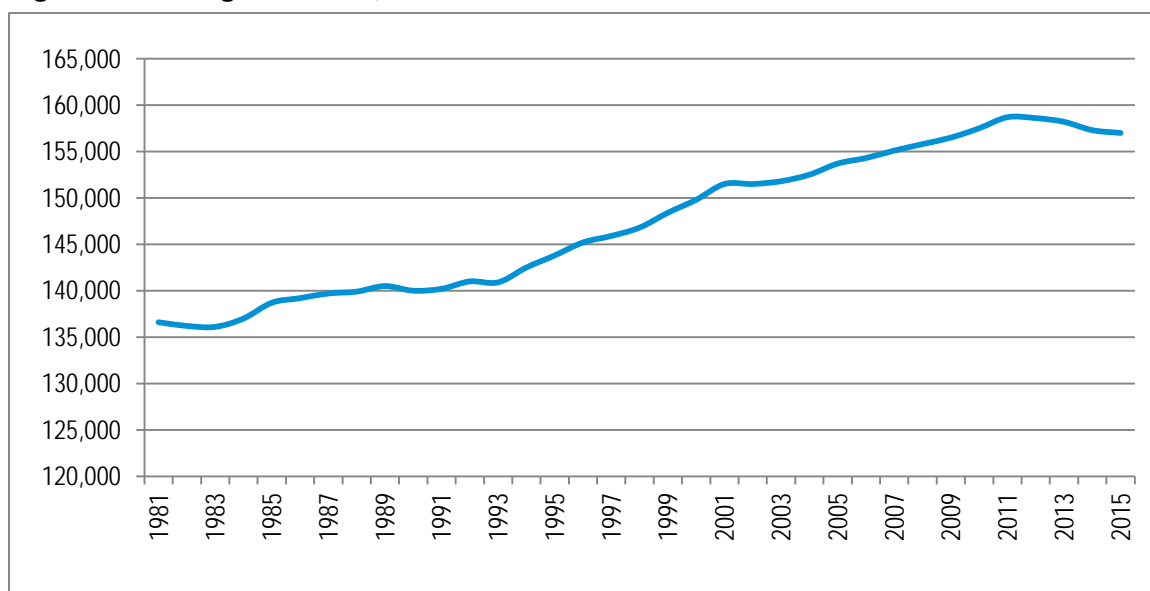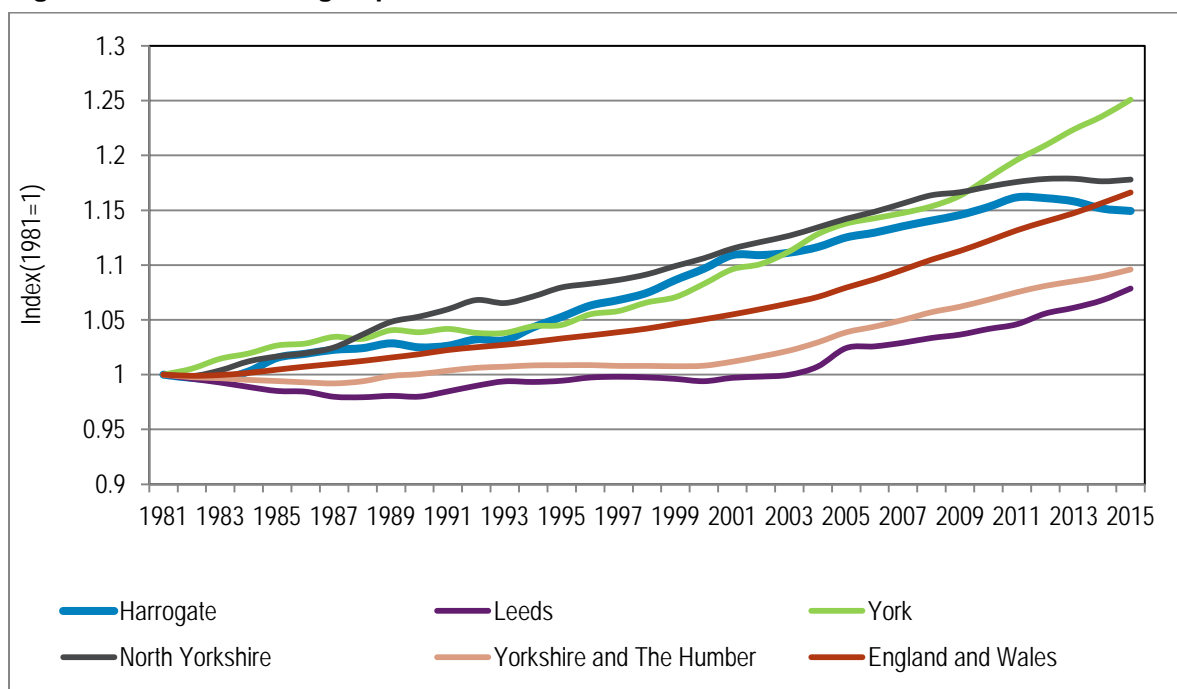

Source: ONS Mid-Year Population Estimates

2.4   Figure 4 compares the population growth in Harrogate District to growth in Leeds, York, North Yorkshire, the Yorkshire and the Humber region and England and Wales. This shows that the

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[4] ONS 2013 Mid-Year Population Estimates

Harrogate population growth of 15% since 1981 is relatively strong in comparative terms. In contrast Leeds has seen population growth of 8.0%.

2.5   Figures for the other comparator areas are significantly higher with York seeing 25% growth, England and Wales sees a more modest 17% growth, while Yorkshire and the Humber has lower growth of 10%. Recent population growth (since 2008) has broadly tracked national averages, but been below that seen in a number of the surrounding geographies.

Figure 4:   Benchmarking Population Growth from 1981

Source: ONS Mid-Year Population Estimates

2.6   As can be seen from the figure below, the Eastern Rural Area has witnessed the highest percentage growth of population levels since 2002- 16%, followed by Ripon and Boroughbridge and Knaresborough and surrounds (both 5%). The majority of growth in the Eastern Rural sub-area has been in the last couple of years.

2.7   The Harrogate and Surrounds sub-area experienced only 3% growth although in absolute terms it had the largest growth (2,120). In contrast the Western Rural sub area saw a fall in population over the same period (-83).

Figure 5:   Benchmarking population Growth since 2002
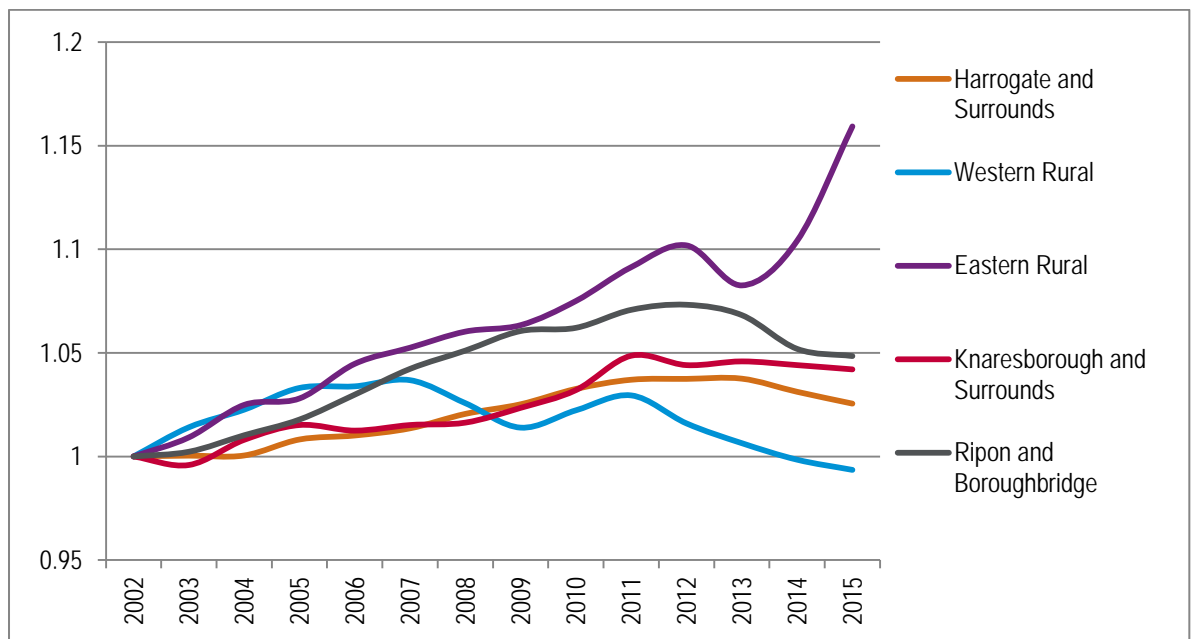
Source: ONS, 2017

Age Structure

2.8   Harrogate's population structure differs considerably from that of the comparator areas, as shown in Figure 6 overleaf. The District has a much lower proportion of people in their 20s and 30s, and a higher proportion of people in every age cohort from 45 and over.

2.9   A large proportion (22%) of Harrogate District's residents are aged 65 or over. This compares to 23% in North Yorkshire, 15% in Leeds, and 18% in York and across the region and England and Wales.

2.10   There are two age groups which Harrogate has a relatively high percentage of, those being teenagers and those in their early 50's. These groups are linked with one typically parenting the other. Taking these groups ten years on, we see one group retiring and the other moving out of the area to university. This then leaves a large gap in the working age population if it is not replaced through in migration.

Figure 6:   Population Profile, 2015
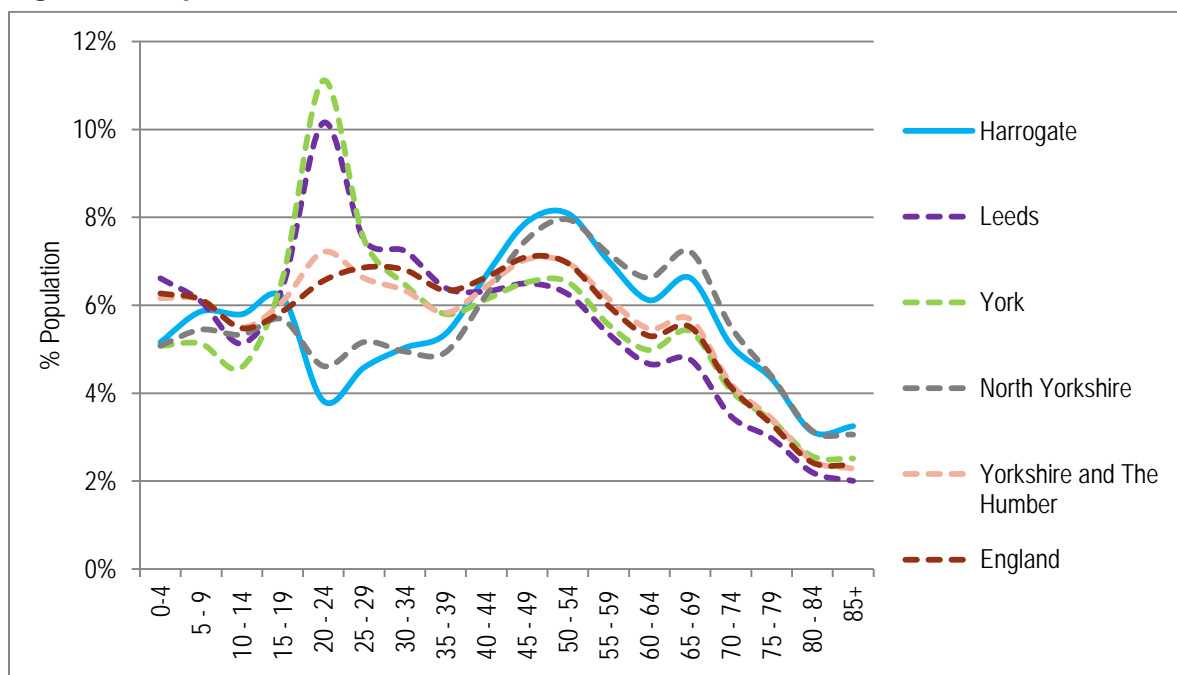
Source: ONS 2015 Mid-Year Population Estimates

2.11   The population age structure in the sub-areas is largely consistent with the wider district; the
exception being the Eastern Rural sub-area, where the population within the age band 15-19 is
significantly higher (10%) than elsewhere (5-6%).

**Figure 7:   Age structure in Sub-Areas (2011)**
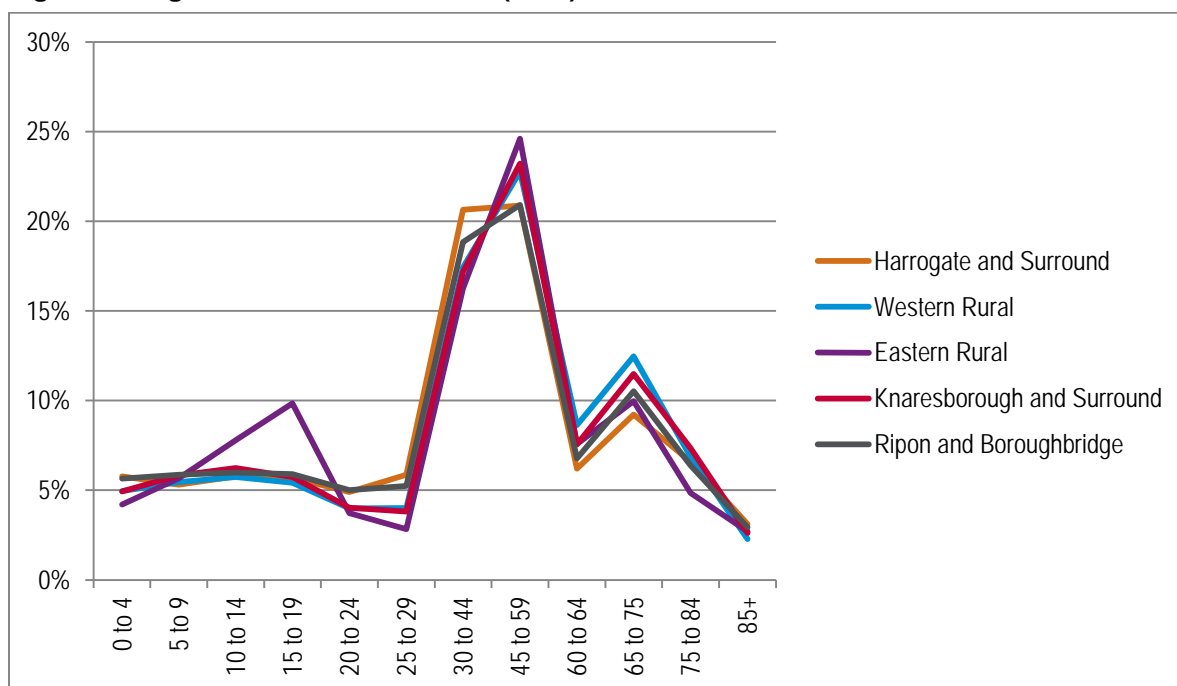
Source: ONS 2015 Mid-Year Population Estimates

2.12   The Eastern Rural, Western Rural and Knaresborough and Surrounding Areas show a marginally higher percentage of population in the age band 45 to 59. The Eastern Rural sub area shows a higher proportion of 15-19 years old compared to the other sub-areas.

Components of Past Population Change

2.13   The figure and table below consider the drivers of population change in the District from 2001 to 2015 (the longest period for which reasonable quality data is available). Population change is largely driven by natural change (births minus deaths) and migration although within ONS data there is also an 'other' changes category (mainly related to armed forces and prison populations) and an unattributable population change (UPC) – this is an adjustment made by ONS to mid-year population estimates where Census data has suggested that population growth had either been over- or under-estimated in the inter-Census years. Because UPC links back to Census data a figure is only provided up to 2011.

2.14   The figure shows that net migration, and in particular, internal migration (i.e. moves from one part of the country to another) has been a key driver of population change. The data shows an average level of net migration of about 300 people per annum (with all of this being accounted for by internal migration – overall, there was a small level of international out-migration in the period studied). Levels of migration have been notably lower in the most recent past (notably 2011-15); over the last five years (2010-15) net migration averaged a net out-migration of around 100 people per annum, compared with in-migration of around 240 over the past 10-years (2005-10).

Figure 8:   Components of population change, mid-2001 to mid-2015 – Harrogate District
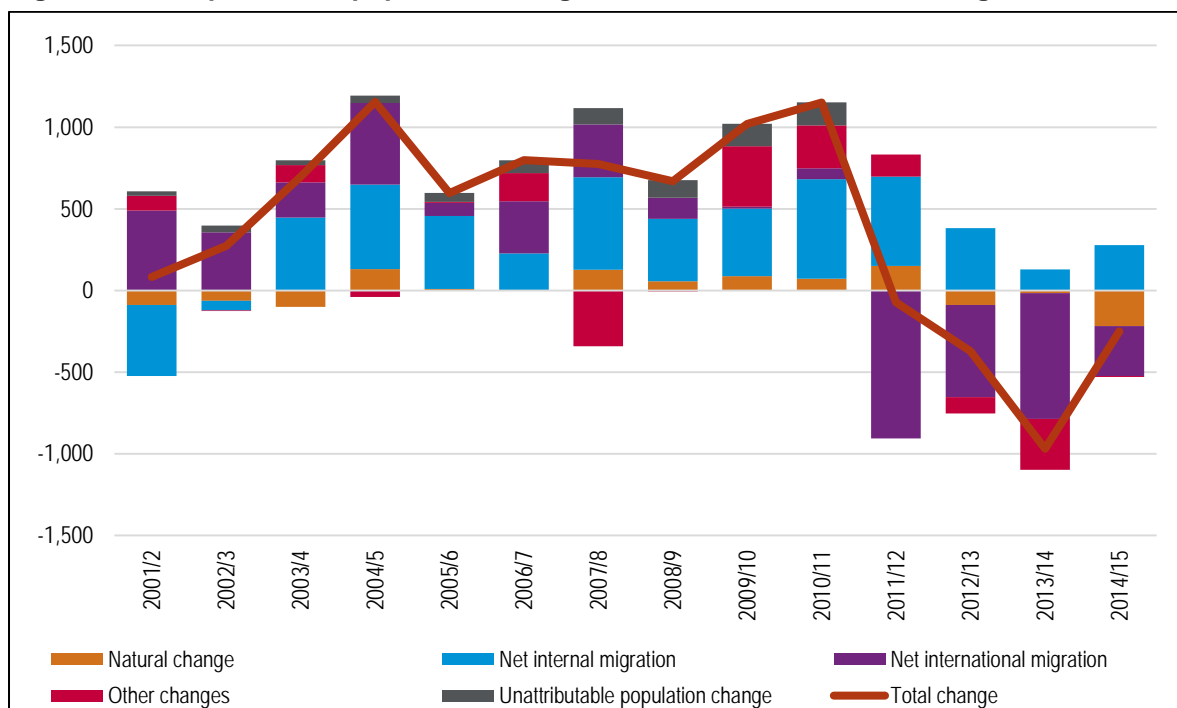
Source: ONS

Table 1:   Components of population change, mid-2001 to mid-2015 – Harrogate District

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	-89	-436	489	91	27	82
2002/3	-63	-59	357	-4	41	272
2003/4	-101	447	215	106	30	697
2004/5	131	517	501	-39	45	1,155
2005/6	9	448	80	6	54	597
2006/7	0	227	320	172	79	798
2007/8	127	566	323	-341	100	775
2008/9	57	381	129	-7	108	668
2009/10	87	415	10	372	136	1,020
2010/11	72	610	66	262	142	1,152
2011/12	150	548	-906	135	0	-73
2012/13	-89	381	-565	-100	0	-373
2013/14	-17	129	-769	-313	0	-970
2014/15	-219	278	-305	-5	0	-251

Source: ONS

2.15   Other changes are quite small (albeit high for some particular years) and the data also shows a modest positive level of UPC. This latter finding would suggest that ONS may have previously under-estimated migration and population growth in the area. It is generally accepted that UPC

arises due to two main reasons; a) the mis-recording of population in the 2001 Census or b) the mis-recording of migration in the 2001-11 period. The level of UPC could potentially have an impact on forward projections and the implications for housing need are discussed later in this section.

Demographic Evidence of Housing Need – Start Point

2.16   The PPG [2a-015] states that *'household projections published by the Department for Communities and Local* Government *should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data'.*

2.17   The most up-to-date projections are the 2014-based CLG household projections published in July 2016. These projections were underpinned by ONS (2014-based) subnational population projections (SNPP) – published in May 2016. The table below sets out levels of household growth expected by the CLG household projections in the 2014-35 period; figures are compared with equivalent data from the previous (2012-based) projections.

2.18   Across the District, the 2014-based projections show household growth of about 5,700 – this is an 8% increase; below the equivalent figure from the 2012-based projections (7,700 – 11%). The difference is likely to be due to changes in migration assumptions, with the 2014-based projections drawing on data from a period where migration levels were lower.

Table 2:   Household change 2014 to 2035 (2014- and 2012-based CLG household projections) – Harrogate District

	Households 2014	Households 2035	Change in households	% change
2014-based	67,882	73,600	5,718	8.4%
2012-based	68,483	76,183	7,700	11.2%

Source: CLG household projections

2.19   Whilst the 2014-based data is the latest 'official' population projection and therefore forms the start point for analysis in line with the PPG, it is worth testing the assumptions underpinning the projection to see if it is broadly reasonable in the local context – this involves considering both the population projections (the SNPP from ONS) and also the way CLG have converted this data into households. The analysis below also considers data released since the population projections were published (in particular, ONS has subsequently published new mid-year population estimates for 2015).

2014-based Subnational Population Projections (SNPP)

2.20   The latest SNPP were published by ONS on the 25th May 2016. They replaced the 2012-based projections. Subnational population projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2014-based national population projections. The new SNPP are largely based on trends in the 2009-14 period (2008-14 for international migration trends).

2.21   They are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.

Overall Population Growth

2.22   The table below shows projected population growth from 2014 to 2035 in the District from both the 2014- and 2012-based SNPP. The data shows that the population of the District is projected to grow by around 4,700 people in the 2014-based SNPP; this is a 3% increase – below that projected by the previous (2012-based) release (9,100 – 6%).

Table 3:   Projected population growth (2014-2035) – 2014- and 2012-based SNPP – Harrogate District

	Population 2014	Population 2035	Change in population	% change
2014-based	157,267	161,926	4,659	3.0%
2012-based	159,386	168,459	9,073	5.7%

Source: ONS SNPP

2.23   A population growth of 3.0%, represents a 0.14% per annum change when averaged over the 21-year projection period. This figure is higher than the change recorded by ONS over the past 5-years (-0.07%) but below the figure for the 10-year period to 2015 (0.22%); it is also below the equivalent figure for the 2001-15 period (0.26%). On balance, there looks to be a reasonable consistency between the SNPP and past trends, albeit the past trends are quite variable.

Figure 9:   Past and Projected Population Change (2001-35) – Harrogate
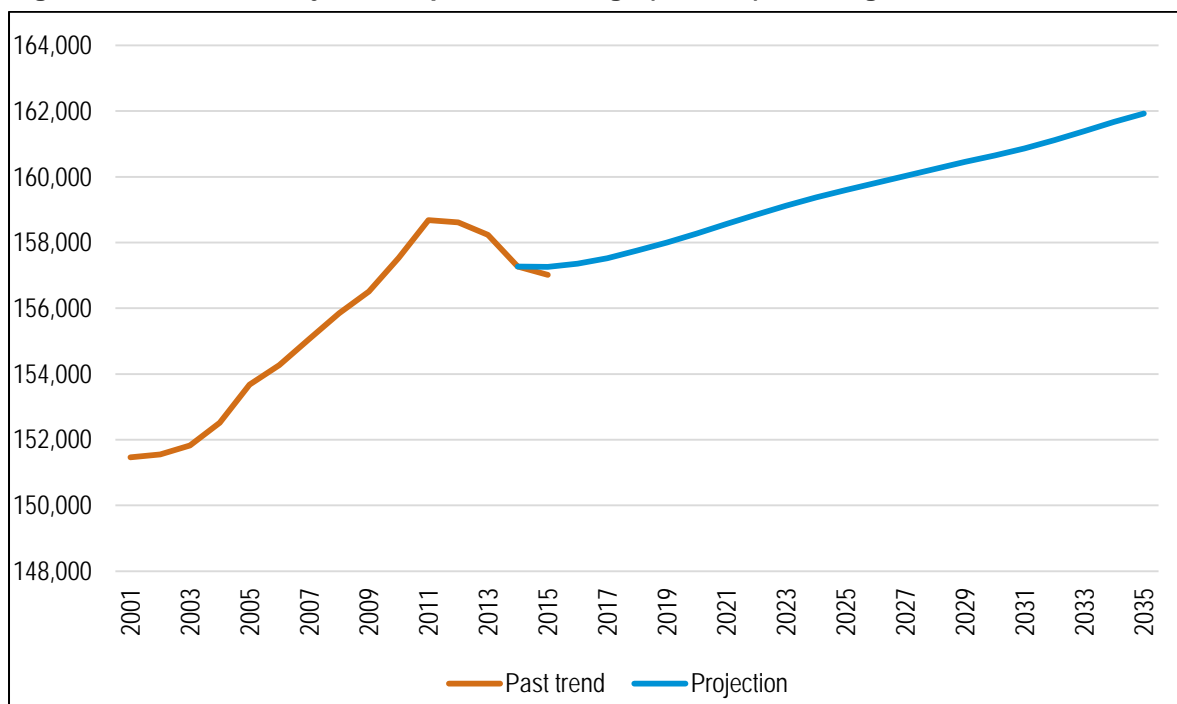
Source: ONS

2.24   One final point with regard to the SNPP, is to bring this together with the components of change data discussed earlier in this section – in particular the latest (2015) ONS mid-year population estimates (MYE). Whilst the view is that the SNPP looks to be a sound projection in terms of future population growth, there is inevitably some uncertainty. The 2015 MYE shows that the 2014-based SNPP over-estimated future population in the District – this is shown in the table below. The SNPP projected that the population would drop by 8 people, whereas the MYE shows a population loss of 251; this is a difference of 243 people.

Table 4:   Projected and estimated level of population growth 2014-15

	2015 MYE	2014-based SNPP	Difference
Harrogate District	-251	-8	-243

Source: ONS

Alternative Demographic Scenarios

2.25   The SNPP is based on short term migration trends (2009-14 for internal migration and 2008-14 for international migration) with figures being constrained to national totals in the ONS national population projections. However, it is noted that levels of migration and population growth have been variable over time, and typically lower in more recent years. On this basis it would be reasonable to consider alternative (sensitivity) scenarios – such an approach is set out in para 2a-017 of the PPG which states *'plan makers may consider sensitivity testing, specific to their local*

circumstances, based on alternative assumptions in relation to the underlying demographic projections…'.

2.26   The sensitivity scenarios take account of longer-term migration trends and also the 'unattributable' component of population change within ONS population data for the period to 2011. Additionally, data from the ONS 2015 mid-year population estimates (MYE) is considered. The analysis below therefore considers three potential sensitivities to the figures. These can be described as:

- Implications 2015 mid-year population data – 2014-based SNPP (+MYE);
- Implications of 10-year migration trends – 10-year migration;
- Implications of 14-year migration trends – 14-year migration; and
- Implications of Unattributable Population Change (UPC) and 14-year migration trends – 14-year migration (+UPC)

2014-based SNPP (+MYE)

2.27   This projection takes assumptions from the 2014-based SNPP, but overwrites the population projection figures for 2015 by those in the ONS MYE (by age and sex). Moving forward from 2015, this sensitivity uses the same birth and death rates as contained in the 2014-based SNPP and the actual projected migration figures (by age and sex). Due to age structure differences in the MYE compared to the projection, this does mean that population growth from 2015 onwards does not exactly match that in the actual projections as published.

10-year migration/14-year migration

2.28   These projections use information about migration levels in the 10-year period (2005-15) and 14-year period (2001-15); the scenarios therefore include the most up-to-date MYE figures (for 2015). The projections do not just look at the migration figures and roll these forward but recognise that migration can be variable over time as the age structure changes. With international migration, this projection also takes account of the fact that ONS are projecting for international net migration to decrease in the longer-term.

2.29   To overcome the issue of variable migration, the methodology employed looks at the difference between migration in the period feeding into the 2014-based SNPP (which is 2009-14 for internal migration and 2008-14 for international migration) and that over the 10-/14-year period. Where migration is higher in the 10-/14-year period, the projection applies an upward adjustment to migration, and vice versa. Migration adjustments are made separately for each of in- and out-migration as well as by internal/international and age/sex.

2.30   Looking at migration trends over a 10-year period has emerged as an 'industry standard' when assessing demographic needs. However it does need to be remembered that any change to the internal migration assumptions as a result of reverting to longer term trends would have implications

for population and household projections elsewhere – i.e. any increase would mean that there needs to be a corresponding decrease to the assumptions applied by other local authorities. Given that there is internal migration (both in- and out-) to/from the District from all parts of the UK, undertaking a full analysis of the implications for other areas would be technically and practically impossible to achieve.

2.31   Hence whilst it is considered that an analysis of needs set against 10-year trends is a reasonable approach to take (and also 14-years as a sensitivity); it does come with some caution it terms of the impact on other areas; this is particularly crucial where the longer-term trends show substantially different outputs to the SNPP and CLG household projections.

14-year migration (+UPC)

2.32   As discussed earlier there is a modest level of Unattributable Population Change (UPC) in the ONS data for the District. In this instance UPC is positive, this suggests that the components of change feeding into the SNPP may under-estimate migration and population growth.

2.33   Whilst making an adjustment for UPC could be an alternative scenario, it is not considered, on its own, to be a robust alternative to the SNPP. The main reasons for this are that it is unclear if UPC is related to migration and more importantly, due to changes in the methods used by ONS to measure migration it is most probable that any errors are focused on earlier periods (notably 2001-06) and therefore a UPC adjustment for more recent data would not be appropriate. On this basis, whilst it is not considered that UPC should be included on its own as a projection to take forward into the modelling of objectively assessed need it is considered that there is merit in looking at UPC when also considering longer-term trends.

2.34   Hence, this sensitivity projection takes the outputs from the long-term (14-year) migration scenario and makes a further additional adjustment for UPC. For the purposes of analysis, it has been assumed that UPC is a one-off adjustment and takes account of the age/sex structure as shown by ONS. For information, the age structure of UPC is shown in the figure below (this is the total for the 2001-11 period). The analysis shows that UPC is heavily concentrated in younger age groups; in housing need terms this means that UPC might have a fairly limited impact, this is due to household representative rates (discussed later in this section) in these age groups being lower than for older age cohorts.

Figure 10: Total Unattributable Population Change by age (2001-11) – Harrogate District
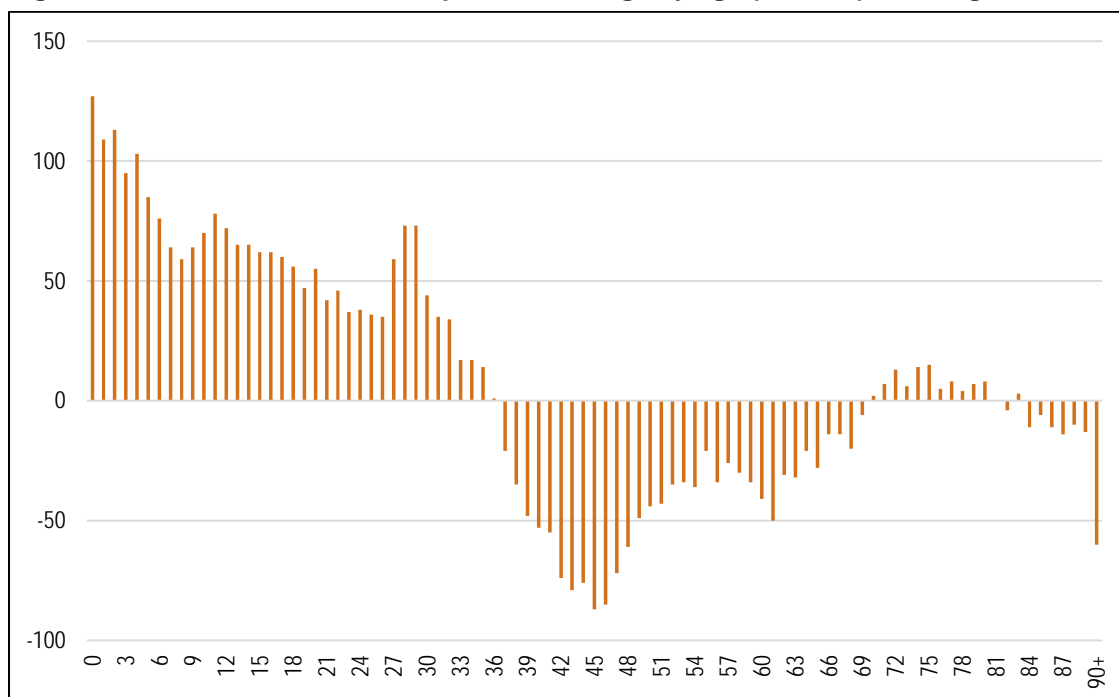
Source: ONS

Outputs from different demographic projections

2.35   The table below shows the estimated level of population growth in the SNPP and the alternative projections developed. Across the District, the SNPP shows population growth (2014-35) of 3.0% - this figure decreases slightly when more recent population and migration data is included in the modelling (i.e. to include 2015 MYE data) – this is due to population size and age structure differences in 2015 between the SNPP and the MYE. When looking at 10-year trends the projected population growth increases to 4.8% and with 14-year trends to 5.9%; with a further UPC adjustment, the level of growth increases again (to 6.4%).

Table 5:   Projected population growth (2014-2035) – alternative scenarios – Harrogate District

	Population 2014	Population 2035	Change in population	% change
2014-based SNPP	157,267	161,926	4,659	3.0%
2014-based SNPP (+MYE)	157,267	161,496	4,229	2.7%
10-year migration	157,267	164,749	7,482	4.8%
14-year migration	157,267	166,496	9,229	5.9%
14-year migration (+UPC)	157,267	167,258	9,991	6.4%

Source: Demographic projections

Appropriateness of alternative scenarios

2.36   Careful consideration needs to be given as to which scenario to take forward in drawing conclusions on the demographic need for housing. Cross-referencing the input period to the 2014-based SNPP with the market signals evidence presented later in the report, there is a concern that the lower relative population growth shown in the SNPP is influenced in part by an under-delivery of housing.

2.37   With longer-term migration trends, for instance looking back to 2001, there are data issues associated with a degree of unattributable population change.

2.38   It is therefore concluded that it would be appropriate to take forward the 10-year migration trends, without the UPC adjustments. This sits in the middle point of all the projections tested above with a projected population growth of 7,500 people (4.8%) between 2014 and 2035. It is also not unduly influenced by UPC uncertainties, given the improvements which ONS has made to migration data.

Household Growth (Household Representative Rates)

2.39   Having studied the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

2.40   On the 12th June 2016, CLG published a new set of (2014-based) household projections – the projections contain two core analyses. The Stage 1 household projections project HRRs based on data from the 1971, 1981, 1991, 2001 and 2011 Censuses with outputs for age, sex and marital status. For younger age groups, greater weight was given in the CLG projections methodology to the dampened logistical trend than the simple logistics trend; the effect of which is to give greater weight to the shorter-term trends.

2.41   The Stage 2 household projections consider household types and the methodology report accompanying the projections is clear that these projections are based on just two data points – from the 2001 and 2011 Census. Overall outputs on total household growth are constrained to the totals from the Stage 1 Projections. This means that both sets of projections show the same level of overall household growth (when set against the last set of SNPP) but some of the age specific assumptions differ. Differences can however occur between the Stage 1 and 2 HRRs when modelled against different population projections (due to differences in the age structure).

2.42   Overall, it is considered that the Stage 1 projections should be favoured over the Stage 2 figures for the purposes of considering overall household growth; this is for two key reasons: a) the Stage 1 figures are based on a long-term time series (dating back to 1971 and using 5 Census data points) whereas the Stage 2 figures only look at two data points (2001 and 2011) and b) the Stage 2 figures are constrained back to Stage 1 values, essentially meaning that it is the Stage 1 figures that drive overall estimates of household growth in the CLG household projections themselves. The analysis to follow therefore focuses on Stage 1 figures.

2.43   The figure below shows how Stage 1 figures differ for different age groups. It is evident from the analysis that HRRs amongst households in their late 20s and early 30s fell slightly over the 2001-11 decade – the projections are however suggesting that this trend will level off. The 2014-based household projections also expect HRRs amongst older age groups to fall over time. Given improving life expectancy this 'trend' looks to be reasonable (as it would be expected that more people would remain living as couples).

2.44   The figure also shows a comparison between the District, the Yorkshire/Humber region and England. Generally, figures in the District are at similar levels and with similar changes to equivalent data in other areas, although there are modest differences for some age groups.

Figure 11: Projected HRR by age of head of household – Harrogate
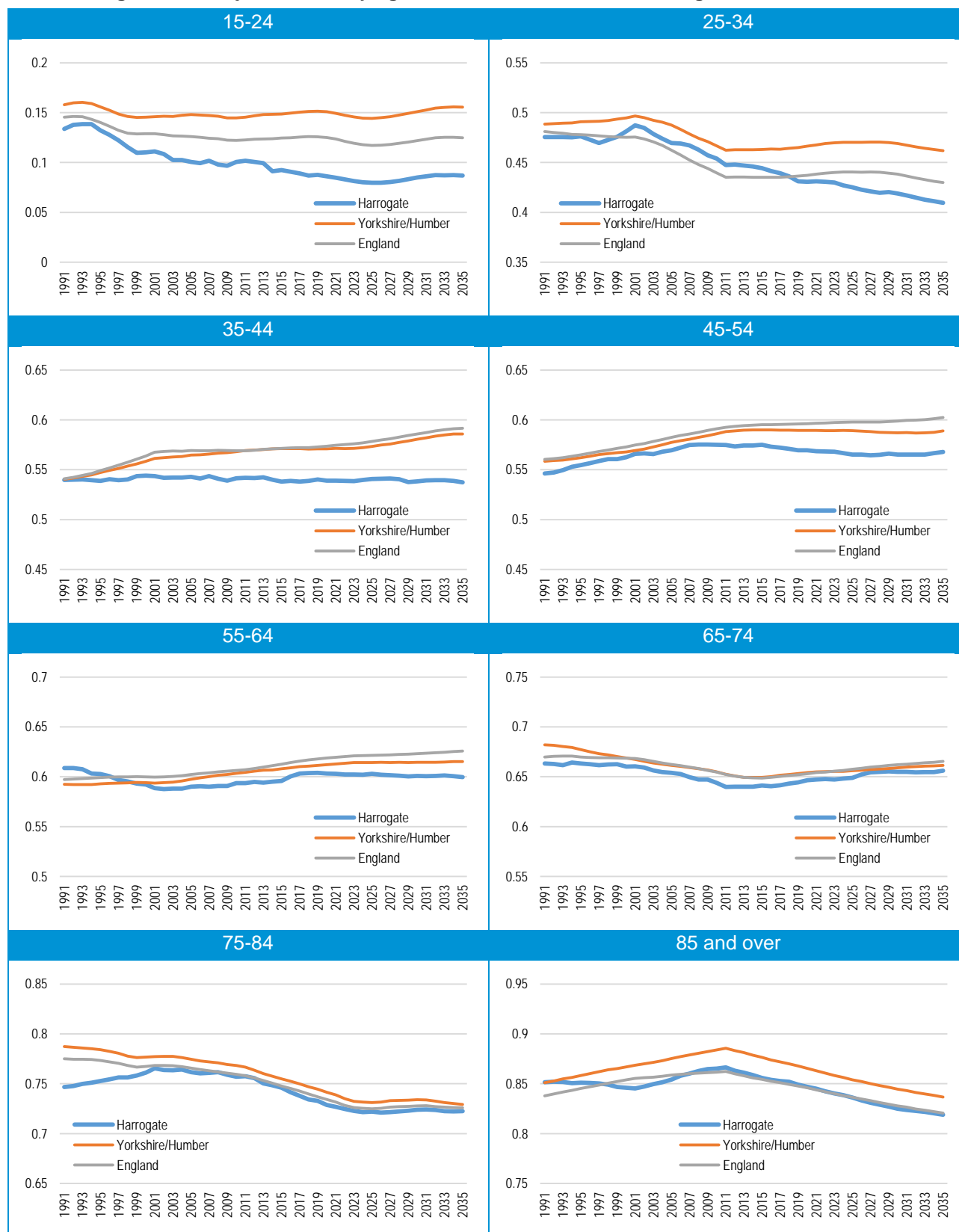
Source: Derived from CLG data

Housing Need

2.45   The analysis below brings together outputs in terms of household growth and housing need using the 2014-based HRRs. To convert households into dwellings the data includes an uplift to take account of vacant homes. This has been based on 2016 Council Tax data with a summary of the key statistics shown below. This shows that the total number of dwellings is some 3.4% higher than the number of occupied homes (which is taken as a proxy for households) and hence in translating household growth figures to dwellings an additional 3.4% is applied.

2.46   It is assumed that such a level of vacant homes will allow for movement within the housing stock and includes an allowance for second homes. The proportion of vacant homes in the District is slightly higher than observed nationally.

Table 6:   Vacant homes (Council Tax data)

	Harrogate	England
Dwellings	71,178	23,862,835
Second Homes	694	246,540
Other vacant homes	1,671	443,197
Total vacant	2,365	689,737
Total occupied	68,813	23,173,098
Vacancy allowance	3.4%	3.0%

Source: CLG

2.47   The analysis shows an overall housing need for 296 dwellings per annum across the District when using the 2014-based SNPP as the underlying population projection. This figure decreases slightly when the assumptions include MYE data for 2015. With (10-year) migration assumptions the housing need is slightly higher again – for some 360 dwellings per annum. With 14-year migration trends, the need increases to 403 dwellings per annum and the UPC adjusted projection reduces this figure down to 370 dwellings (the figure is lower due to the age structure of UPC).

Table 7:   Projected housing need – range of demographic based scenarios and 2014-based HRRs – Harrogate District

	House-holds 2014	House-holds 2035	Change in house-holds	Per annum	Dwellings (per annum)
2014-based SNPP	67,881	73,601	5,720	286	296
2014-based SNPP (+MYE)	67,881	73,469	5,588	279	289
10-year migration	67,881	74,840	6,959	348	360
14-year migration	67,881	75,672	7,791	390	403
14-year migration (+UPC)	67,881	75,039	7,159	358	370

Source: Demographic projections

2.48   Additionally, it is considered that there a reasonable basis for making upwards adjustments to headship rates for those aged 25-34. When looking at the detailed HRRs sitting behind the CLG household projections, this is the only age group where there has been a notable decline in the rate since about 2001, and also the only age group which is projected to see a notable fall in the future (other than the older age groups which are influenced by demographic change such as improving life expectancy). It is possible that the decline (and projected continued decline) in HRRs of people aged 25-34 is to some extent influenced by under-delivery. It is therefore appropriate to include adjustments to ensure that suppressed household formation is not being projected forward. The method used below seeks to return the HRRs of the population aged 25-34 back to the levels seen in 2001; this being the date from which a clear downward trend began. The impact of this are shown in the table below. For all scenarios, the need increases by 48-53 dwellings (13%-17%). With 10-year migration trends, this scenario shows a need for 410 dwellings per annum.

Table 8:   Projected housing need – range of demographic based scenarios and uplift to households representative rates – Harrogate District

	House-holds 2014	House-holds 2035	Change in house-holds	Per annum	Dwellings (per annum)
2014-based SNPP	67,881	74,530	6,650	332	344
2014-based SNPP (+MYE)	67,881	74,395	6,514	326	337
10-year migration	67,881	75,813	7,932	397	410
14-year migration	67,881	76,663	8,783	439	454
14-year migration (+UPC)	67,881	76,050	8,170	408	423

Source: Demographic projections

The impact of Brexit for population and household projections

2.49   One key question for this assessment is whether or not the United Kingdom leaving the European Union ('Brexit') will have any impact on future migration and population growth, and hence housing need, over the period to 2035. As a preamble, it should be stressed that the impact of Brexit is clearly unknown and so the analysis to follow is mainly discursive, highlighting a series of issues.

2.50   Initially, it is observed that one of the key parts of the Brexit 'pledge' was to reduce levels of immigration to the UK. Given that Brexit will impact on EU migration, an initial analysis considers trends in migration from EU countries. The table below shows net migration to the UK from 2010 to 2015 (figures are all for the year to December). This shows an average net migration of about 250,000 people, with this figure having been rising since 2012; the data also shows that an average of 40% of net migrants are from EU countries, and the remaining 60% from the rest of the World – the proportion of migrants from the EU has however been steadily rising over time.

2.51   This analysis would suggest that any reductions to EU migration will only impact on about two-fifths of the migrants seen to the UK in a typical year.

Table 9:   Net migration to the United Kingdom by broad location (2010-2015)

	British	EU (not-British)	All other	Total *	% EU (excluding British)
2010	-43,000	77,000	217,000	256,000	26%
2011	-70,000	82,000	204,000	205,000	29%
2012	-63,000	82,000	157,000	177,000	34%
2013	-57,000	123,000	142,000	209,000	46%
2014	-55,000	174,000	194,000	313,000	47%
2015	-40,000	184,000	189,000	334,000	49%
Average	-55,000	120,000	184,000	249,000	40%

Source: ONS

2.52   To look at international migration at a local authority level, data has been taken from the Census about migrants in the year to 2011 – these figures only cover in-migration and not net flows (as in the table above). This shows that relative to other areas, the District sees a similar proportion of EU in-migrants, totalling 39% compared with 42% nationally. This would suggest that the migration impact of Brexit might be slightly lower in the District than other locations (although it should be remembered that this data is only based on one year of information, and should therefore be treated with some caution). However, it should also be noted that international migration generally in the study area is quite low. Using the ONS components of change data, it is calculated that international migration accounted for only 12% of in-migrants and 14% of out-migrants (over the 10-year period to 2015).

Table 10:   International in-migration (2011) – Census data

		EU in-migration	Non-EU in-migration	Total in-migration
Harrogate	Population	981	1,524	2,505
Harrogate	% of population	39%	61%	100%
Yorkshire/Humber	% of population	41%	59%	100%
England	% of population	42%	58%	100%

Source: Census 2011

2.53   The final issue to consider are the assumptions relating to international migration underpinning the latest (2014-based) ONS projections; this is important as this source drives assessments of need at a local level. The table below shows that ONS were projecting net international migration to be around 329,000 in 2014/15 (a figure close to the actual estimated level in MYE); moving forward they assume that net in-migration will reduce to 185,000 by 2020/21 (this figure is projected moving forward from that date); the 185,000 represents a 45% reduction on the 2015 net level and is 26% down on the 2010-15 average shown above.

Table 11:   Projected net migration – United Kingdom

Period	Projected net migration
2014/15	329,000
2015/16	256,000
2016/17	232,000
2017/18	226,000
2018/19	206,000
2019/20	196,000
2020/21	185,000

Source: 2014-based ONS national population projections

2.54   On the basis of this analysis (i.e. reflecting the fact that around 60% of the international migration is not EU related, that international migration is fairly low and the fact that ONS are already projecting a reduction in international migration) it is difficult to confidently say that Brexit will have any impact on migration levels, population growth and housing need. At the present time it is considered that using the latest official projections (including with adjustments such as 10-year migration trends) will provide the best estimates of future need. However, the figures should be kept under review, should there be any notable changes as a result of the UK leaving the EU. The next set of ONS projections to be produced (2016-based) will need to reflect a view about the impact of Brexit, and the Council should consider reviewing this evidence when it is released.

Key Points

- The Harrogate District's population totals 157,000 persons as of mid-2015, this has grown by 15% since 1981, with an average annual growth of 0.4%.

- A large proportion (22%) of the district's residents are aged 65 or over. There is also a high percentage of teenagers and those in their early 50's.

- Net migration and in particular internal migration has been a key driver of historic population change, although levels of migration have been notably lower in the most recent past.

- The starting point of the assessment is the 2014-based projections which show household growth of about 5,700 – this is an 8% increase. To translate household growth to housing need we have added a 3.4% provision for vacant homes. The official household projections translate to a housing need of 296 dpa.

- We have tested a range of sensitivities looking at migration and unattributable population change. It was concluded a longer term trend was a sensible approach to take forward. However the 14-year trend is influenced by UPC which has inherent uncertainties therefore a 10-year migration trend, without the UPC adjustments is the most appropriate to take forward.

- The 10-year trend scenario sits in the middle point of all the projections tested and results in a household growth of 6,959– this is a 10.2% increase. The scenario translates to a housing need of 360 dpa.

- Recognising the suppression of household formation rates in younger age groups, it was reasonable to make an upwards adjustment to headship rates for those aged 25-34. This adjustment increased the housing need within the 10-year migration scenario to 410 dwellings per annum.

3   THE ECONOMY AND LABOUR MARKET

3.1   Harrogate's economy produces goods and services valued at £3.6 billion per annum (GVA) and supports around 95,800 jobs.[5] This equates to around 3.6% of the regional jobs total (£2.66 million) and 3.5% of the GVA (£103.5 billion).

**Figure 12: Employment and GVA Trend (1991-2015)**
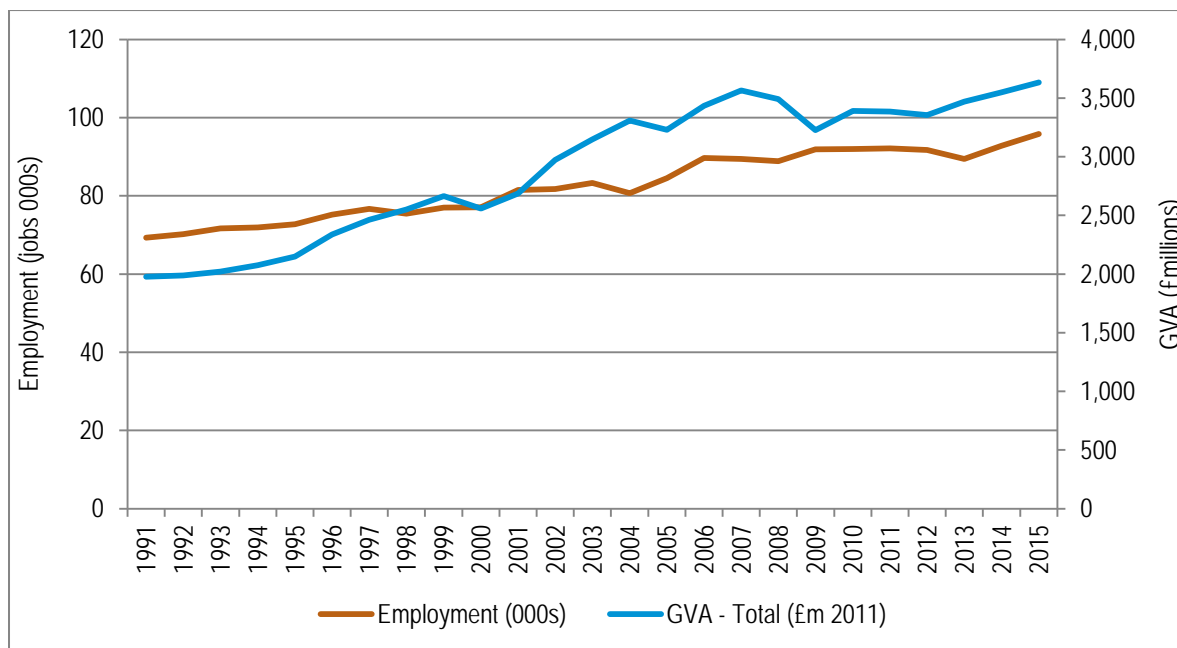
Source: Oxford Economics, 2017

Employment and Economic Growth

3.2   Figure 13 shows Harrogate's GVA growth trend since 1991 compared to the trend for Yorkshire and the Humber and the UK. This shows Harrogate's GVA growth has outpaced both the regional and national rates over this period.

3.3   All areas saw a contraction in value from 2007 to 2010, reflecting the macro-economic conditions surrounding the credit crunch. Since 2010, GVA performance in Harrogate has recovered reaching the pre-recession peak by 2014. In recent years, GVA growth in Harrogate has matched the UK growth rate. This contrasts with the regional post-2010 performance which has seen a much slower rate of recovery and GVA still below the pre-recession peak level.


[5] Oxford Economics estimates, 2015

Figure 13: Indexed GVA Growth (1991-2015)
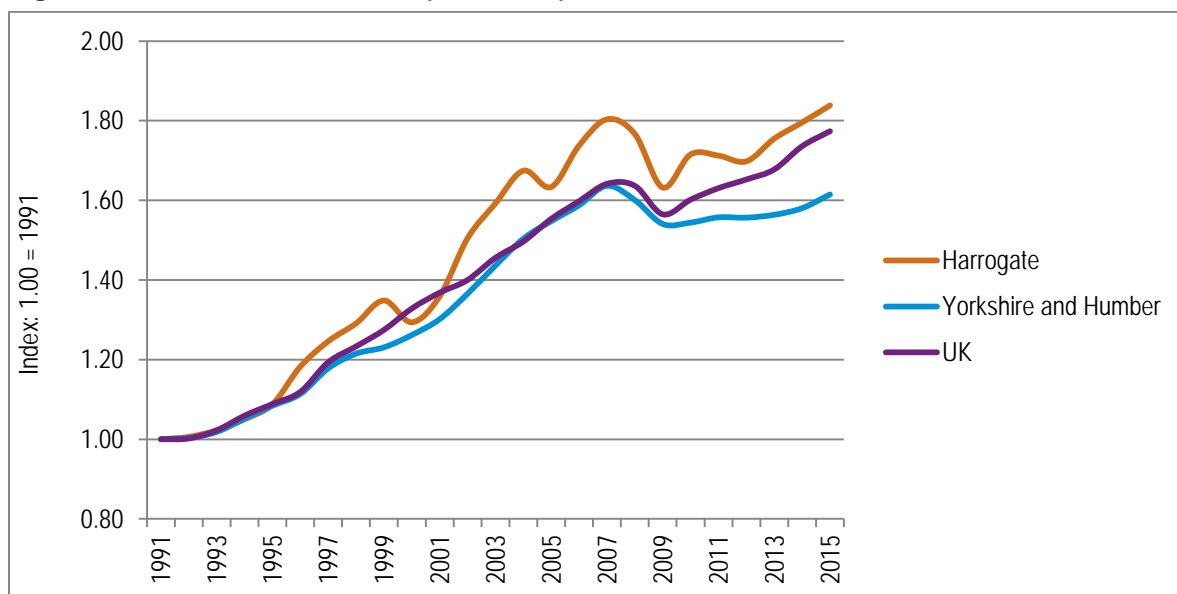
Source: Oxford Economics, 2017

3.4   Since 1991 the employment in Harrogate has grown by 26,500 jobs (38% growth). This represents a level of growth well above regional trend where there has been a 10.5% growth in employment. Growth in employment has not been as strong as the GVA growth, indicating productivity improvements.

Figure 14: Indexed Employment Growth (1991-2015)
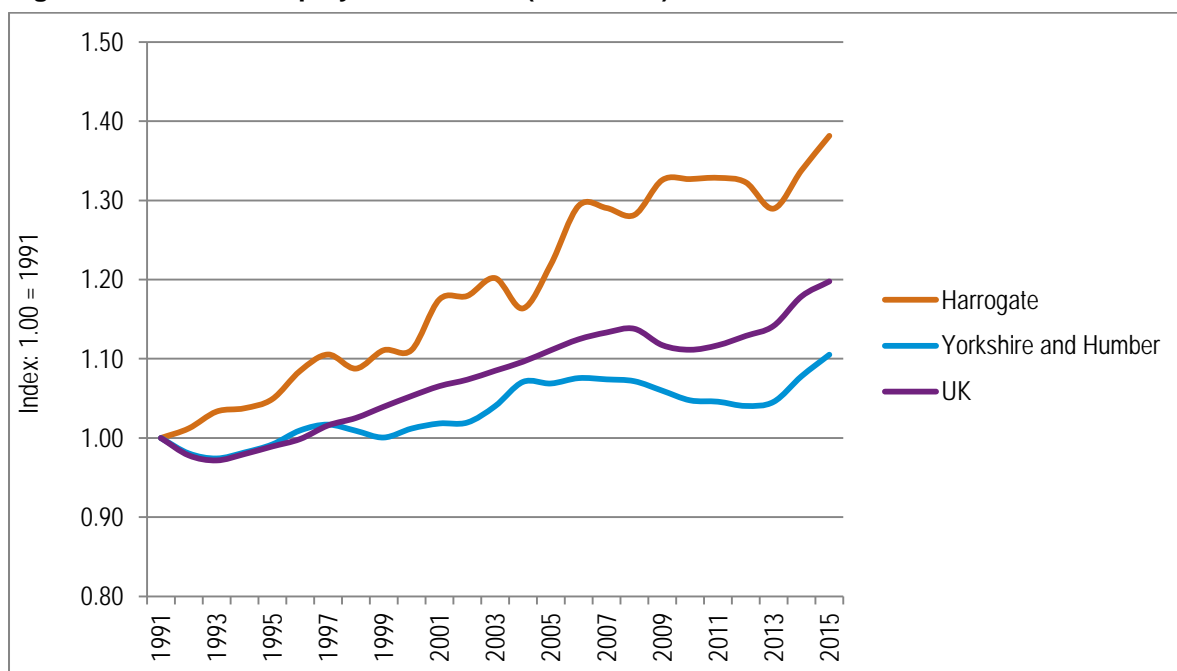
Source: Oxford Economics, 2017

GVA Growth by Sector

3.5   Figure 15 shows the breakdown of Harrogate's GVA by sector. The strongest contributor to GVA in Harrogate is the professional scientific and technical services sector – which are typically office-based.

3.6   Also shown in Figure 15 is the growth in GVA over the period since 1991. This shows that the real estate sector has seen the biggest GVA growth over this period. Most sectors have seen a growth in GVA over this period, the three exceptions being Public administration and defence, and Energy and Other Utilities including Water.

Figure 15: GVA by Sector
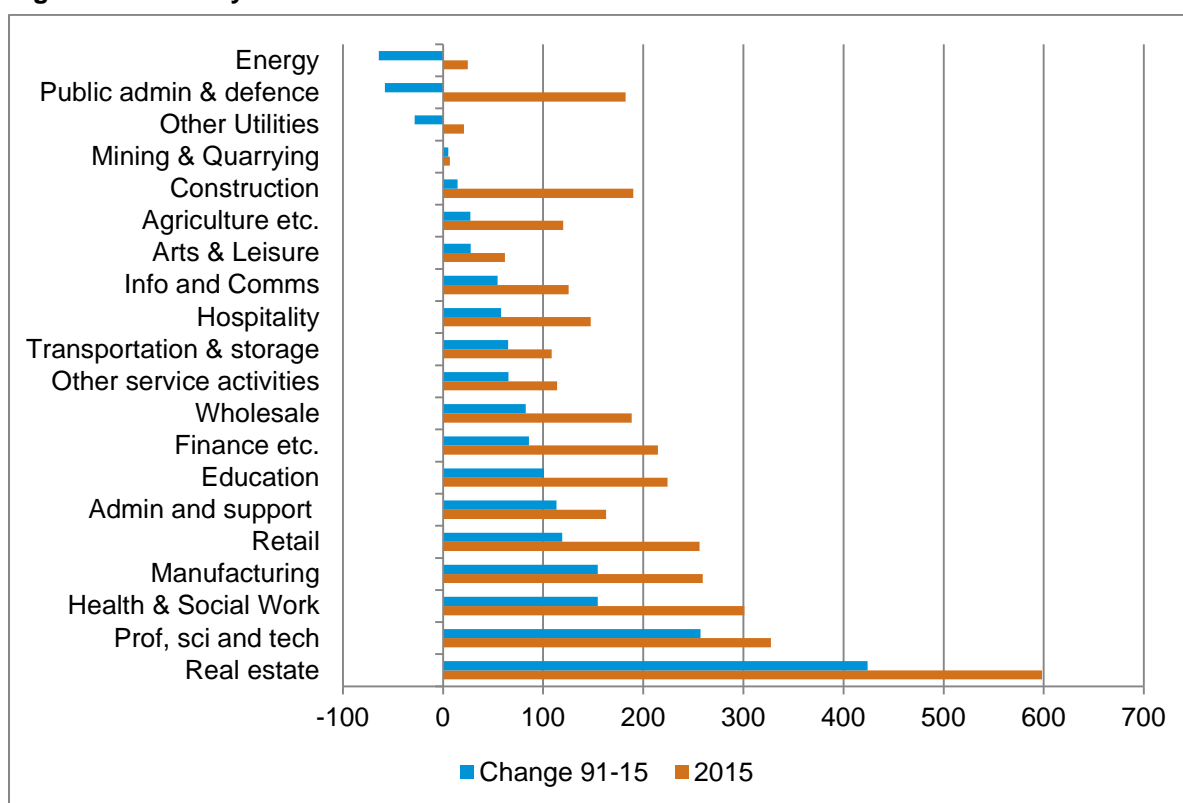
Source: Oxford Economics, 2017

3.7   Finer grain analysis shows that the growth in Professional , Scientific and Technical sector was driven by Head Office activities and Legal and Accounting Activities. The growth in the Health and Social Work sector was driven by growth in the Human Healthcare sub-category.

Employment Structure

3.8   The District's largest sector in terms of total employment numbers is the Human Health and Social Work Sector which accounts for 12,900 jobs. The next largest sector is the retail sector which accounts for 10,800 jobs.

3.9   There are also large numbers employed in the professional, scientific and technical services sector (10,100 jobs) and Accommodation and food services (Hospitality) sector (9,200 jobs).

3.10   The Professional, scientific and technical services sector has seen the largest jobs growth since 1991, with a growth of 7,300 jobs.   Finer grain analysis shows that these have primarily been in the Legal and accounting activities, Activities of head offices and in the advertising and market research sub-sectors.

3.11   Other sectors which have seen large growth in the District over this period are Health and Social Work (3,800 jobs); Business Administration and support services (3,600 jobs); Education (3,600 jobs); and Accommodation and food services (3,300 jobs). The retail sector has seen a smaller relative growth over this period (1,800 jobs).

3.12   Conversely, the Public administration and defence sector has seen the largest reduction in employment in this period with a loss of 3,900 jobs in this sector since 1991. Other sectors which have seen small reductions in total jobs numbers include Agriculture (-700 jobs); Energy (-500 jobs); and Information and Communications (-500 jobs)..

Figure 16: Employment by Sector
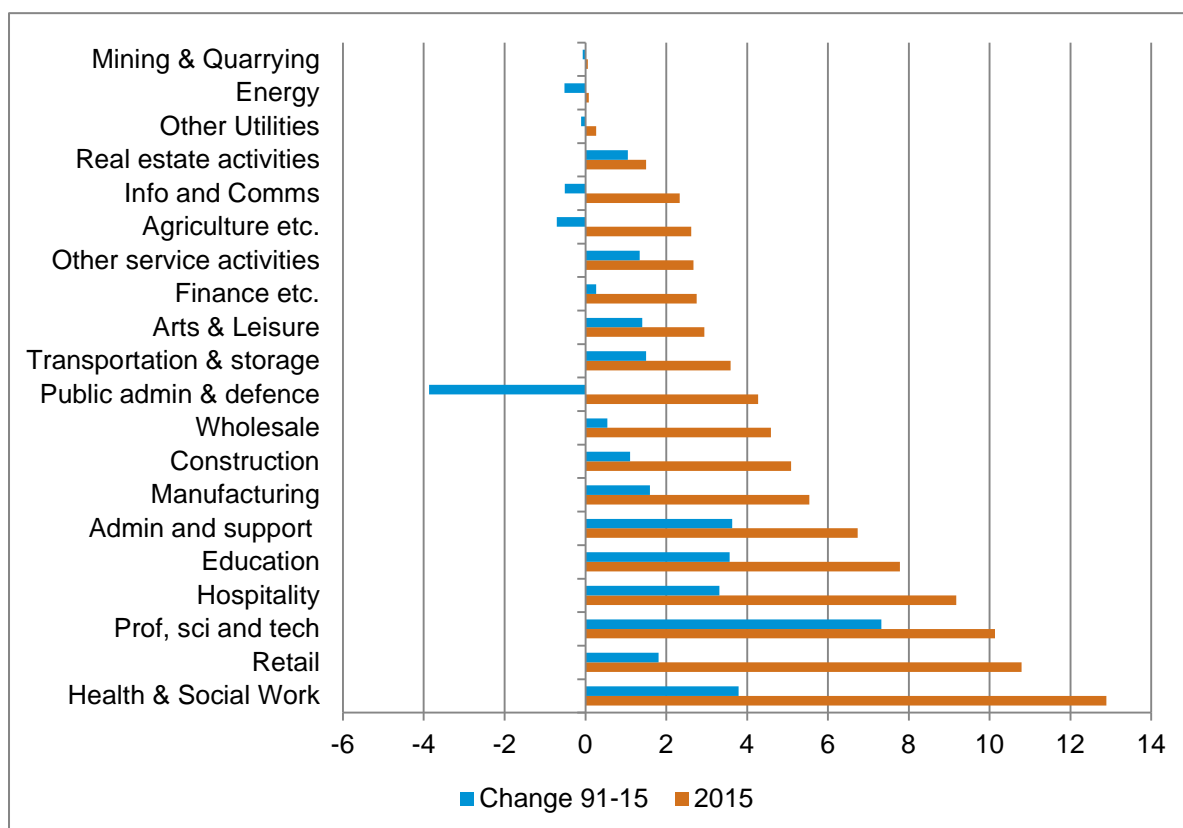
Source: Oxford Economics

3.13   Table 12 shows the location quotient analysis of Harrogate's employment structure compared to the structures at regional and national levels. In relative terms, the key sectors of strength[6] in Harrogate are the Wholesale, Retail, Professional, Scientific and Technical, Hospitality and Health & Social Work sectors. Although Agriculture is also a sector of strength in Harrogate it is a relatively minor employer.

3.14   The location quotient analysis also shows Harrogate has a sectoral strength compared to the regions in the Information and Communications, Real Estate, Public Admin & Defence, Arts & Leisure and Other service activities sector. Although compared to the national picture these are underrepresented.

3.15   Conversely the Business Admin and Support sector has a higher representation than the national share but lower than the regional figure.

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[6] The Agriculture sector is also shown as having a high location quotient for Harrogate. However, this is due to very low job proportions in this sector regionally and nationally. Accordingly, we would not consider this to be a key strength sector for the District.

Table 12: Employment Location Quotient (2015)

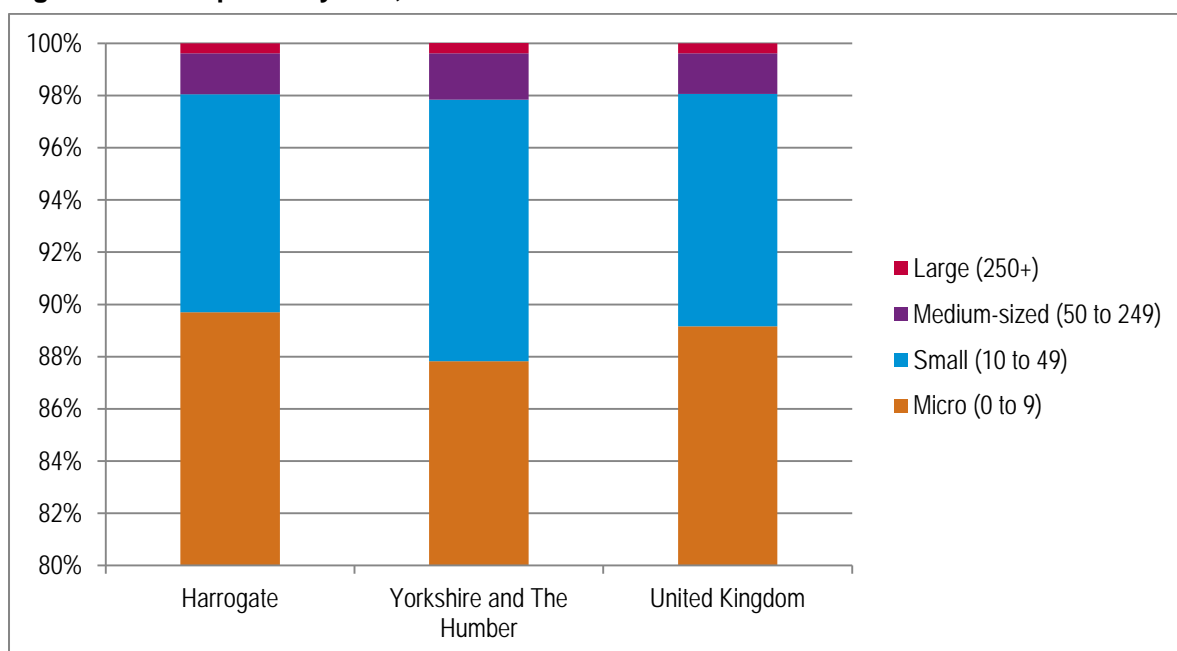|	Harrogate Vs Regional	Harrogate Vs National
Agriculture etc.	2.54	3.10
Mining & Quarrying	0.54	0.45
Manufacturing	0.54	0.39
Energy	0.22	0.06
Other Utilities	0.47	0.24
Construction	0.84	0.72
Wholesale	1.18	1.08
Retail	1.03	1.54
Transportation & storage	0.73	0.92
Hospitality	1.53	3.29
Info and Comms.	1.09	0.72
Finance etc.	0.92	0.43
Real estate activities	1.13	0.14
Prof, sci and tech	1.57	2.50
Admin and support	0.79	2.43
Public admin & defence	1.00	0.60
Education	0.86	0.95
Health & Social Work	1.03	2.19
Arts & Leisure	1.14	1.74
Other service activities	1.18	0.96

Source: Derived from Oxford Economics

3.16   There are a number of sectors in the district which are relatively weak in comparison to both the regional and national representation. Of particular note are the manufacturing, transportation and storage and to a lesser extent Finance and insurance, education and construction all of which are fairly major employers.

3.17   Within the manufacturing sector we do see some notable variation within the sub sectors. For example there is significant strength in the manufacturing of food and drink and printing but lower representation within the manufacturing of textiles and metals.

3.18   The lack of representation in the transportation and storage sector reflects the access to major settlements and the number of arguably better placed competition. While the A1(M) is within the district it is peripheral there are more suitable locations on it i.e. around Selby where two motorways are available.

Business Base

3.19   The vast majority (90%) of the enterprises based in the district are micro businesses: that is they employ fewer than 10 people. This group includes a high percentage of self-employed and sole-traders. This is slightly higher than the regional (88%) or national (89%) rates indicative of a level of local entrepreneurship.

Figure 17: Enterprises by Size, 2016


Source: UK Business Counts, NOMIS 2016

3.20   As with the regional and national picture employment within Harrogate is not overly reliant on a small number of major employers. This provides the district with a level of resilience to a major downturn affecting a single business.

Labour Market

Economic Participation

3.21   Figure 18 shows employment levels as a percentage of the economically active population, which is those of working age (16-64 years) who are in work. It shows that the employment rate in Harrogate is 84.7%. This is much higher than the regional rate (72.4%) and the national rate (73.7%). In fact Harrogate's employment rate is among the top 5% of local authorities in the UK.

3.22   In Harrogate the employment rate for males is 87.7% while for females the rate is lower at 81.7%. A similar gender divide is seen across all areas, however the employment rates for both males and females in Harrogate is much higher than the regional and national rates.

Figure 18: Employment Rates (2016)
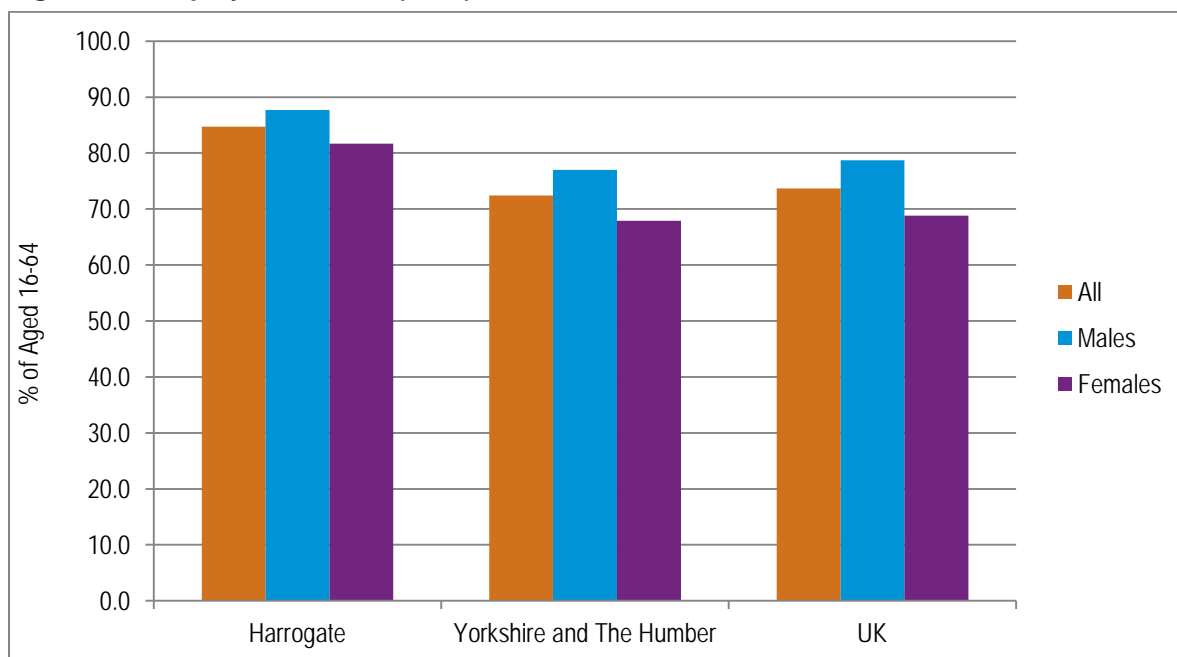
Source: Annual Population Survey (2016)

3.23   The Economic Activity Rate describes the percentage of working-age adults who are working or looking for work. Economic Activity Rates in Harrogate (85.1% of 16-64 year olds) are higher than those in Yorkshire and the Humber (76.8%) and the national (77.7%) trends.

Figure 19: Economic Activity Rates (2016)
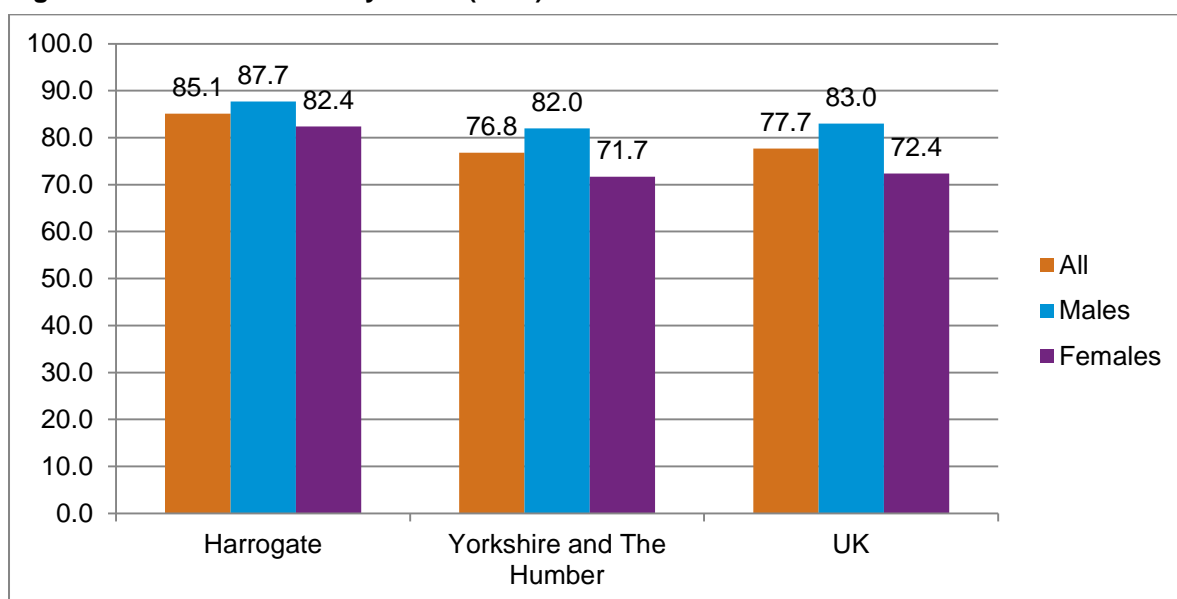
Source: Annual Population Survey (2016)

3.24   The level of self-employment in Harrogate (16.8%) exceeds that in compared to the regional trends. It is significantly higher than the national average (10.4%). This is particularly driven by a high level of self-employed females.

Figure 20: Employment by Type (2016)
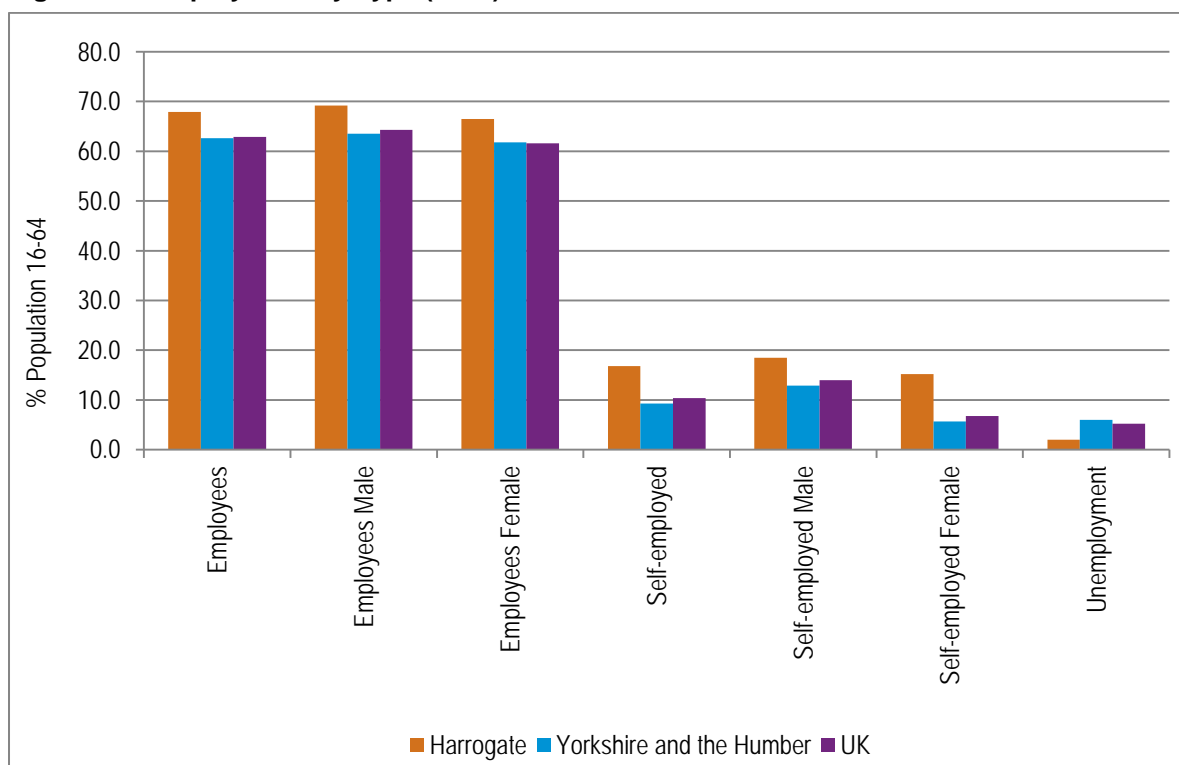
Source: Annual Population Survey (2016)

3.25   Unemployment in the district, recorded at 2.0% by the Annual Population Survey, is below that in most of the comparator geographies considered. The England average is 5.2%.

Earnings

3.26   Harrogate residents in full-time employment earn a median gross annual pay of £29,037. This is higher than the average of the region (£25,957 per annum) and the UK as a whole (£28,213 per annum). This reflects the occupational/ skills profile of those living in the district.

Figure 21: Earnings by Residence – Median Pay of Full-Time Workers (2016)
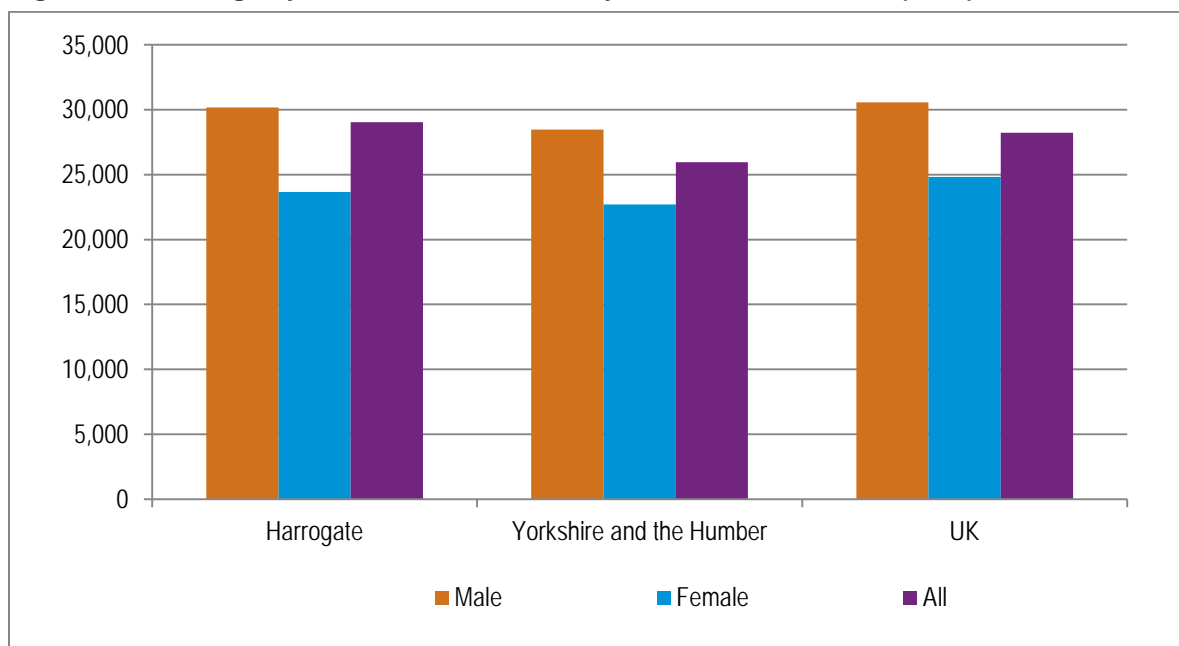
Source: ONS Annual Survey of Hours and Earnings, 2016

3.27   The average gross annual pay of people working full-time in Harrogate is £25,486, slightly lower than the average of the region (£25,964) and the UK (£28,213 per annum).

Figure 22: Earnings by Workplace –Median Pay of Full-Time Workers (2016)
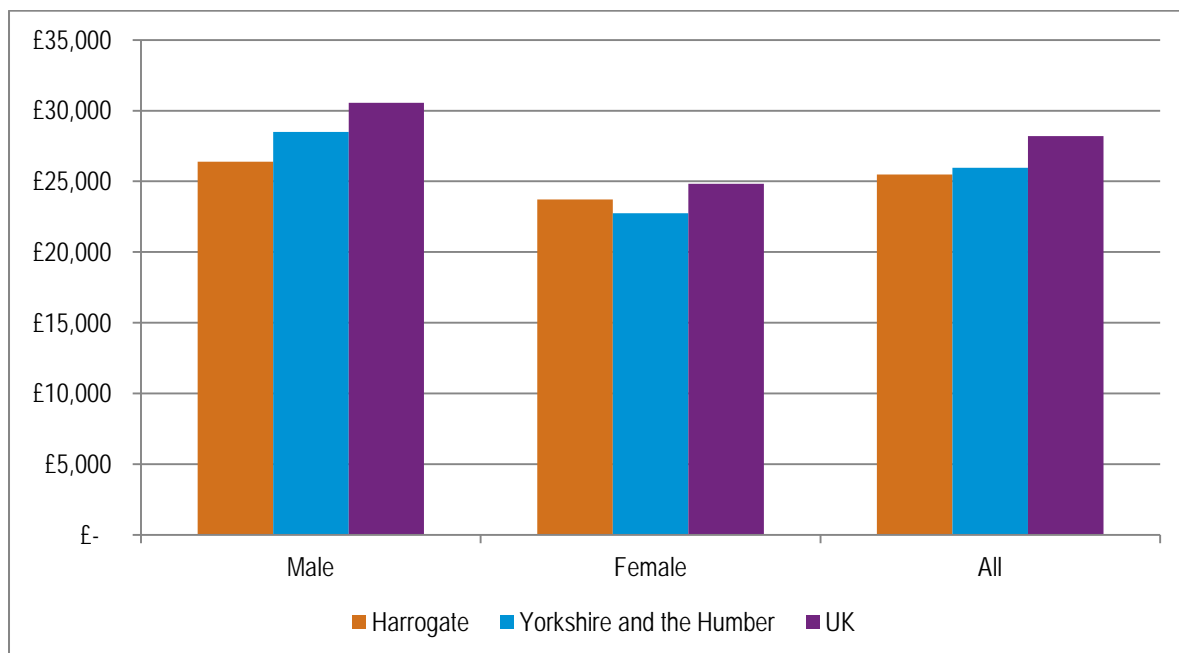
Source: ONS Annual Survey of Hours and Earnings, 2016

3.28 Those working full-time in the district typically earn around £4,000 less than those resident in the district suggesting, as we might expect, that a number of higher-earning residents commute out of the area to higher paid jobs in surrounding areas such as Leeds and York.

Key Points

- Harrogate's economy produces goods and services valued at £3.6 billion per annum (GVA) and supports around 95,800 jobs. The strongest contributor to GVA in Harrogate is the professional scientific and technical services sector.

- The District's largest sector in terms of total employment numbers is the wholesale and retail sector. In relative terms,key sectors of strength in Harrogate is the accommodation and food services sector and the Wholesale sector.

- The vast majority of the enterprises based in the district are micro businesses: that is they employ fewer than 10 people. This group includes a high percentage of self-employed and sole-traders. The employment rate in Harrogate is among the top 5% of local authorities in the UK. The Economic Activity Rate is also high and unemployment low compared to comparator areas.

- Unemployment in the district, recorded at 2.0% by the Annual Population Survey, is below that in most of the comparator geographies considered. The England average is 5.2%.

- Harrogate residents in full-time employment earn a median gross annual pay of £29,037 with workers earning £25,486. This reflects that a number of higher-earning residents commute out of the area to higher paid jobs in surrounding areas.

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4   EMPLOYMENT FORECASTS

4.1   Oxford Economics (OE) was commissioned by GL Hearn to provide baseline demand based forecasts for the HEDNA. The OE forecast is dated February 2017.

4.2   The baseline model is the lowest hierarchical level of the OE framework of forecasting models. Such a modelling framework ensures that global and national factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at local authority level. This framework ensures that the forecasts are much more than just an extrapolation of historical trends. Rather, the trends in the OE global, national and sectoral forecasts have an impact on the local area forecasts alongside the sectoral structure and past sector performance locally.

Figure 23: Hierarchal structure of Oxford Economics' suite of models
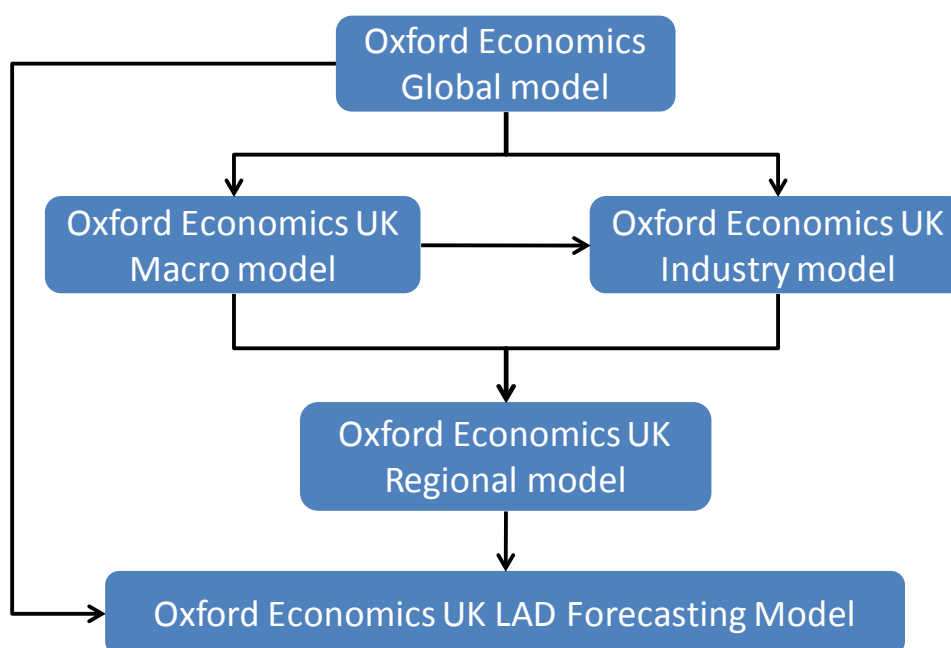
Source: Oxford Economics, 2016

4.3   The baseline forecasts for the HEDNA and its constituent authorities are essentially shaped by three factors:-

- International, national and regional outlooks - all the local area forecasts produced by OE are fully consistent with broader regional, national and international models and forecasts. This ensures global events that impact on the performance of UK local economies, such as the strength of global trade are fully captured in the forecasts for a local area. So too are national level growth and policies, whether that be the impact of monetary policy on consumer spending or government spending on locally provided public services;

- Historical trends in an area, which implicitly factor in supply side factors affecting demand, combined with the OE and GLH knowledge of local areas and the patterns of local economic development. This ensures for example, that we recognise and factor in to the forecasts any evidence of particularly high/low levels of competitiveness that local economies have in particular activities. It also means national policy programmes that have a particular local impact and that are very likely to happen; and
- Fundamental economic relationships which interlink the various elements of the outlook. OE's models ensure full consistency between variables in a local area. For example, employment, commuting, migration and population are all affected by one another.

4.4   The forecasts are produced within a fully-integrated system, which makes assumptions about migration, commuting and activity rates when producing employment and population forecasts. Note that these are different assumption from the population assumptions set out earlier in this report and therefore different from the demographic growth assessment. The main internal relationships between variables are summarised in the figure below.

Figure 24: Employment Forecasting Main Relationships
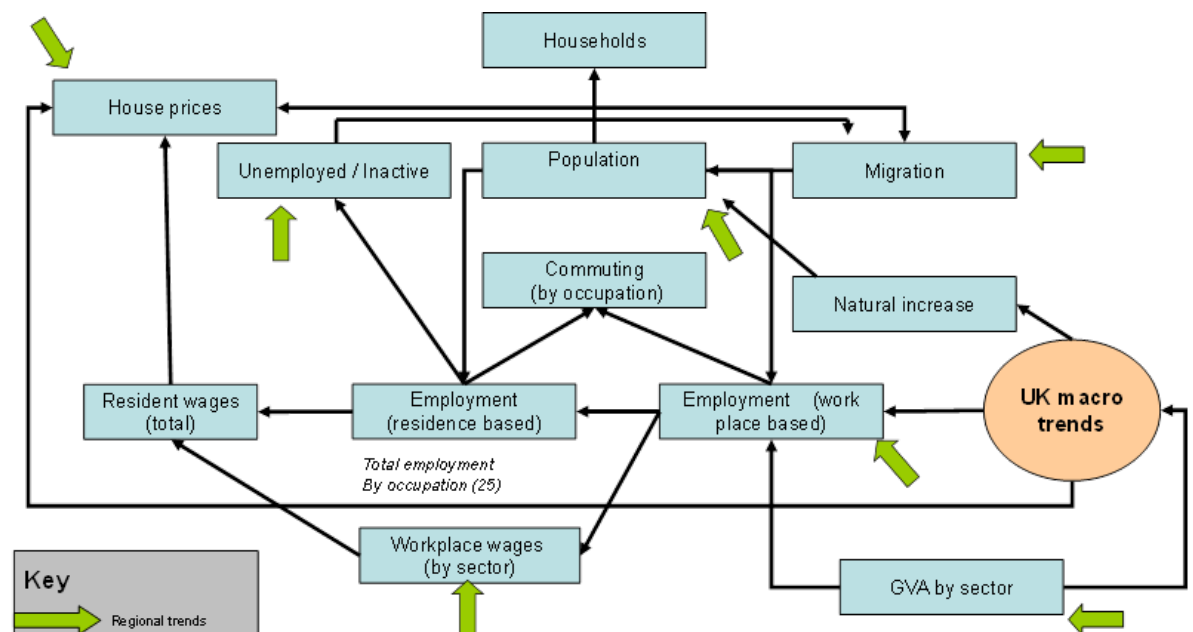
Source: Oxford Economics, 2016

4.5   The starting point for producing employment forecasts for a local authority is the determination of workplace-based employees in employment in each broad sector. There are two key sources for this – ONS Workforce Jobs (WFJ) and the Business Register and Employment Survey (BRES). The WFJ series is reported on a quarterly basis, providing estimates of employee jobs by sector (based on the 2007 Standard Industrial Classification – SIC 2007) for the UK and its constituent government office regions. The BRES Survey is an annual survey of businesses which is used to estimate the employment levels by different sectors.

4.6   Within the OE model migration is expected to grow or decline in parallel with the employment total. If the employment total within an area is falling too fast, migration also falls as the model assumes that people would not be attracted into this area to live, given that the employment prospects are weak. This ensures that the relationship between the labour market outlook and the population outputs are inter-linked.

Disaggregating Growth

4.7   The Oxford Economics forecasts are based on a global view of growth which is translated to the UK, then the Yorkshire and Humber region and then each local authority within the region. Within the hierarchy the growth in the lower level in the hierarchy must add up to that of the level above within the baseline forecast.

4.8   How the national level of growth is translated to a regional and local authority level differs from sector to sector. Some of the sectors are driven predominantly by population estimates, others by total employment in the area and the remainder by the sector's performance relative to the regional performance (largely exporting sectors). The methods of sectoral projection are as follows, each of which are forecast based upon recent trends:

- Agriculture - share of the regional employment
- Mining and quarrying - share of the regional employment
- Manufacturing - share of the regional employment
- Electricity, gas, and steam - share of the regional employment
- Water supply; sewerage, waste management - share of the regional employment
- Construction - location quotient (LQ) based upon total employment
- Wholesale and retail trade - LQ based upon consumer spending
- Transportation and storage - LQ based upon consumer spending
- Accommodation and food service activities - LQ based upon consumer spending
- Information and communication - share of the regional employment
- Financial and insurance activities - share of the regional employment
- Real estate activities - LQ based upon total employment
- Professional, scientific and technical activities - LQ based upon total employment
- Administrative and support service activities - LQ based upon total employment
- Public administration and defence - LQ based upon sectoral employment per population
- Education - LQ based upon sectoral employment per population
- Human-health and social-work activities- LQ based upon sectoral employment per population
- Arts, entertainment and recreation - LQ based upon consumer spending
- Other service activities LQ based upon consumer spending

4.9   Because of the way national forecasts are disaggregated the baseline growth in any given local authority largely reflects the relative strength of the sectors expected to grow nationally. In practice this means that local authorities with a particular strength in their professional, scientific and

technical sector and/or the administrative and support sectors (as the drivers of growth nationally) will see notable growth.

Baseline Forecast

4.10   In this section we have provided the baseline forecast between 2014 and 2035. Oxford Economics indicate the economy is expected to grow by 1.9% per annum (GVA growth pa), which is slightly slower than the growth achieved over the previous economic cycle (1993- 2010). – 3.1%. However it is still considerably stronger than the regional equivalent 1.5% per annum.

4.11   Oxford Economics 2017 Baseline scenario shows the total number of jobs in Harrogate is expected to grow from approximately 94,100 in 2014 to 105,500 in 2035[7]. This is a total forecast growth of 11,400, which equates to an annual growth rate of 0.5%.

Figure 25: Baseline Forecast (1991-2035)
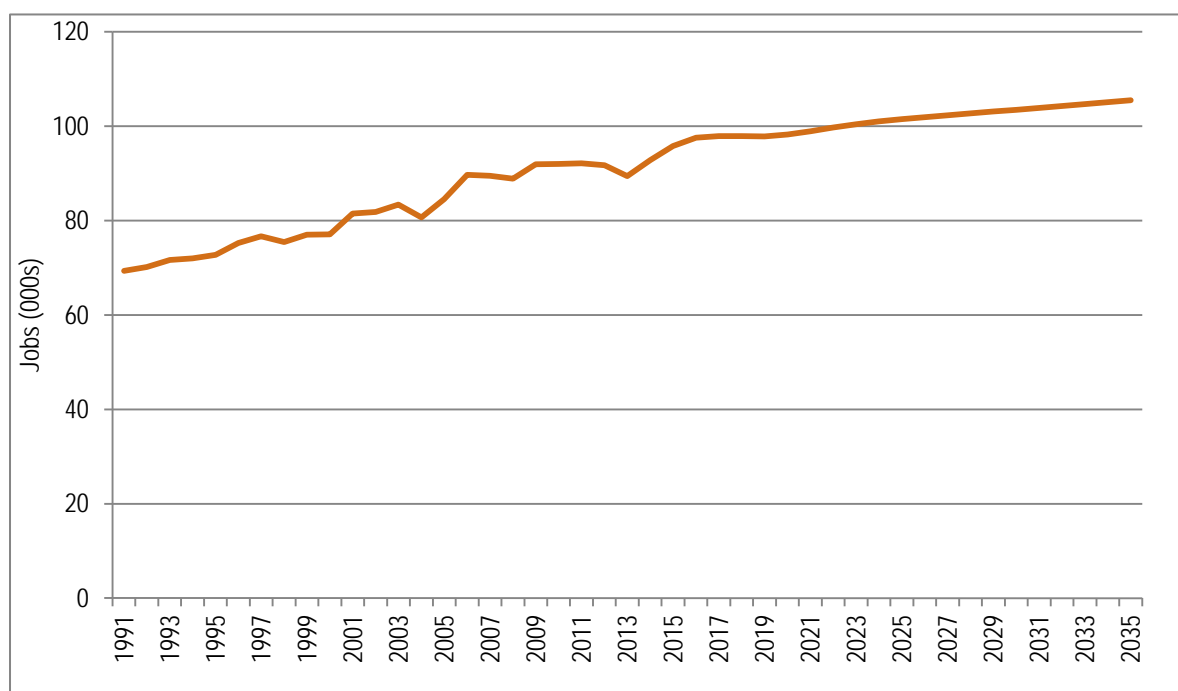
Source: Oxford Economics, 2017

4.12   Again this is slower than previous levels of growth within Harrogate (1.5% per annum) compared to the previous business cycle. However the expected level of growth is still stronger than the regional trend (0.4% pa) and in line with the national (0.5% pa) equivalent.

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[7] Note: Two sub-sectors, Advertising and market research and Creative arts and entertainment, have been amended to correct abnormal figures in 2014.

4.13   The slower rate of growth going forward is not confined to Harrogate but is expected nationally and regionally. Oxford Economics justify this slowing rate of growth for two key reasons. Firstly they do not expect the consumer to continue to be a key driver of growth as interest rates and inflation rise over the forecast period. Thus they expect more modest growth within the wholesale, retail and accommodation and food service sectors all of which are key sectors within Harrogate.

4.14   Secondly public services growth is also likely to be weaker in the 2015 to 2035 period due to government spending constraints (austerity), thus the outlook for public admin, education and health is more subdued.

4.15   The future GVA growth is particularly driven by growth in professional, scientific and technical activities, together with a strong contribution from the Wholesale Sector. The forecasts see the wholesale sector perform strongly, posting GVA growth of 2.3% pa between 2014-35.

4.15.1 Manufacturing employment in Harrogate had a strong annual rate growth of 1.9%, however, the outlook moving forward is more negative, with a modest contraction in employment of -0.3% pa to 2035. Within this it is reasonable to expect job growth in some manufacturing sub-sectors, offset by reduced employment in others.

Adjustments

4.16   While the baseline forecast provides a good indication of the direction of growth they do not reflect any planned/committed investment and the progression of some specific sectors locally.

4.17   The two Local Enterprise Partnerships (LEPs) which Cover Harrogate identify a range of growth sectors. The Leeds City Region (LCR) LEP identifies the following sectors as key for the LEP area:

- Creative and digital
- Health and Life Sciences
- Low carbon / biorenewables
- Food and drink manufacturing
- Innovative manufacturing
- Finance and Professional Services
- Logistics

4.18   The LCR LEP identifies the following key sectors for Harrogate in particular:

- Financial and professional services
- Digital, creative and life sciences
- Visitor economy

4.19   The York and North Yorkshire LEP identifies the following priority sectors:

- Agriculture
- Food Manufacturing

- Energy / renewables
- Biorenewables and Bioscience
- Health and social care
- Visitor economy

4.20   Harrogate Borough Council have identified strategic growth sectors for Harrogate, which arguably could see higher than trend based levels of growth-

- Scientific Research and Development
- Logistics
- Finance and Professional Services
- Creative and Digital

4.21   We have considered the Oxford Economics Baseline Forecast to interrogate the forecast growth in the identified growth sectors, and reviewed the historic and future trends for the District in each and compared this to regional and national trends.

4.22   The analysis revealed that four of the potential growth sectors (Creative and media, Digital and technology, Financial and professional services, and Energy and renewables) demonstrated growth rates in Harrogate which were below the national rates but above than the regional ones. The remaining two sectors showed levels which were outperforming national trends.

4.23   We therefore considered it appropriate to apply an uplift, to bring the growth in these sectors in line with national trends.

4.24   While we consider this to be a robust forecast for economic growth, it should not stop the local authorities planning for a higher level of employment growth should they aspire to. However, we would consider any level above that set out in the forecasts to be "policy-on".

Table 13:   Employment Growth Scenarios, 2014-35

	1993-2010	Adjusted 2014-35	
	% pa	Jobs Growth	Growth Per Annum
Harrogate	1.5%	12,200	0.6%
Yorkshire and the Humber	0.4%	211,000	0.4%
UK	0.8%	3,560,000	0.5%

4.25   The adjusted scenario results in an additional employment growth of 800 jobs from the Baseline Scenario (2014-35) taking the total jobs growth to around 12,200 representing growth of 0.6% pa, again exceeding both the regional and national performances.

4.26   The figure below illustrates the indexed growth for the baseline and adjusted growth scenarios alongside the equivalent level of growth for the region and country. As illustrated there is a notable divergence between Harrogate and in particular the Yorkshire and Humber regional levels of growth.

Figure 26: Indexed Employment Growth (14-35)
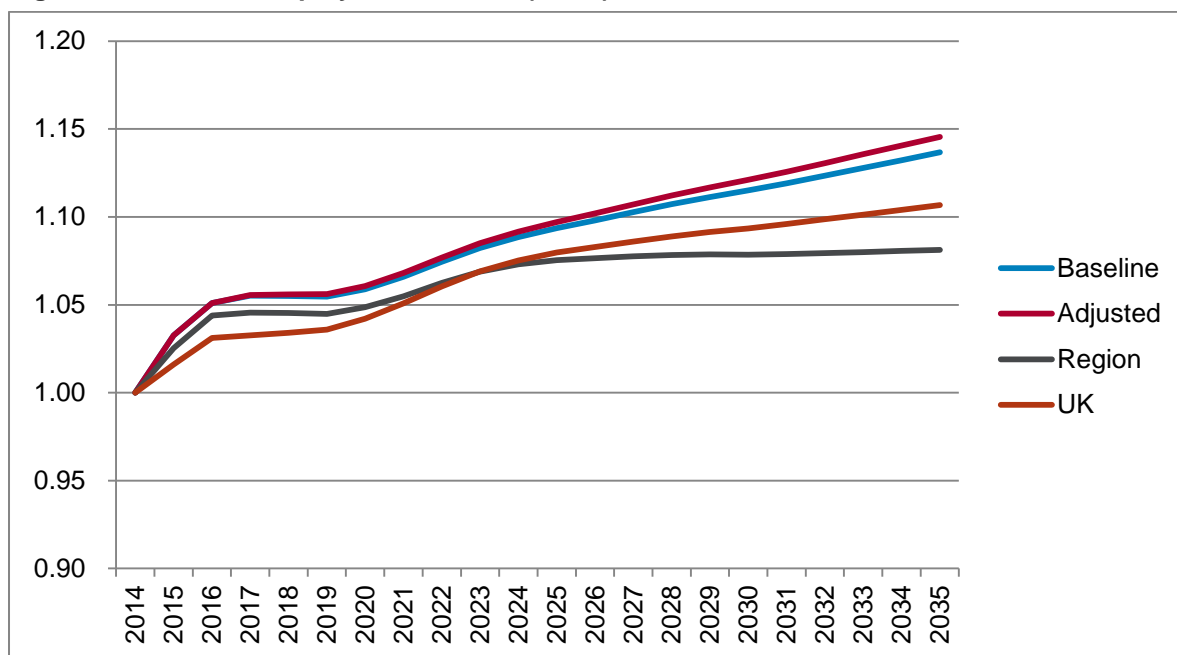
Source: Oxford Econometrics and GL Hearn, 2017

4.27   The above chart also illustrates that much of the growth has already occurred in the interim period since 2014. This is explored in more detail in the following section as the ramifications have a material impact on future housing need.

Sectoral Analysis

4.28   The adjusted forecasts see the Professional, scientific & technical (4,600 jobs), as well as the Business support services (2,900 jobs) with most significant growth, this is in line with the UK sectors of strength and OE's expectation for the national economy.

Table 14: Sector Changes in Jobs, Adjusted Scenario (2014-2035)

	2014	2035	Growth
Agriculture and Mining	2,800	1,900	-900
Manufacturing	4,800	4,500	-300
Utilities	400	300	-100
Construction	4,800	6,500	1,700
Wholesale and Retail Trade	15,500	17,300	1,800
Transport, Warehouse and Postal	3,300	3,800	500
Accommodation and Food Services	9,800	9,900	100
Media and IT	3,000	2,800	-200
Professional and Scientific Services	14,100	18,700	4,600
Business Support Services	6,300	9,200	2,900
Public Administration and Defence	4,500	4,000	-500
Education	6,900	7,900	1,000
Health	12,300	13,100	800
Creative and Recreation	2,800	3,400	600
Other	3,000	3,100	100
Total	94,100	106,300	12,200

Source: Oxford Econometrics and GL Hearn, 2017 (numbers may not sum due to rounding)

4.29   There are a number of sectors which are expected to decline over the plan period, most notably the agricultural sector. This is largely a continuation of historic declines through mechanisation/automation which has resulted in job losses.

4.30   Similarly the manufacturing industry is expected to see job losses going forward as a result of automation. Again this reflects longer term trends seen nationally which haven't been seen in Harrogate as yet. While the manufacturing sector sees job losses it does however have a significant growth in GVA and productivity.

4.31   Linked to Austerity the district is also expected to see job losses in the public administration and defence sectors. This would include the planned closures of the Ripon Barracks and contraction of local government services.

Key Points

- The baseline forecast produced by Oxford Economics indicates that the economy is expected to grow by 1.9% per annum (GVA growth pa) between 2014 and 2035. The total number of jobs growth forecast is 11,400 which equates to an annual growth rate of 0.5%.

- As with the national forecasts this is a slower level of growth compared to the previous business cycle. However this is justified as both consumer and public sector expenditure is expected to fall.

- The future GVA growth is particularly driven by growth in the professional, scientific and technical activities and Wholesale Sectors.

- However these baseline forecasts are largely trend based and do not reflect local investment or planned growth. We therefore considered adjustments to the forecasts to reflect this. The adjusted scenario results in an additional employment growth of 800 jobs from the Baseline Scenario (2014-35) taking the total jobs growth to around 12,200 representing growth of 0.6% pa, again exceeding both the regional and national performances.

- The adjusted forecasts see the Professional, scientific & technical and Business support services have most significant growth in jobs. The agricultural and manufacturing sectors are both expected to see job losses going forward as a result of automation. However both have a significant growth in GVA and productivity.

5   ECONOMIC LED HOUSING NEED

5.1   PPG sets out that consideration should be given to future economic performance in drawing conclusions on the overall need for housing. Specifically, the Guidance[8] outlines that:

"Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area. Any cross-boundary migration assumptions, particularly where one area decides to assume a lower internal migration figure than the housing market area figures suggest, will need to be agreed with the other relevant local planning authority under the duty to cooperate. Failure to do so will mean that there would be an increase in unmet housing need.

Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."

5.2   It is clear that understanding the link between potential growth in jobs and population/ housing is an important part of looking at the OAN, however the PPG is clear that this issue is one in relation to the location of housing rather than necessarily overall housing need *per se.* Indeed, the wording of the PPG shows a notable departure from the wording in the draft PPG (of August 2013) where it was stated that *'in such circumstances [a shortfall in labour supply], plan makers will need to consider increasing their housing numbers to address these problems'.* This is a clear, conscious and logical change to the PPG between draft and final version.

5.3   Clearly it would be illogical for an area to increase population growth above the levels shown in trend-based demographic projections (and hence increase housing need) through increased in-migration without consideration of the impact this would have on other locations (where an increase in out-migration might be expected). Economic evidence therefore needs to be treated with a degree of caution, and a recognition that ultimately economic factors are a potential influence on the distribution of development in particular.

5.4   There are however some circumstances where an individual authority might consider a higher OAN to support employment growth, such as:

a)   In an area with low future population growth and potentially a minimal change in the economically active population (due to an ageing population). In such circumstances it may be sensible to suggest an above trend level of housing delivery to encourage a slightly younger age structure and to support economic growth.

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[8] ID 2a-018-20140306

b) In an area with a known 'shock' to the employment base such as a major new employment site which will generate many more jobs above a baseline forecast position. In such a case it may be reasonable to consider that more homes will be needed to accommodate the growing workforce (although recognising commuting patterns and the 'draw' of workers will also be important along with an understanding of the displacement impacts of sizeable development).

5.5 For Harrogate only the first circumstance is relevant, although it is notable that the ageing population has made an increasing contribution to the local labour force.

Approach to Calculating Economic Led Housing Need

5.6 The interaction between population growth/ housing need and employment growth is invariably complex and requires assumptions to be made regarding:

- The relationship between jobs and people, as some people have more than one job;
- Commuting patterns, which relate to differences between where people live and work;
- Employment rates, in terms of the proportion of people in work.

5.7 Each of the above factors is dynamic and can change over time. Any modelling exercise needs to make assumptions about these factors. The HEDNA approach firstly takes the economic growth forecasts (in this case the planned growth forecasts) and calculates the required change in residents in employment to service this growth. To do so, we take into account that some people have more than one job (double jobbing), as well as commuting patterns, which influence the spatial relationship between where people live and work. Once we have the change in residents in employment, we consider age specific economic participation rates and we calculate the change in overall population.

5.8 Broadly the change in employment rates (the proportion of people in work) takes into account a number of key considerations including; changes to the pensionable age, the propensity for people to work longer, particularly women and the changing age structure. Age and sex specific assumptions are applied in the modelling.

5.9 The housing need model then adjusts the demographic modelling, and in particular the migration assumptions (both internal and international), to support the expected growth in residents in employment.

5.10 The Oxford Economic forecasts are integrated forecasts in that they have their own assumptions and outputs relating to population, commuting and economic activity rate changes. As a sensitivity within this chapter we have also provided the housing need outputs resulting from the OE modelled outputs themselves.

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Page 53 of 199

Impact of Time Periods

5.11   The HEDNA looks at housing and employment land needs in the period from 2014-35. An issue with this when looking at economic forecasts is that some of the job growth will have already occurred (in the 2014-16 period, with 2016 being the base date of the forecasts).

5.12   In calculating the OAN we have only examined the jobs growth for the 2016-35 period taking the MYE for 2015 and the SNPP for 2016. We have examined the impact the recent employment growth has had on local employment. As the chart below clearly shows there has been a notable improvement to employment rates in the last two years in Harrogate.

5.13   The numbers associated with the figure below is a growth in employment of around 6,100 additional persons. This compares to a growth in jobs within the adjusted forecasts of just 4,700 over the same period.

Figure 27: Employment and Employment Rate in Harrogate (05-16)

Source: Annual Population Survey, 2017

5.14   There are however notable error margins within the Annual Population Survey from which the data is drawn, this could mean either an over-count or indeed an under-count in this growth. While there is clearly a trend for improving employment rates we have not assumed these continue at the same rate.

5.15   This also suggests that any changes to commuting resulting from historic growth and any perceived undersupply of housing are likely to have been kept to a minimum or indeed could have seen further out commuting.

5.16   Hence, to confirm, the analysis below has modelled the population growth and housing need required to meet the job growth forecast for the 2016-35 period – this is 8,766 additional jobs. The outputs are still provided for the 2014-35 period, with data from 2014-16 being taken from the SNPP and CLG household projections (including an adjustment for the 2015 MYE).

Linking Job Growth and Changes to Resident Labour Force

5.17   The analysis above has set out a potential scenario for the change in the number of jobs in Harrogate District. However, for the purposes of analysis linked to demographic data it is necessary to convert this into estimates of the required change to the economically active population. The number of jobs and resident workers required to support these jobs will differ depending on two main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting); and
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs.

5.18   Additionally, it would be possible to look at potential changes to unemployment. However, with unemployment being relatively low, and with the analysis essentially taking a 2016 base, it has been assumed that there will be no further changes to unemployment moving forward.

Commuting patterns

5.19   The table below shows summary data about commuting to and from Harrogate District from the 2011 Census. Overall the data shows that the District sees a small level of net in-commuting for work with the number of people resident in the area who are working being about 1% lower than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

Table 15: Commuting patterns in Harrogate District (2011)

	Harrogate District
Live and work in LA	45,408
Home workers	12,446
No fixed workplace	5,566
In-commute	18,668
Out-commute	19,528
Total working in LA	82,948
Total living in LA (and working)	82,088
Commuting ratio	0.99

Source: 2011 Census

5.20   In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census (i.e. it is assumed that the growth in the number of residents who are economically active will need to be 1% lower than the increase in the number of jobs, subject to other adjustments for double jobbing).

Double jobbing

5.21   As well as commuting patterns, the analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across the District that typically between about 5% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).

Figure 28: **Percentage of all people in employment who have a second job (2004-2016) - Harrogate**
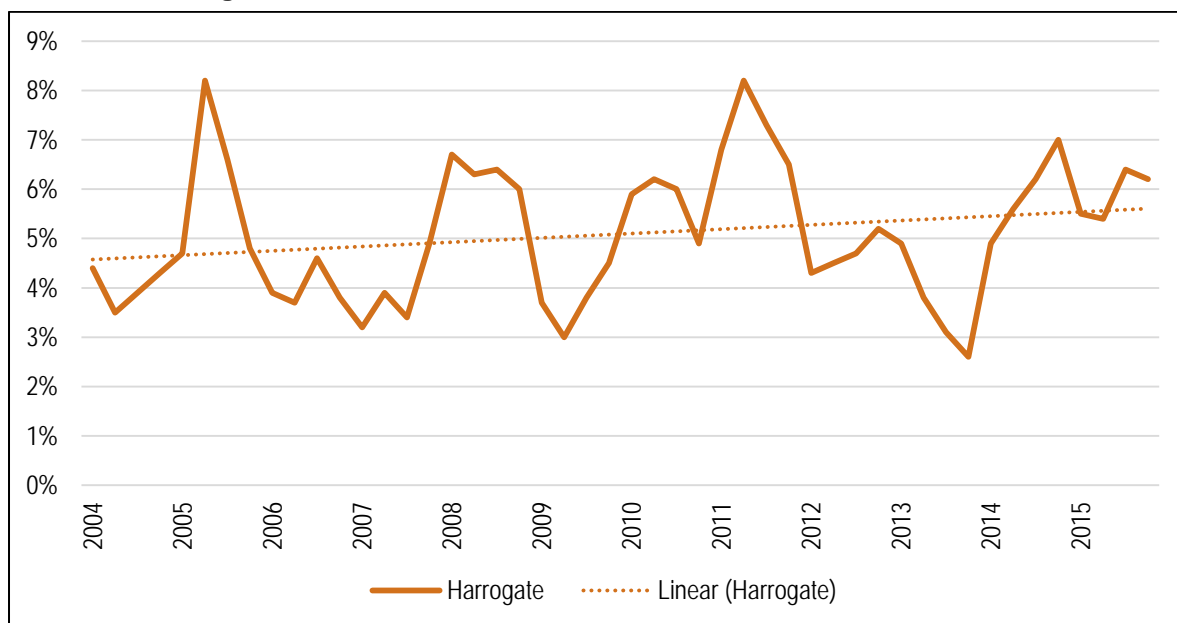
Source: Annual Population Survey (from NOMIS)

5.22   For the purposes of this assessment it has been assumed in the analysis that the level of double jobbing will remain constant over time and this is set at the average seen in all data points back to 2004. The figure applied in Harrogate is 5.1%.

Calculating labour-force growth requirements

5.23   The table below brings together the analysis above in terms of the growth in the resident labour-supply (taken to be the economically active population) required to meet the job growth forecast. The analysis starts with the number of jobs and then makes adjustments based on commuting dynamics and double jobbing. The analysis shows that to meet the estimated number of jobs in the forecast (of 8,766), there would need to be an increase in the resident labour-supply of around 8,200 people.

Table 16: **Growth in economically-active residents required to meet job forecast**

	Job growth	Adjustment for commuting	Adjustment for double jobbing
Harrogate	8,766	8,675	8,233

Source: Derived from a range of sources as discussed

Growth in the Resident Labour Force

5.24   Having studied the likely level of job growth and the required changes to the economically active population, the next stage is to estimate the change in the resident labour supply. Making the link

between population and the resident workforce is a very thorny issue with no set methodology and a range of different methods and views being used. It is considered difficult to robustly project how economic activity or employment rates will change in the future and hence any approach must be treated with extreme caution.

5.25   The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach although there are no set figures to be used when looking at how activity rates might change over time.

5.26   Of the main forecasting houses (Experian, OE and CE) only Experian publish age and sex specific data about how economic activity rates might change (this data is available directly from Experian and underpins the document *'Comparison between Experian and OBR Participation Rate Projections'* (February 2016)). The other main source is a set of figures published by the Office for Budget Responsibility (OBR) as part of the Fiscal Sustainability Report (FSR); the most recent rates were published in January 2017.

5.27   The OBR figures are not considered to be of any great use for this analysis as they bear no relationship to economic forecasts developed at a local level. If the OBR rates were to be applied (say at a national level) then the level of job growth implied would be substantially lower than forecast by each of Experian, OE and CE (and hence to apply OBR rates a downward adjustment to job growth would also be required).

5.28   However, it is accepted, to provide an estimate of the link between jobs and homes, that some assumptions need to be made. The figure and table below show the assumptions used in this assessment. These are based on Experian figures, which have been adjusted on the basis of Census data to match actual age/sex specific data for Harrogate District. There is good reason for using the Experian data in terms of the fact that it actually relates to economic forecasts (albeit the Experian figures are developed at a national level).

5.29   The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision). Intuitively the figures look to be reasonable.

Figure 29: Projected changes to economic activity rates (2016-35) – Harrogate District
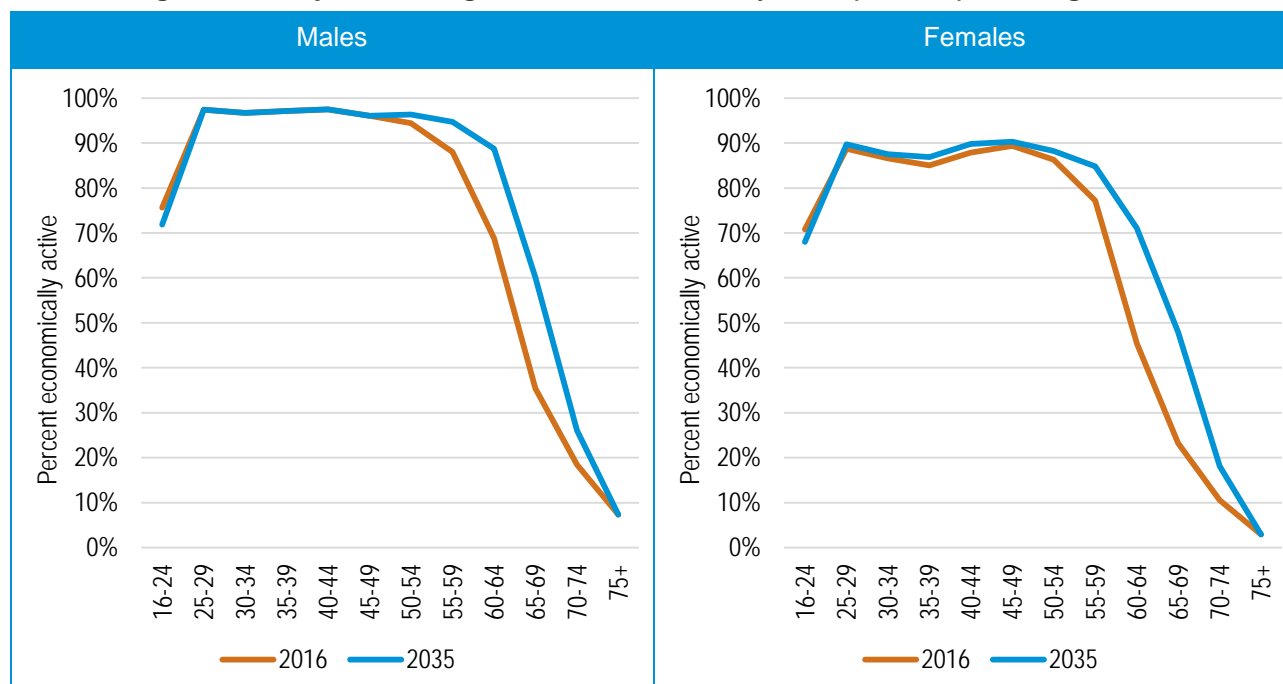
Source: Based on Experian and Census (2011) data

Table 17:   Projected changes to economic activity rates (2016-35) – Harrogate District

	2016	2035	Change	2016	2035	Change
16-24	75.6%	71.8%	-3.8%	70.8%	68.0%	-2.9%
25-29	97.4%	97.4%	0.0%	88.7%	89.7%	0.9%
30-34	96.7%	96.7%	0.0%	86.6%	87.5%	0.9%
35-39	97.1%	97.1%	0.0%	85.0%	86.9%	1.9%
40-44	97.5%	97.5%	0.0%	87.9%	89.8%	1.9%
45-49	96.0%	96.0%	0.0%	89.4%	90.3%	0.9%
50-54	94.4%	96.3%	1.9%	86.3%	88.2%	1.9%
55-59	88.0%	94.7%	6.7%	77.2%	84.8%	7.6%
60-64	68.8%	88.7%	19.9%	45.4%	71.1%	25.6%
65-69	35.4%	60.1%	24.7%	23.2%	47.9%	24.7%
70-74	18.4%	26.0%	7.6%	10.5%	18.1%	7.6%
75+	7.3%	7.3%	0.0%	2.9%	2.9%	0.0%

Source: Based on Experian and Census (2011) data

5.30   Interestingly, despite the Experian data forecasting increases in activity rates for most age/sex groups; it is the case that the overall economic activity rate in Harrogate District would be expected to fall (the rate is conventionally expressed as the economically active population divided by the total population aged 16 and over). The figure below shows how the activity rate would be expected to change from 2016 to 2035; the figure also shows past trend data (drawn from the Labour Force Survey (LFS) and the successor Annual Population Survey (APS)). Some caution should be

exercised with the trend data as it is based on survey information and subject to some degree of sampling error.

5.31   When taken in the round there is no substantial evidence to suggest that future levels of economic activity (when based on Experian data) are either demonstrably too high, or too low. Projected figures from both the 2014-based SNPP and with 10-year migration trends have been shown; this is because the projections have a different demographic profile, and this translates into differing overall activity rate calculations (the 10-year trend projection has less of an ageing population than the SNPP).

Figure 30: Economic activity rate (population aged 16+) – Harrogate District
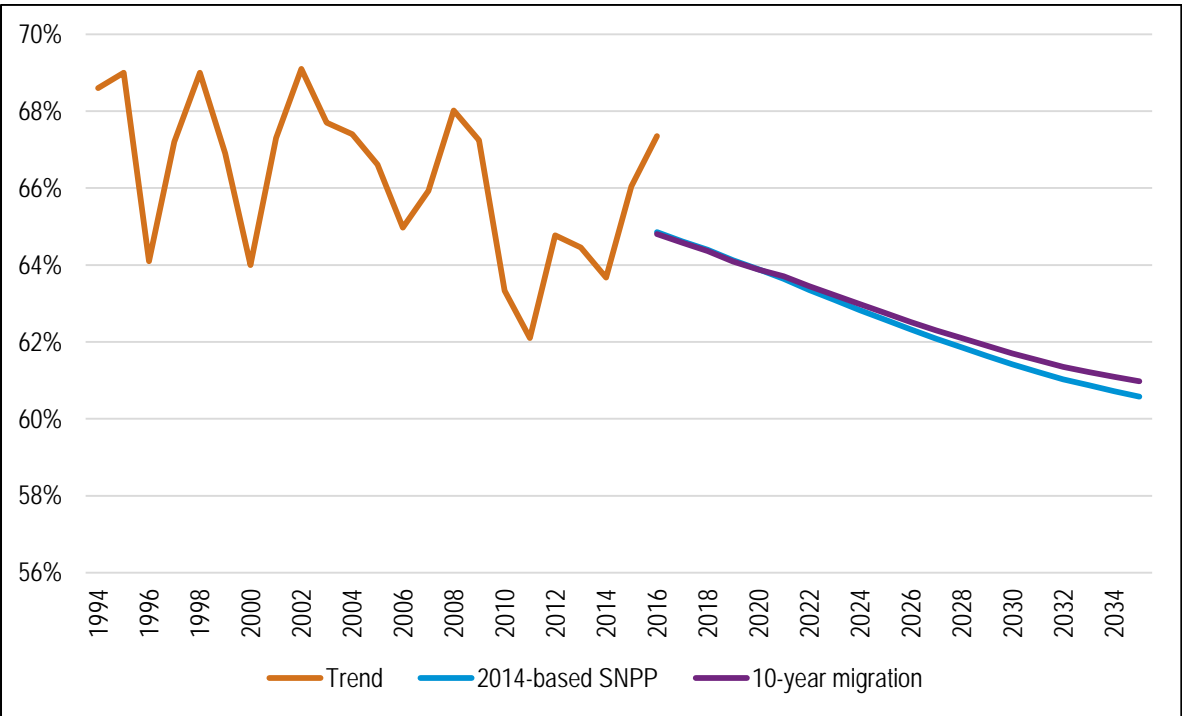
Source: Based on Experian and Census (2011) data and LFS, APS

5.32   As a sensitivity to the Experian rates, the analysis has also run equivalent figures based on OBR and also linked to employment rate data provided by OE (which is specific to Harrogate District). The OE data is an output of the baseline modelling and is to some extent 'flexed' to allow for a range of variables within the model to be consolidated (e.g. to ensure a consistency with a range of variables including overall population growth and commuting).

Housing Need linked to job-growth forecasts

5.33   Having undertaken the analysis above, the final stage is to consider what level of housing might be required for forecast to be met. Within the modelling, migration assumptions have been changed so that across the local authority the increase in the economically active population matches the

increase in the resident workforce required. The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). Once the level of economically active population matches the job growth forecast, the population (and its age structure) is modelled against CLG headship rates to see what level of housing provision that might imply.

5.34   The table below show levels of housing need linked to the above change in the resident labour-supply and for a range of economic activity rate assumptions. This shows that with the core assumptions (based on Experian rates) there is a housing need for 610 dwellings per annum; this figure would increase to 722 if OBR assumptions are used, with a much lower figure (of 407 dwellings per annum) if using the OE rates. Given the range of outputs, it seems reasonable to consider the Experian based figures as the most realistic and robust.

Table 18:   Projected housing need – baseline job-led scenario (2014-35) – Harrogate District

	Households 2014	Households 2035	Change in households	Per annum	Dwellings (per annum)
Experian rates	**67,881**	**79,668**	**11,787**	**589**	**610**
OBR rate	67,881	81,838	13,958	698	722
OE rates	67,881	75,758	7,877	394	407

Source: Derived from a range of sources as described

5.35   As well as running the job-led scenario using household representative rates from the 2014-based CLG household projections, it is possible to look at the same information with an additional uplift for the 25-34 age group (as has been undertaken with the demographic analysis).

5.36   The figures for this sensitivity are shown below and identify an increase in need of between 53 and 63 dwellings per annum (between 9% and 13% uplift). For the adjusted jobs growth scenario with the Experian EAR the revised housing need is 669 dpa.

Table 19:   Projected housing need – baseline job-led scenario (2014-35) – Harrogate District – including uplift to household representative rates

	Households 2014	Households 2035	Change in households	Per annum	Dwellings (per annum)
Experian rates	**67,881**	**80,817**	**12,936**	**647**	**669**
OBR rate	67,881	83,065	15,185	759	785
OE rates	67,881	76,766	8,885	444	460

Source: Derived from a range of sources as described

Key Points

- The link between potential growth in jobs and population/ housing is an important and complex part of looking at the OAN. The calculations require a range of assumptions most notably in relation to the proportion of people in work and how this can change over time.

- Looking at housing need over the 2014-35 period, much of the employment growth has already occurred. Official data shows that the local population has responded to this need through a notable improvement to employment rates.

- The HEDNA therefore models the population growth and housing need required to meet the job growth forecast for the 2016-35 period – this is 8,766 additional jobs.

- The outputs are still provided for the 2014-35 period, with data from 2014-16 being taken from the SNPP and CLG household projections (including an adjustment for the 2015 MYE).

- We have assumed that commuting patterns and double jobbing are held constant and that no improvements to unemployment will occur post 2016. The analysis shows that to meet the estimated number of jobs in the forecast there would need to be an increase in the resident labour-supply of around 8,200 people.

- We have sensitivity tested a range of Economic Activity Rates from various sources. We have chosen to take forward the rates produced by Experian. Linked to pensionable age and a general trend for older people to work longer the analysis shows that the main changes to economic activity rates are projected to be older age groups.

- The level of housing need linked to the above change in the resident labour-supply and the Experian economic activity rate assumptions is for 610 dwellings per annum. As with the demographic analysis we have made an additional uplift to the HFR in the 25-34 and 35-44 age groups. For the adjusted jobs growth scenario with the Experian EAR the revised housing need is 669 dpa.

6   HOUSING MARKET DYNAMICS AND MARKET SIGNALS

6.1   The NPPF is clear that plans should take account of market signals, such as land prices and housing affordability (Paragraphs 17 and 158). The PPG clarifies this setting out that:

"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand."

6.2   The PPG sets out that studies should assess house prices and rents, land values, affordability, rates of development as well as overcrowding, concealed and shared households. Appropriate comparisons should be made (in terms of absolute levels and rates of change) with trends in the HMA, similar areas and nationally. It sets out that:

"A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections."

6.3   In interrogating market signals we have sought to assess trends over the 2001-11 period, as this is the period from which household formation trends in the 2011-based Household Projections are derived. We have also considered more recent trends and current performance, to assess whether there is a case for adjusting levels of housing provision (relative to those shown in the projections thus far).

6.4   We have sought to analyse the indicators identified in the PPG. However in our view it is important to understand the drivers behind what has been happening in the housing market in recent years. We therefore start off by providing an overview of macro-level dynamics.

Land Values

6.5   The DCLG published a report on residential land value estimates in December 2015. As it can be seen from the table below, the highest residential land values are achieved in York. Values in both Harrogate and York are highest when compared to other local authorities in the area. Land values in Harrogate are also significantly higher than the values regionally and nationally excluding London.

Table 20:   Land Values, March 2015

Local Authority	Land Value Per Hectare
Harrogate	£2,525,000
Hambleton	£2,020,000
York	£2,710,000
Leeds	£2,110,000
Yorkshire and the Humber	£1,400,000
England including London	£6,900,000
England excluding London	£2,100,000

Source: DCLG, 2015

House Prices Analysis

6.6   The average (mean) house price in Harrogate District (2016) was almost £343,000 whilst the median price was significantly less at £254,225. This illustrates the impact of a small number of very expensive properties in the district.

6.7   In comparison to neighbouring local authorities and the County as a whole, median prices in Harrogate are significantly higher. The difference is even starker when the Mean average price is reviewed.

Table 21:   Average House Prices in the Housing Market Area (2016)

	Median	Mean
Harrogate District	£254,225	£342,590
Hambleton	£210,000	£263,678
York	£215,000	£265,035
Leeds	£159,950	£214,551
North Yorkshire	£200,000	£260,230

Source: Land Registry Price Paid Data

House Price Change

6.8   Figure 31 profiles house prices in Harrogate District and the wider comparators from 1997 to 2007 (i.e. the pre-recession decade). This shows that house price trends in Harrogate District closely followed the county-wide trend over this period but at a slightly higher level.

6.9   Over the pre-recession decade, median prices in Harrogate District increased from £65,000 to £219,000 – an increase of almost £155,000 (225%). Over this period, median prices across North Yorkshire rose by £125,500 (201%) and across England by £122,000 (195%). The result has been a widening of the gap in house prices between these areas during this period.

Figure 31: Median House Price Trends, 1997-2007
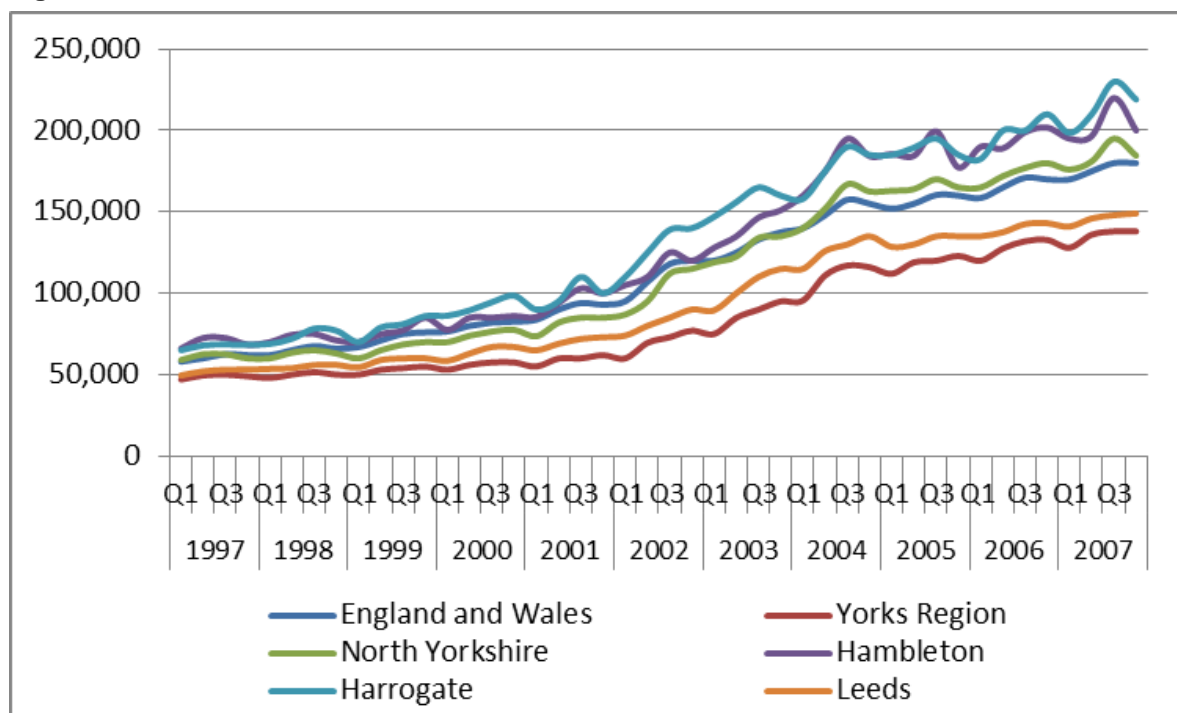
Source: DCLG Live Tables: Land Registry Data

6.10   The increase in house prices in particular points to an imbalance between supply and demand for housing over the 2001-05 period in particular, when the increase in prices was sharpest.

6.11   Since 2007, trends in house prices have understandably been very different - reflecting the economic backdrop. Harrogate District posted a significant fall in median prices from early 2008 to 2009 at the onset of the recession, as was the case regionally and nationally.

6.12   House prices subsequently rose during 2009 and 2010 but have plateaued since. As of 2013 Q2, median house prices in Harrogate District were almost exactly the same as pre-recession levels (-3%). By contrast Hambleton has shown a growth in prices of 5% over this period.

Figure 32: Median House Price Trends by Local Authority, 2008-13
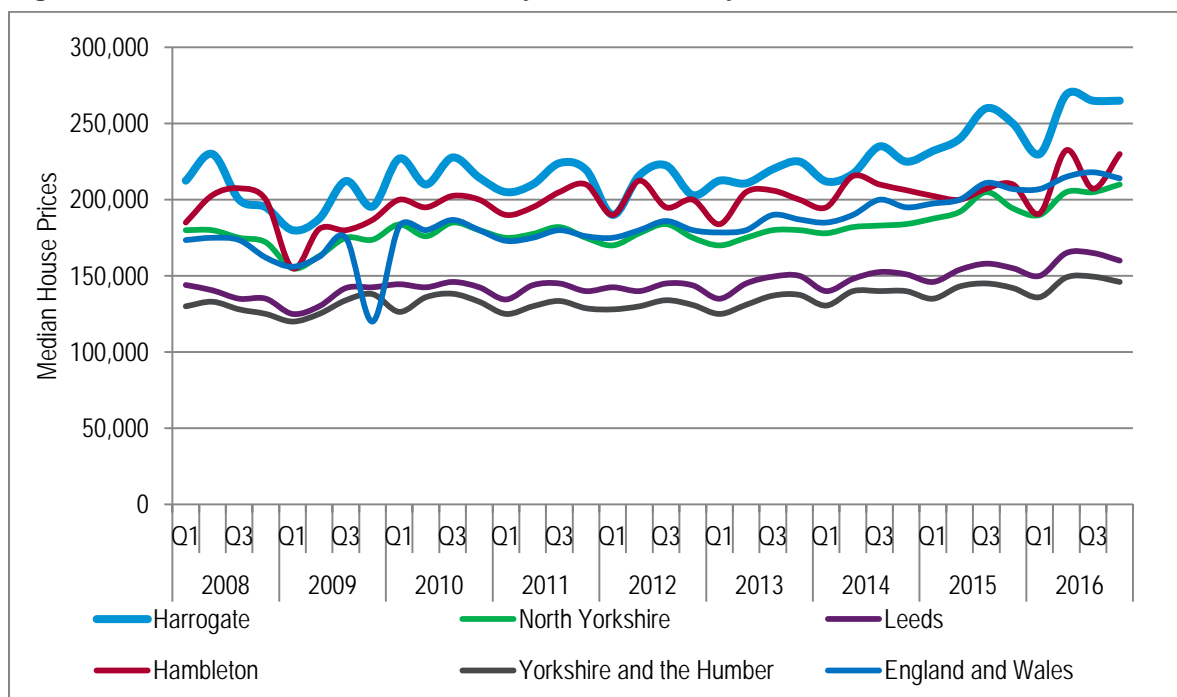
Source: DCLG Live Tables: Land Registry Data

6.13   As it can be seen, median house prices in Harrogate over the last four years have been significantly higher compared to neighbouring areas, the region and nationally. However, overall median house prices are skewed slightly by the proportion of each dwelling type being sold during this period which by and large reflects the housing stock in each area.

6.14   We have therefore analysed more recent house prices achieved in 2016 in more detail. This provides further understanding of the latest dynamics for different property types within Harrogate District and the wider comparators.

House Price by Type

6.15   As can be seen in Figure 33 there is some variance in median house prices across Harrogate District and the wider comparators. There is a clear split in house prices with larger detached and semi-detached house prices in Harrogate District being significantly higher than equivalent prices in Hambleton and Leeds.

6.16   In contrast the price of smaller terraced houses and flats is more aligned between Harrogate District and the wider comparators across the sub-region with properties in Harrogate District and North Yorkshire being significantly higher than other areas. This again illustrates the impact of very high priced property in Harrogate district.

Figure 33: Median House Prices by Local Authority, 2016

	Detached	Semi-detached	Terrace	Flat
Harrogate	£412,500	£236,000	£195,250	£170,000
Hambleton	£300,000	£181,500	£165,000	£136,438
York	£325,000	£218,000	£190,230	£158,000
Leeds	£299,995	£170,000	£128,000	£117,000
North Yorkshire	£300,000	£190,000	£170,000	£146,500
Yorkshire and the Humber	£245,000	£140,000	£112,000	£109,000
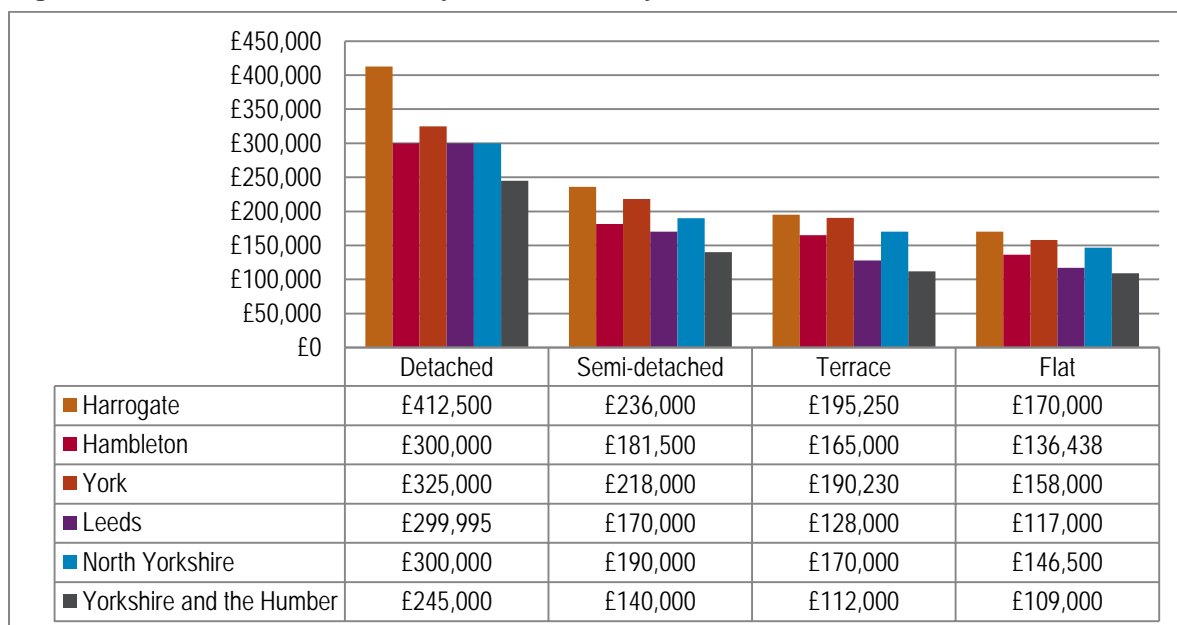
Source: GLH Analysis: Land Registry Price Paid Data

6.17   Figure 34 shows that there were considerably more detached house sales in Hambleton, again this drives the average house price up.

6.18   That said there were also considerably more sales of flats in Harrogate District than in the county and region. This is likely to somewhat temper the impact of the detached house prices, although the average flat costs in Harrogate are still higher than all other areas examined.

Figure 34: Sales by Dwelling Type (2016)
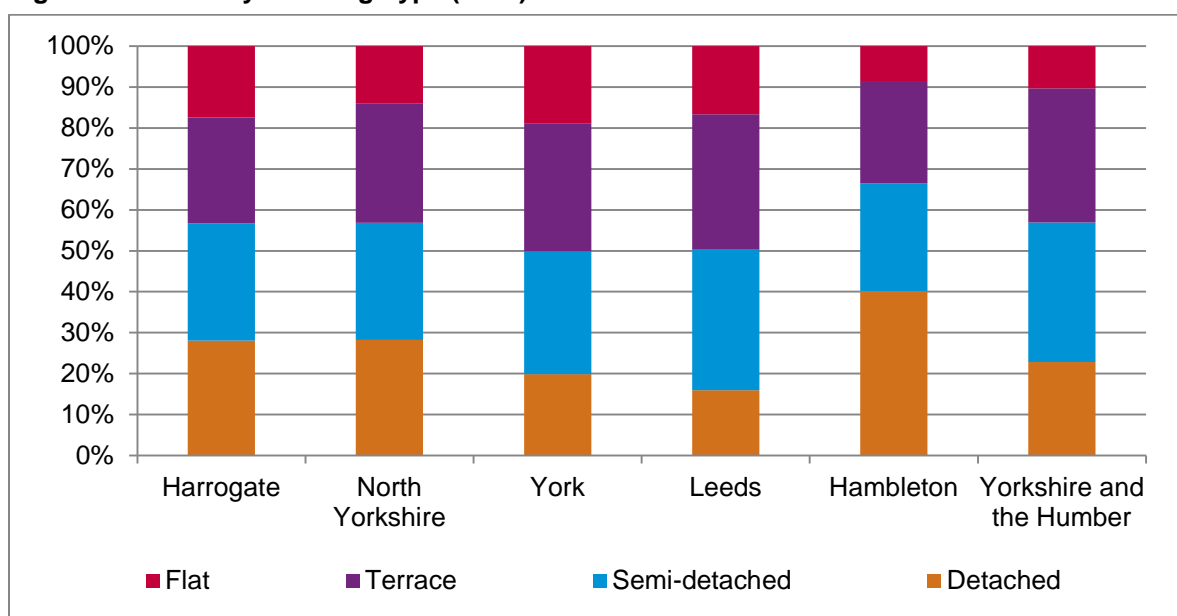
Source: GLH Analysis: Land Registry Price Paid Data

Sales Volumes and Effective Demand

6.19   Sales volumes are an important indicator of effective demand for market housing. We have benchmarked sales performance against long-term trends to assess the relative demand for market homes for sale. Figure 35 benchmarks annual sales over the period 1996 to 2016 against the pre-recession index.

Figure 35: Indexed Analysis of Sales Trends, 1996 – 2016
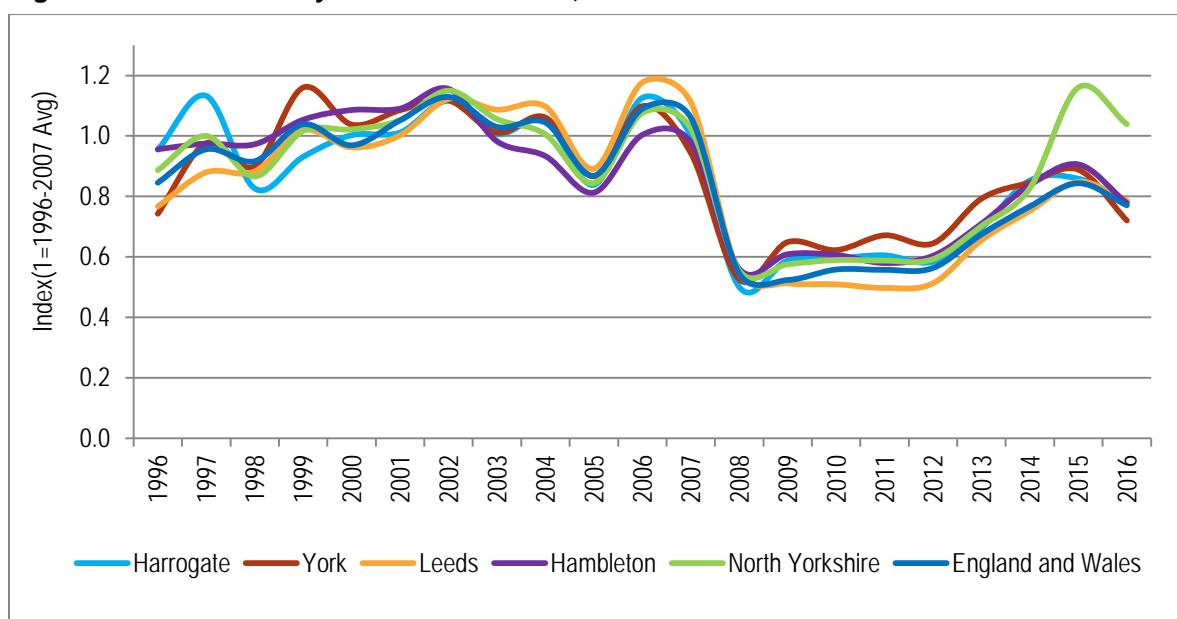
Source: DCLG Live Tables and Land Registry

6.20   The latest published data by CLG is for 2012, although this has been brought together with data from the Land Registry. As illustrated sales volumes nationally experienced a significant drop between 2007 and 2008. Between 2008-12 the recovery in sales volumes has been very modest. Since 2013, there has been a gradual growth in sales trends, with a steep increase for North Yorkshire in 2015 when compared to the other areas.

6.21   The similarity between trends nationally, within the region and in Harrogate District highlights the influence of macro-economic dynamics on sales volumes at a local level.

Rental Trends

6.22   Mean Average rents in Harrogate District (£823 per calendar month (pcm)) are also significantly higher than the regional mean average (£556 pcm) and slightly higher the national mean average (£820 pcm). Median rents in the District (£695 pcm) are higher than the regional (£500 pcm) and national figure (£650 pcm).

6.23   As shown in Table 22, in comparison to Leeds and Hambleton, Median and Mean Average rents are higher in Harrogate District, yet lower than the rents in York. As with house sales, these differentials are influenced by the balance of property transactions.

Table 22:   Average and Median Rental Prices (2016)

Area	Mean Average Rent (p.c.m.)	Median Rent (p.c.m.)
England	£820	£650
Yorkshire and Humber	£556	£500
North Yorkshire	£647	£575
Hambleton	£618	£575
York	£843	£700
Harrogate District	£823	£695
Leeds	£671	£615

Source: VOA Private Rental Data

6.24   An analysis of median rents by property size (see Figure 36) indicates that rents in Harrogate are generally higher than the majority of comparator areas, except for York. Rental costs for different sizes of properties in Hambleton are significantly below those in Harrogate District on a comparable basis.

6.25   It is likely that the higher rental costs in York are driven by demand from student households. While this is also the case in Leeds there is a more plentiful supply there which allows costs to be kept to a minimum.

Figure 36: Median Rental Costs by Size, 2016
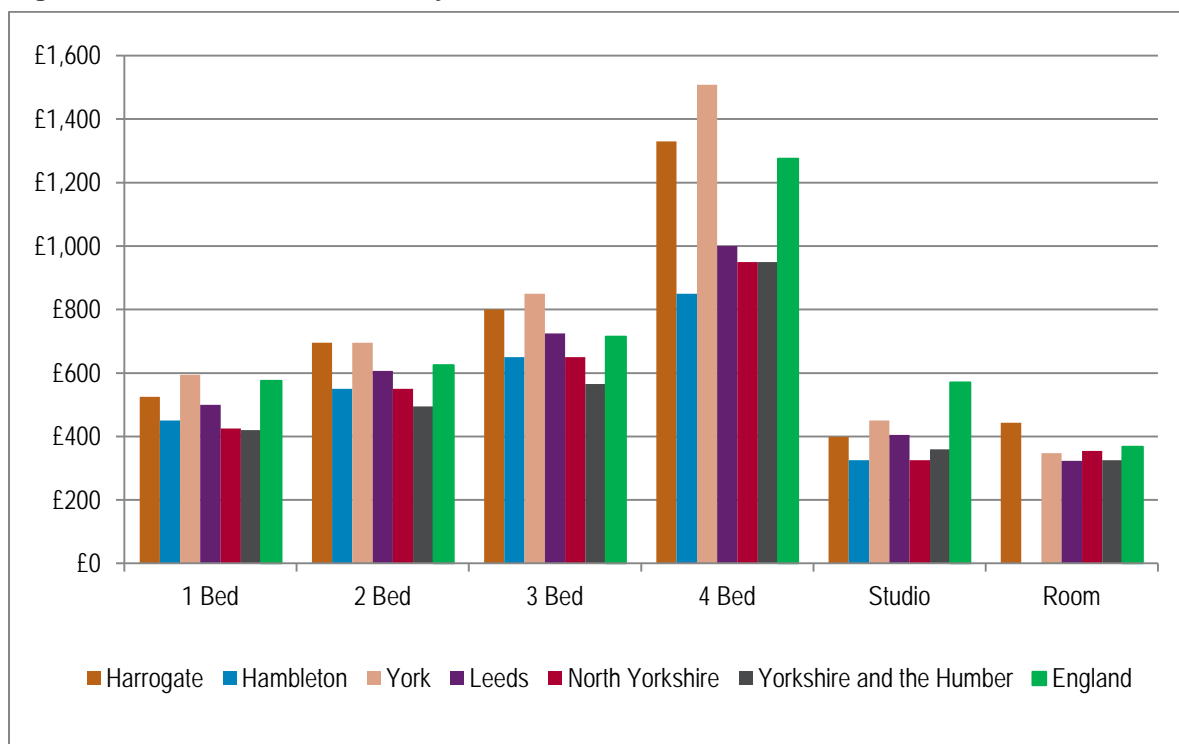
Source: VOA Private Rental Data

6.26   Over the last 6 years,[9] median rental values in Harrogate District have grown by 8%. During this period prices in Leeds and York have risen by 4%. By way of comparison, across England there has been a 13% rise over this period for median values (see Figure 37).

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[9] This is the longest period for which trend data is available at a local authority level

Figure 37: Benchmarked Trend in Median Private Rents, 2011-2016
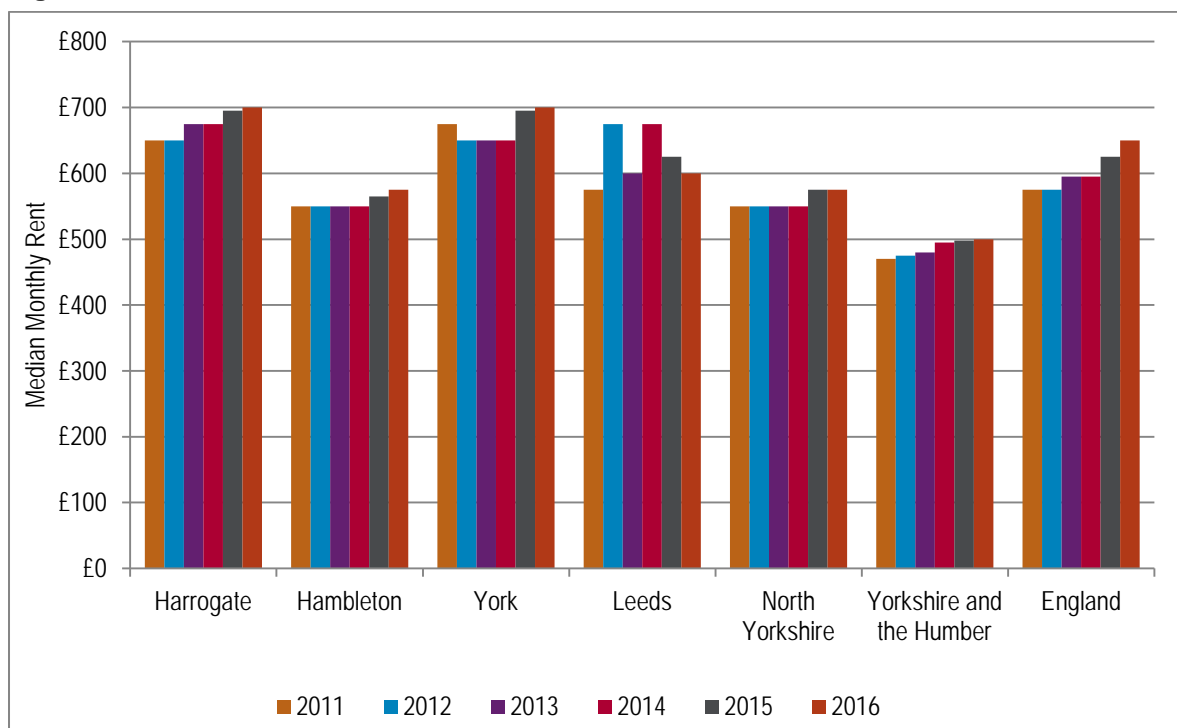
Source: VOA Private Rental Data

6.27 Figure 38 shows trends in the number of rental transactions recorded by the VOA, indexed against 2011 figures. This illustrates an increase in the District, which is in line with the trend across the region and slightly below that nationally.

Figure 38: Trend in Private Rental Transactions, September 2011 to June 2016
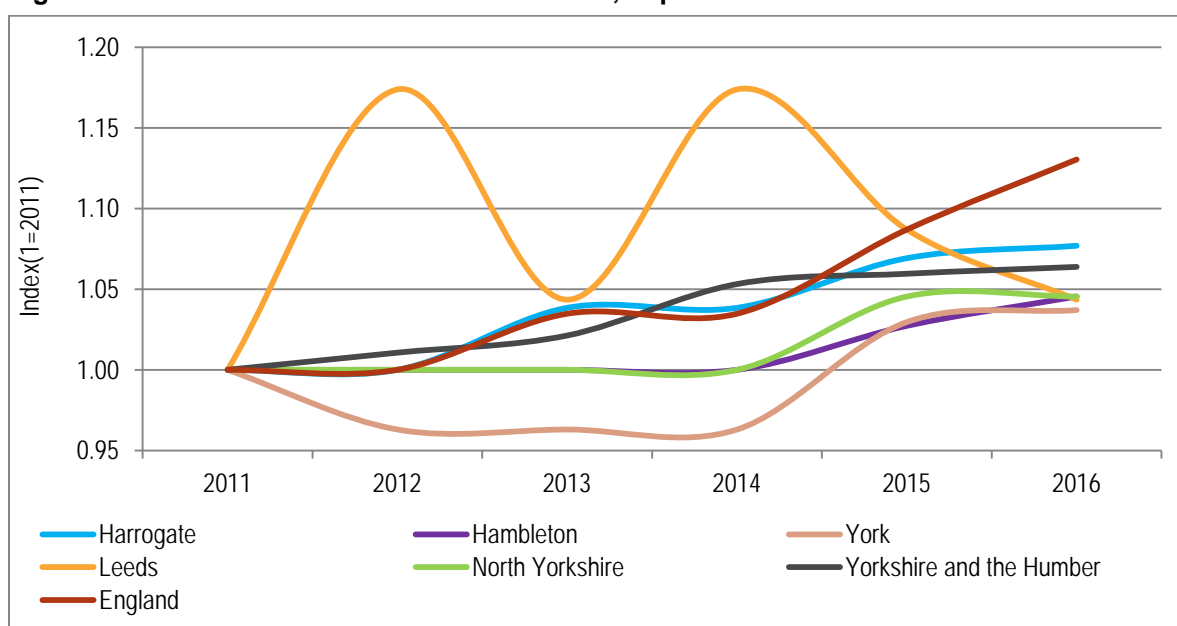
Source: VOA Private Rental Data

6.28   The significant growth in rental costs in Leeds in 2012 and 2014 coincided with an increase in the number of rental transactions in the City.

House Price-to-Income Ratios

6.29   In line with the PPG, we have considered evidence of affordability by looking specifically at the relationship between house prices and incomes. We have done this for both lower quartile values (which represent entry level house prices) and median values.

6.30   As shown in Figure 39, nationally, the ratio of lower quartile house prices to earnings peaked in 2007. It fell modestly over the 2007-9 period. Affordability ratios have plateaued in the 2012-2014 period with current affordability ratios slowly starting to increase, approaching the 2007 levels.

6.31   Harrogate District follows this national trend, albeit at a higher level with a greater gap between lower quartile house prices and incomes in comparison to the wider comparators. In 2015, lower quartile house prices in the District stood at ten times lower quartile earnings – indicating notable affordability pressures at the lower end of the market.

Figure 39: Lower Quartile Affordability Trend, 1997-2015
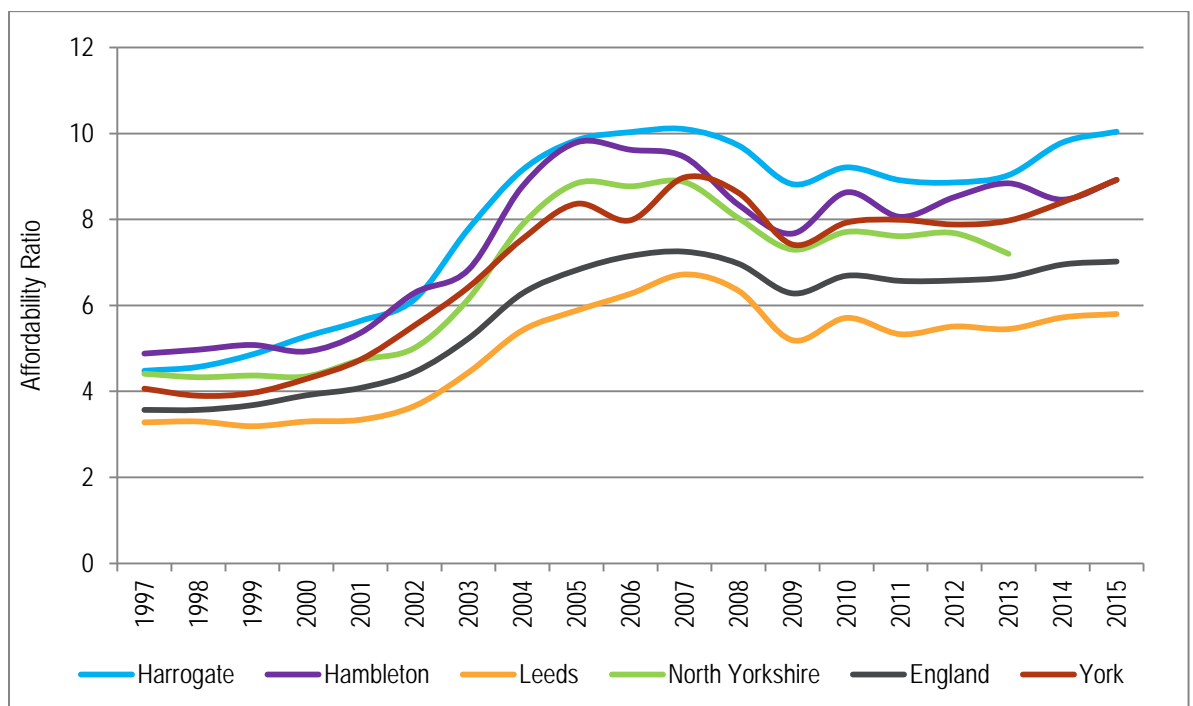
Source: DCLG Live Tables: Land Registry Data

6.32   We have also considered and compared this to the median price-earnings ratio to identify whether affordability is an issue across the market or within a particular segment. In Harrogate District the median ratio (10.6) is slightly higher than the lower quartile ratio, indicating that affordability

pressures for market housing in Harrogate District are across different segments of the market. This pattern is generally seen in most of the local authority areas we have reviewed, as shown in Table 23.

Table 23:   Affordability Ratios, 2015

	Lower Quartile Ratio	Median Ratio	Difference
England	7.0	7.6	-0.61
North Yorkshire	7.2	7.4	-0.18
Hambleton	8.9	8.8	0.09
Harrogate District	10.0	10.6	-0.59
Leeds	5.8	5.8	0.04
York	8.9	8.3	-0.6

Source: DCLG Live Tables: Land Registry Data

6.33   The median affordability ratio in Harrogate is also notably higher than the other comparator areas highlighting a particularly acute issue in the district.

Change in Tenure

6.34   A combination of the deteriorating affordability of market homes, restricted access to mortgage products and a lack of social housing supply over the 2001-11 decade has resulted in fewer households being able to buy and increased pressures on the existing affordable housing stock. This has also resulted in strong growth in the private rented sector as households are being forced to rent longer or cannot secure alternative accommodation.

6.35   As illustrated in Figure 40, as a percentage of all properties those who own their house with a mortgage fell significantly between 2001 and 2011. Over this same period there has been a substantial growth in the private rented sector, although this trend was felt less in Harrogate District than in the rest of the Region and Country.

Figure 40: Change in Households by Tenure, 2001-11
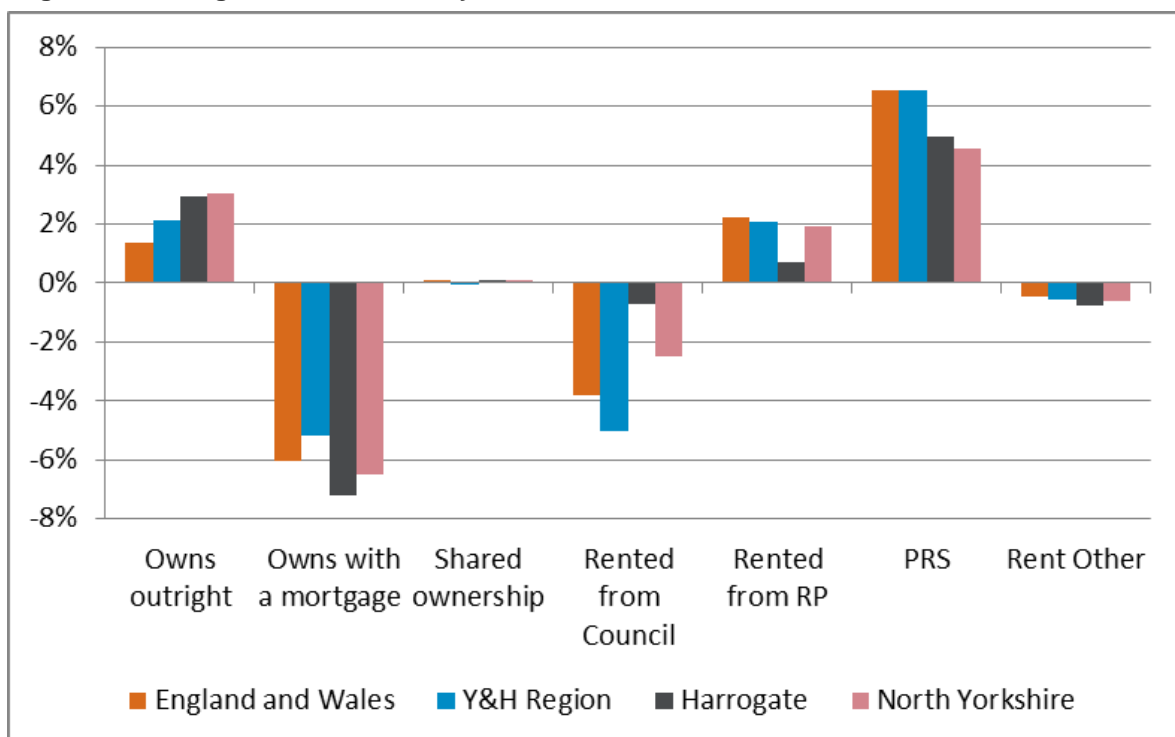
Source: Census 2001 & 2011

6.36   Shared ownership grew by a very small amount in Harrogate District and in North Yorkshire. This was in line with the national trend.

Housing Supply Trends

6.37   Data from the Council's Annual Monitoring Reports (AMRs) has been used to provide an assessment of historic housing delivery relative to housing targets in Harrogate District. This is illustrated in Figure 41 and shows that Harrogate District matched its housing targets for much of the time between 2004/5 and 2009/10. Housing targets for the District were influenced not just by evidence of housing need, but also constraint-based factors.

6.38   The 2012/13 and 2013/14 targets were taken from the North Yorkshire SHMA. The North Yorkshire SHMA set a significantly higher housing target than previous assessments and also the subsequent SHMA.

6.39   There was a sharp decrease in delivery in 2010/11 which has continued to 2013/14. Housing delivery over the last monitoring year has been measured against a figure for housing need shown in the SHMA June 2016. The SHMA indicated a potential need for 557 homes per year. This does not represent a housing target and thus the figures and comparison should be regarded as indicative.

Figure 41: Comparing Net Housing Completions against Targets – Harrogate District, 2006/7 - 2015/16
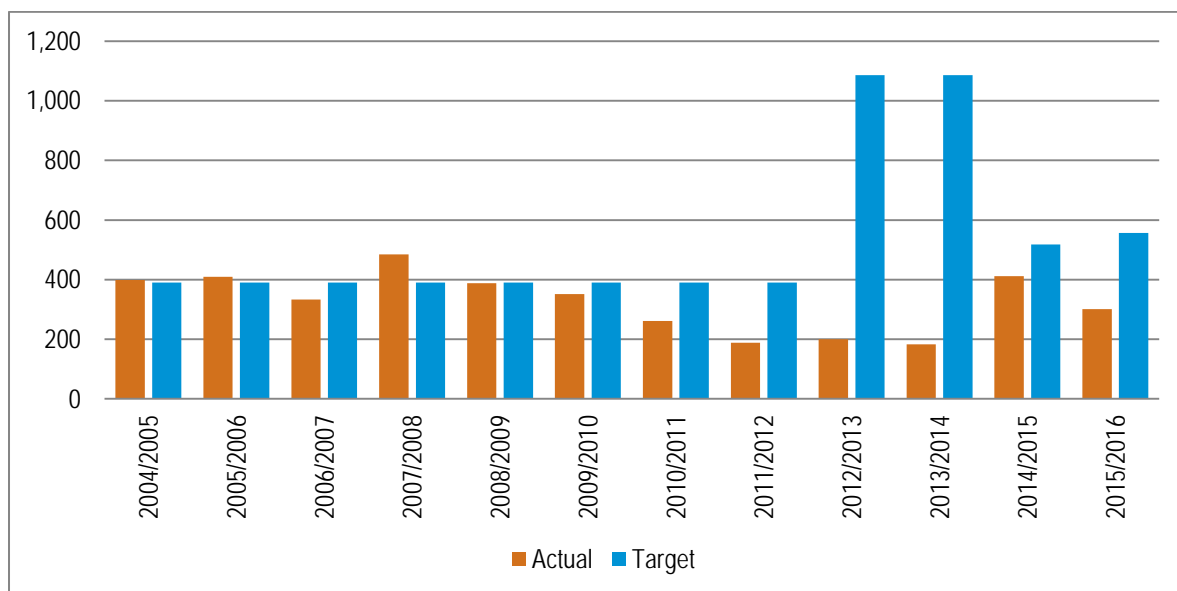
Source: Local Authority Annual Monitoring Reports

6.40   As the preceding analysis in this section has shown, effective demand for market housing fell notably between 2008-9 and there was a modest recovery over the last few years or so. As we might expect this has influenced levels of new-build development (albeit that housing completions include affordable housing delivery).

6.41   This HEDNA report considers housing need from 2014-35. Any shortfall in housing delivery prior to the 2014 starting point has been considered and taken into account in the adjustments made to derive the HEDNA conclusions regarding the Objectively Assessed Need (OAN) for housing.

Overcrowded and Shared Housing

6.42   A symptom of the affordability pressures identified above, restrictions on access to mortgage finance and housing under-supply (which are related to one another) has been an increase in over-occupied households (including young people living with their parents for longer) and houses in multiple occupation.

6.43   Across Harrogate District and the wider comparators we have seen the proportion of residents living in over-occupied properties increase from 3.5% in 2001 to 4.4%, although in comparison to the wider Yorkshire and the Humber region and national trends this growth is below average.

Table 24:   Changes in Over Occupied Houses (2001-2011)

	Over Occupied			HMO		
	2001	2011	Change	2001	2011	Change
England	7.1%	8.7%	+1.6%	3.6%	4.4%	+0.8%
Yorks & Humber	5.5%	6.6%	+1.1%	2.7%	3.4%	+0.7%
Hambleton	2.3%	2.5%	+0.2%	2.2%	2.5%	+0.3%
Harrogate District	3.5%	4.4%	+0.8%	2.7%	3.4%	+0.7%
Leeds	7.7%	9.1%	+1.3%	3.7%	4.5%	+0.8%

Source: 2001 & 2011 Censuses

6.44   Similarly the growth of houses in multiple occupation in Harrogate District has also increased - although to a lesser extent than over occupied properties (growing by 0.8% to 3.4% of all households). Again this in in line with the wider region but below the national overall growth figures (see Table 24).

Sub Area Analysis

House Prices

6.45   Using data from Land Registry, we have been able to track the change in median house prices over time for the past 4 years from 2013. Earlier data and records are inconsistent at the sub-area scale of analysis, therefore we have only considered the trend for the past four years.

6.46   The highest median house prices over the period have been registered for Eastern Rural Sub area, followed by Knaresborough and Surroundings, and Western Rural. This is believed to be a result of the location of these areas, providing a rural environment and larger sizes of dwellings.

6.47   In comparison, Harrogate and Surroundings sub area demonstrates some of the lowest median house prices, however considering the location and context, the sub area offers predominantly smaller sized dwellings which generally achieve lower prices.

Figure 42: Median House Prices Trend, 2013-2016
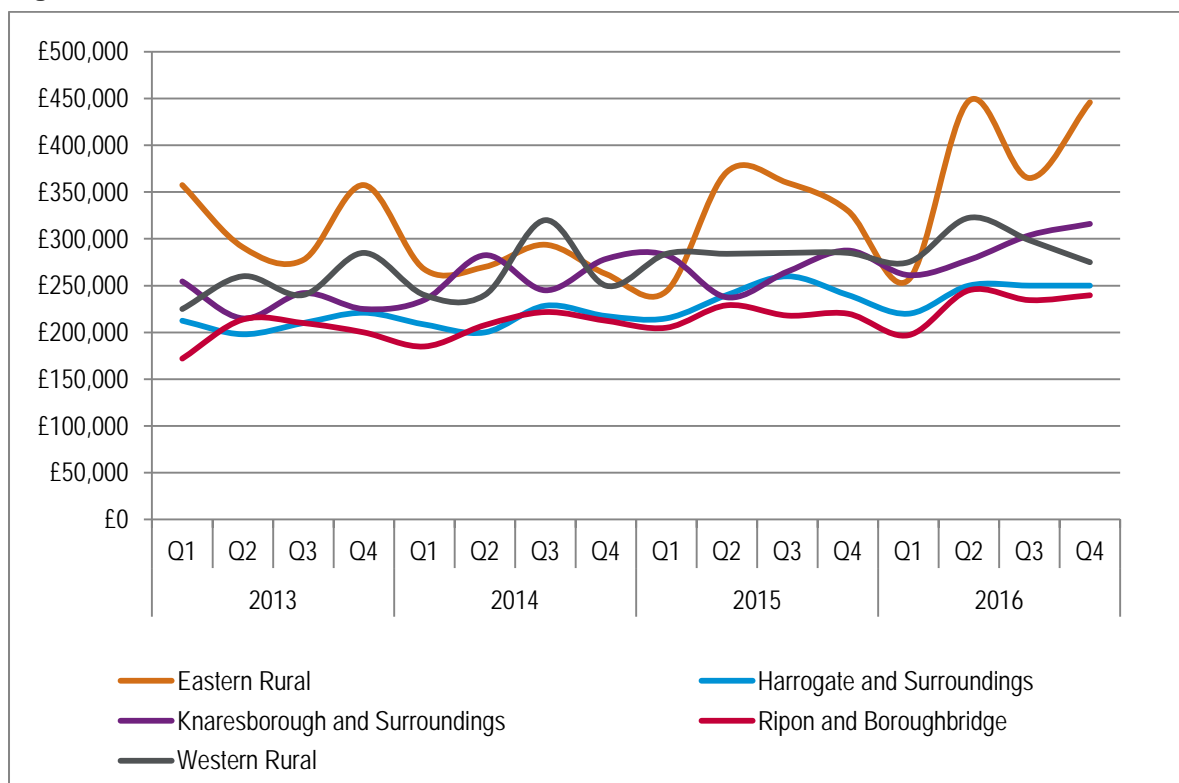
Source: Land Registry Price Paid Data, 2016

6.48   The figure below illustrates the median house prices by type of dwelling registered for 2016. According to the data recorded, there have been no flat sales in Eastern Rural sub area for 2016, which supports the statement above that the property market in Eastern Rural is oriented towards sales of larger properties. Harrogate and Surroundings demonstrates the highest prices for detached properties, as well as flats when compared to other sub areas,

6.49   Following closely are Western Rural and Knaresborough and Surroundings, both demonstrating considerably higher prices across detached, semi-detached and terraced properties when compared to the other sub areas.

Figure 43: Median House Prices by Type, 2016

	Detached	Semi-detached	Tearraced	Flat
■ Eastern Rural	£250,000	£235,000	£229,000	£0
■ Harrogate and Surroundings	£457,000	£240,000	£198,500	£182,500
■ Knaresborough and Surroundings	£390,750	£235,000	£203,500	£135,000
■ Ripon and Boroughbridge	£337,500	£212,500	£164,500	£124,000
■ Western Rural	£382,500	£246,000	£196,000	£150,000
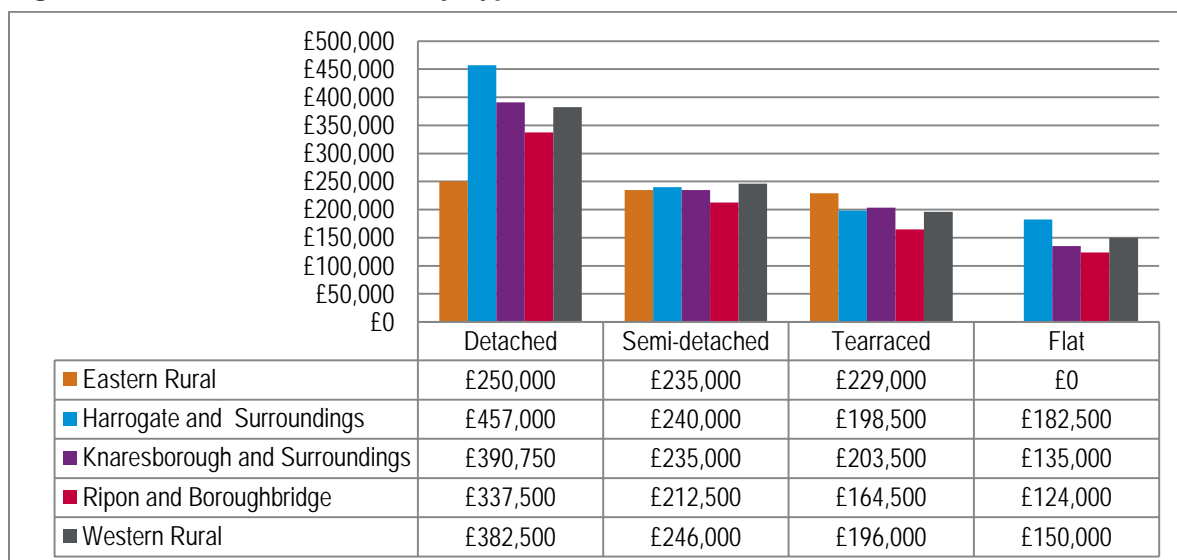
Source: Land Registry Price Paid Data, 2016

Sales

6.50   Even though previous data showcased Eastern Rural to have the highest median prices, the highest number of sales has been achieved in Harrogate and Surroundings (1716). Most sales have been achieved in semi-detached properties, followed by terraced and flats. Detached house sales in Harrogate are lowest when compared to the other four categories; however the number of sales is considerably higher than the comparator sub areas' levels.

6.51   Ripon and Boroughbridge is the sub area with the second highest number of sales. The sub area shows the highest number of sales in detached houses, followed by terraced and then semi-detached. Flat sales levels are lowest and when compared to Harrogate sales, the difference is considerable.

6.52   The lowest number of sales achieved overall is for Eastern Rural, where there have been no flat sales and only 110 sales in total for the remaining dwelling types.

Table 25:   Number of sales by type, 2016

Sub Area	Detached	Semi-Detached	Terraced	Flats
Eastern Rural	76	21	13	0
Harrogate and Surroundings	336	524	453	403
Knaresborough and Surroundings	114	89	64	21
Ripon and Boroughbridge	151	124	134	45
Western Rural	100	41	52	8

Source: Land Registry Price Paid Data, 2016

6.53   Similarly to house price data, we have been unable to analyse sales data until 2013 due to data limitations. The analysis indicated that Harrogate and surroundings area has consistently achieved the highest number of property sales since 2013, followed by Ripon and Boroughbridge and Knaresborough and surroundings sub-areas.

Table 26:   Number of sales, 2013-2016

Sub Area	2013	2014	2015	2016
Eastern Rural	109	128	135	110
Harrogate and Surroundings	1,608	1,917	1,896	1,716
Knaresborough and Surroundings	265	344	362	288
Ripon and Boroughbridge	403	525	516	454
Western Rural	142	175	207	201

Source: Land Registry Price Paid Data, 2016Overcrowding and HMOs

6.54   We have also analysed data on the sub area level for over occupied housing and houses in multiple occupation. Across the sub areas we have seen the proportion of residents living in over-occupied properties increase. There is only one sub area, Western Rural, which has experienced decrease since 2001 with 0.6% reduction. The highest percentage growth has been registered in Harrogate and surroundings sub area.

6.55   Similarly the growth of houses in multiple occupation in the sub areas has also increased. The highest percentage growth has been registered in Eastern Rural sub area, followed by Harrogate and Surroundings sub area. The lowest percentage growth has been registered in Western Rural.

Table 27:   Changes in Over occupied Houses (2001-2011)

	Over Occupied			HMO		
	2001	2011	Change	2001	2011	Change
Harrogate and Surroundings	3.9%	5.2%	+1.3%	3.7%	4.9%	+1.2%
Eastern Rural	2.3%	2.6%	+0.3%	1.6%	3.1%	+1.5%
Knaresborough and Surroundings	2.7%	3.2%	+0.5%	2.4%	3.1%	+0.7%
Ripon and Boroughbridge	3.6%	4.5%	+0.8%	2.8%	3.6%	+0.8%
Western Rural	3.0%	2.4%	-0.6%	3.3%	3.4%	+0.1%

Source: Land Registry Price Paid Data, 2016

Local Agent Consultation

6.56   This sub-section outlines the key findings of Consultation with local housing agents in the district. Discussions were had with seven agents and two on-site sales agents.   The majority of these were located in the towns of the district with fewer covering the rural areas. This is reflected in the extent of the evidence for each.

6.57   The general findings were that the district's residential market is very buoyant with a wide mix of

buyers. Some of the most popular areas with buyers are Boroughbridge, and Harrogate, as well as Knaresborough.

6.58   The district generally attracts young families who want access to the good education that the district can offer. There is a general trend for buyers in Knaresborough and Harrogate to come from the surrounding districts and from the more rural parts of Harrogate. There is an increasing number of purchasers coming from outside of the district with some estimates saying that up to 40% of sales are to outsiders and from as far afield as the South East.

6.59   There is a general demand for 2 and 3 bedroom properties and also notable demand for 1 to 2 bedroom homes. For the latter this was particularly for bungalows in areas where downsizing is common.

6.60   Demand is greatest for properties ranging from £250,000 in more rural areas up to £450,000 for areas around Harrogate. Properties above £500,000 have limited demand.

6.61   All agents agree that the residential market in the district is suffering from a shortage of stock. Prices have increased over the last 3 years as a result and this has also led to gentrification in some areas.   A few agents noted that some sellers had been pushing up prices which has from time to time stagnated the market.

6.62   Most agents agree that the Brexit decision will have no significant effect on the district's residential market; however two agents underlined that it has had some reduction in the demand for the top end of the market due to increased uncertainty.

Harrogate and Surrounds

6.63   In Harrogate, good education and accessibility to town centre amenities, such as retail and railway station, are some of the key attractors. However, there is a lot of pressure on the road system in Harrogate, which often leads to congestion and slowing down of commuting.

6.64   There are many first time buyers, who mostly look for 3 bedroom semi-detached properties within new developments around central Harrogate. Some agents highlighted that most buyers include working couples in their 30s- 40s, or older couples which have decided to downsize.

6.65   The road system has been described as not being able to handle the traffic from new developments, and customers complain about this issue hence this is also one reason they prefer Boroughbridge as it has capacity to handle more traffic.

6.66   One of the biggest barriers to selling residential properties in Harrogate is whether or not the property has provided parking spaces. If the property has no parking spaces, it is very hard to sell.

Parking space is a key consideration for many buyers, and often they would look for individual garages to buy with prices up to £25,000.

6.67 Typically the prices that are most sought after range from £250,000-£450,000 in the sub-area. There is less demand for higher value properties of more than £500,000 and especially for the limited number of properties over £1 million for which the market is very slow.

6.68 The market for properties around £250,000 has been very busy, and there have been waiting lists for buyers on new developments. The most popular types of properties according to all agents are 2-3 bedroom semi-detached houses across the whole district and the town is no different.

6.69 According to some agents, there is an oversupply of 5 bedroom properties, especially when it comes to new developments.

6.70 The majority of those renting tend to be migrants from European countries who work in the hotel and leisure sector. The most popular rental products are 1-2 bedroom apartments in Central Harrogate, mostly near the town centre. Agents claim the rents that are achieved are prime and around 40% to 50% of the renting market consists of flats.

6.71 There is also a thriving short term rental market which is serving highly qualified professionals both from the UK and abroad who come to the town for conferences or to do business in Harrogate.

6.72 There is also demand from down-sizers in the town particularly those elderly couples who wish to move from the rural areas around Harrogate. This enables them to access services more readily and improves their mobility. Such properties offer more access to local amenities and require less maintenance.

6.73 All the agents questioned agreed there is market for down-sizing products. Typically those wishing to downsize are older couples who occupy 4-5 bedroom homes in the rural areas around Harrogate and seek 1 and 2 bedroom flats in Harrogate town centre and 2/3 bedroom houses in Harrogate (typically changing from £450,000-£500,000 properties to £250,000-£300,000).

Knaresborough and Surrounds

6.74 All the agents questioned agreed that the market trends are similar to those in Harrogate although there are some notable differences. In Knaresborough most buyers looked for 2 to 3 bedroom houses in the range of £300,000 to £400,000.

6.75 Some agents expressed that they were struggling to meet demand, which reflects the ageing population and larger households, however the trend for downsizing is starting to be restricted due to lack of available supply.

6.76   There has also been demand from first-time buyers for lower end 3 bedroom properties as well. Whilst some agents suggested a need for smaller apartments this was not a universal opinion.

6.77   There is notable demand from elderly people looking to downsize mainly from 3 to 5 bedroom houses and looking for 1 and 2 bedroom properties. In terms of the price range the elderly groups looking to down size typically own property in the region of £450,000 and are seeking to buy at £250,000.

6.78   Some agents expressed that they were struggling to meet the demand for downsizing, which reflects the ageing population and the current supply of stock. One agent identified that around 40% of sales were from downsizers.

6.79   In terms of the rental market this was smaller than in Harrogate. The agents questioned have highlighted that the rental market in Knaresborough is generally more affordable than in Harrogate Town.

Ripon and Boroughbridge

6.80   In Ripon and Boroughbridge sub-area, there is mostly demand for family houses, 2-3 bedroom and sometimes bungalows in the price range of £100,000-£200,000 up to £250,000.

6.81   The rents achieved in this sub-area range from £500 a month for a 1 bedroom property, to £600-£700 a month for 3 bedroom properties and slightly above that (around £800 a month) for 4 bedroom properties.

6.82   There is a significant gap in supply in terms of single person occupation such as 1-2 bedroom properties and bungalows for elderly couples.

6.83   There is demand for downsizing from family homes to single person accommodation homes, typically this is from 3-4 bedroom houses to 1-2 bedroom ground floor flats or houses. There are many elderly couples who look for small flats, however there is a definite lack of supply of these.

6.84   According to local agents, there haven't been that many new housing developments in the area, since there are some constraints in terms of infrastructure. However, the area does have a notable pipeline supply.

Western Rural

6.85   The demand is mainly for any homes that cost less than £250,000, particularly in Masham. There is also demand for 1-2 bedroom homes and also 2 and 3 bedroom bungalow/cottages.

6.86   Rents in the area range from £500-£600 a month for 1-2 bedroom houses and flats for which there are limited demand. 3 bedroom houses achieve £600-£800 a month with 4-bedroom homes achieving £900-£1,100.

6.87   There are some gaps in supply in terms of 2-3 bedroom properties, 1-2 bedroom flats and bungalows and ground floor flats. Properties with 3-4 bedrooms with small gardens have been very hard to sell compared to ones with big gardens which are in short supply as well.

6.88   The local agents agreed there haven't been many new developments and the area needs them in order to meet demand and provide choice. The majority of sales are to families which are relocating to the area.

6.89   Most agents agreed there isn't much demand for downsizing. The limited demand for downsizing does however manifest in elderly couples looking to downsize from 4 bedroom properties to 2-3 bedrooms.

Eastern Rural

6.90   The highest demand in the sub-area is for family houses with 3 bedrooms especially around areas such as Green Hammerton. This tends to be for families who work in York but are also seeking access to the good education facilities in the area.

6.91   Rents achieved in the area would include: approximately £700 a month for 2 bedroom properties, around £800 a month for 3 bedroom properties, above £850 up to £1,200-£2,000 for 4 bedroom properties.

6.92   The agents revealed there isn't enough new supply in all types of properties, especially 2-3 and 4 bedroom properties as they sell very quickly.

6.93   The agents revealed there haven't been many new developments, and they are needed, especially 3 bedroom semi-detached properties, because they tend to sell very quickly. However, the area does have a notable pipeline supply.

6.94   There isn't much demand for downsizing in this area, bungalows and bottom market properties do not sell well in the area.

Key Points

- Land values in Harrogate are significantly higher than the values regionally and nationally excluding London.

- In comparison to neighbouring local authorities and the County as a whole, mean and median house prices in Harrogate are significantly higher.

- Over the pre-recession decade, median prices in Harrogate District increased by 225% compared to 201% regionally and 195% nationally.

- Sales volumes both nationally and within Harrogate experienced a significant drop between 2007 and 2008. Between 2008 -12 the recovery in sales volumes was modest. Since 2013, there has been a gradual growth in sales trends as the market recovers

- Mean and median average rents in Harrogate District are also significantly higher than the regional average and national averages. Over the last 6 years, median rental values in Harrogate District have grown by 8% compared to 13% nationally.

- In terms of affordability Harrogate District follows the national trend, albeit at a higher level with a greater gap between lower quartile house prices and incomes in comparison to the wider comparators.

- In 2015, lower quartile house prices in the District stood at ten times lower quartile earnings – indicating -notable affordability pressures at the lower end of the market.

- Between 2001 and 2011 there has been a substantial growth in the private rental sector in Harrogate, although this trend was felt less than in the rest of the Region and Country.

- Harrogate District has seen the proportion of residents living in over-occupied and shared properties increase, although in comparison to the wider Yorkshire and the Humber region and national trends this growth is below average.

- Harrogate District matched its housing targets for much of the time between 2004/5 and 2009/10. There was a sharp decrease in delivery in 2010/11 which has continued to 2013/14.   There has been some recovery over the last two years.

- Combined, the market signals evidence highlights notable market signals and affordability pressures in the District.

7   AFFORDABLE HOUSING NEED

Introduction

7.1   This section provides an update to the affordable needs assessment presented in the previous SHMA and update. The methodology used is summarised in the graph below, which is in line with the Affordable Needs Assessment Model as set out in the PPG (2a-023 to 2a-029).

Figure 44: Overview of affordable housing needs model
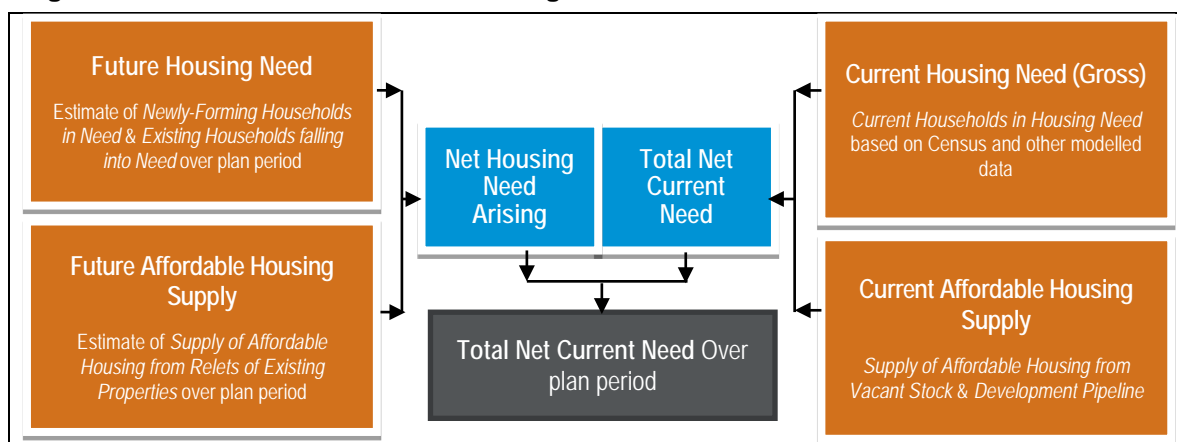
7.2   We have drawn together a range of data sources to consider affordable housing need. The needs assessment is, however, sensitive to assumptions on entry-level private sector housing costs; and what proportion of income households will spend on housing. The assumptions used are considered to be reasonable, although alternative assumptions could see higher or lower assessed levels of need.

7.3   The modelling undertaken provides an assessment of affordable housing need for a 21-year period – 2014-35 (which is then annualised), this is to be consistent with the demographic projections developed in this report. It should however be noted that the base date for information (e.g. around housing costs and incomes) is taken to be 2016; this includes an updating of the current need to a 2016 base.

Methodology and Sources Overview

7.4   The analysis of affordable housing need draws on a range of secondary data sources; an approach consistent with the PPG. Specifically, paragraph 14 (ID: 2a-014-20140306) states that:

'Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance'.

7.5   The table below sets out the main aspects of analysis and provides a description of the sources used.

Table 28:   Affordable Needs Model – core analysis and sources

Aspect of analysis	Sources	Notes
Lower quartile private sector rents	Valuation Office Agency (VOA) data for the year to September 2016	Used to establish the entry level cost of housing. Although in theory entry levels could also be the lower quartile sales price, this would be highly unusual.
Incomes	ONS small area income estimates, English Housing Survey (EHS), Annual Survey of Hours and Earnings (ASHE)	Used to estimate the average household income in 2016 and the distribution of income. Different distributions are developed for different household groups (e.g. newly forming households)
Affordability ratio	Valuation Office Agency (VOA) data for the year to September 2016	Consideration of the relative cost of housing in the area compared with national benchmarks. In the case of Harrogate the analysis suggests that spending 30% of income on housing is an appropriate affordability threshold
Current need	2011 Census, CLG live table 784 (homelessness), EHS, income and housing cost data	Analysis using the categories of need set out in 2a-023 and 2a-024 of the PPG (along with affordability testing)
Future need (newly forming households)	Demographic projections – number of newly forming households aged under 45, income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing
Future need (existing households)	Continuous Recording of Sales and Lettings (CoRe), income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing
Supply of affordable housing (through relets)	CoRe	Takes account of new-build and transfers. Figures are only for social and affordable rented housing and are based on trends in lettings over the 2013-16 period.

7.6   The analysis of affordable need is essentially an analysis of the need for subsidised rented housing (social/affordable rented). This is because the benchmark for affordability is taken to be a lower quartile private rented home; households unable to afford this level of housing cost are unlikely to be able to afford low-cost home ownership as an alternative.

7.7   The Housing White Paper proposes to introduce a number of new affordable tenures and also notes an intention to *'amend the NPPF to introduce a clear policy expectation that housing sites deliver a minimum of 10% affordable home ownership units'*. This 10% would be in addition to the

rented need shown in this assessment; it is difficult to show what the need is for affordable home ownership units as there is a clear overlap between tenures. For example, a household able to buy a home with say a 20% discount on the purchase price is likely to also be able to afford private rented accommodation without subsidy and therefore there is arguably not a need for the home ownership tenure.

7.8 However, it is clear that the Government is seeking to improve access to owner-occupied housing and providing 10% of new homes as some form of discounted home ownership does not appear unreasonable – providing such homes would potentially release some private rented homes back into the market for use by other households (some of which might be occupied by households claiming Housing Benefit in lieu of accessing social/affordable rented housing).

7.9 Therefore, to confirm, the analysis below focusses on the need for rented housing. There is arguably no additional need for affordable home ownership given that households in this income band could already afford private rented accommodation. However, it is recognised that the Government is seeking to promote home ownership for households currently unable to buy; on this basis delivering 10% of all housing as affordable home ownership is considered to be a reasonable aim.

Affordable Housing Need

7.10 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning permission (the 'development pipeline') to allow for a comparison with the demographic projections set out in the report. The analysis has been based on meeting affordable housing need over the 21-year period from 2014 to 2035. Whilst most of the data in the model are annual figures the current need has been divided by 21 to make an equivalent annual figure.

7.11 As the table sets out, the analysis calculates an overall need for affordable housing of 4,400 units over the 21-years to 2035 (208 per annum) across the District. The net need is calculated as follows:

Net Need = Current Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Table 29:   Estimated level of Affordable Housing Need (2014-35) – Harrogate

	Per annum	2014-35
Current need	60	1,257
Newly forming households	326	6,849
Existing households falling into need	217	4,547
Total Gross Need	602	12,652
Supply from existing stock	395	8,285
Net Need	208	4,367

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

7.12   The analysis above can be compared with previous assessments undertaken in 2015 and 2016. The table below shows a summary of the key outputs from each of these assessments. The analysis seems to be showing that affordable needs are declining over time; however, the reality is that figures can vary and are specific to the point at which the analysis is undertaken. Given that the net need is a function of two large numbers (gross need and gross supply) it can be seen that small changes can have quite a notable impact on the bottom line needs estimate.

7.13   When looking in detail at the specific figures for individual components of need, it can be seen that the key difference is a reducing level of newly forming households in need (this accounts for virtually all of the difference in the assessments). The lower estimated number of newly forming households is largely driven by reducing projected household growth in the CLG projections rather than any changes to the overall affordability of housing of the supply of relets.

7.14   All of the assessments do however clearly identify a need for affordable housing and that the delivery of such accommodation should be maximised where viability allows.

Table 30:   Comparing assessments of affordable housing need in Harrogate

	GLH (2015)	GLH (2016)	This study
Current need	50	58	60
Newly forming households	449	373	326
Existing households falling into need	222	209	217
Total Need	720	639	602
Supply from existing stock	382	383	395
Net Need	339	256	208

Source: This study, 2015 SHMA and 2016 update

Relating Affordable Need and OAN

7.15   There have been a number of legal judgments that have considered the link between overall housing need and affordable need (including in Warrington, Oadby & Wigston, King's Lynn and Hinckley & Bosworth). Whilst these cases can provide some useful background, there is a concern

that none really seek to understand exactly how affordable housing sits within estimates of the overall need for housing. The latest (Hinckley & Bosworth) comes closest to doing this, by making it clear that the OAN is not simply a computed figure comparing the affordable need with likely delivery.

7.16   The Planning Advisory Service (PAS) technical advice note on Objectively Assessed Need and Housing Targets of July 2015 does provide some useful thoughts on affordable housing. The consideration of affordable housing need and its relationship to overall housing need is covered in some detail within Section 9 of the document. PAS set out a suggested approach for looking at the relationship between OAN and affordable housing (which is broadly in line with the approach in this report) before going on to consider their own view about the relationship.

7.17   They initially suggest that affordable housing is "a policy consideration" that bears on housing targets rather than OAN and note that they are not comparable because they relate to different meanings of the term "need." They also highlight that the OAN relates to new dwellings whereas much of the affordable need relates to existing households, who, when moving, would free up dwellings to be occupied by other households. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need before concluding that the affordable need cannot be a component part of the OAN.

7.18   The PAS view looks to be entirely sensible. When the components of need are looked at it is clear that the relationship between affordable housing and overall housing need is complex. Firstly, the modelling contains a category in the projection of *'existing households falling into need'*; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains *'newly forming households'*; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

7.19   This just leaves the *'current need'*; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need. In terms of the PPG, concealed households are a 'market signal' to be considered when looking at OAN and are addressed in the relevant section of this report.

7.20   The analysis above does however indicate a clear need for affordable housing. The Planning Practice Guidance sets out how it expects the affordable housing need to be considered as part of the plan-making process. It outlines in Paragraph 029 that:

"The total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."

7.21   This 'consideration' is difficult to quantify – as noted most of the affordable need is not a need for additional dwellings over and above the overall need identified through demographic modelling. If the Council were to consider an uplift then this would mean additional provision of market homes – the demographic modelling itself does not demonstrate a market demand for these additional dwellings.

7.22   Additionally, if the Council were to increase planned housing figures, then this would generate increased migration and population growth, which would mean a lower level in other areas (and hence other locations would logically be expected to plan for fewer dwellings).

7.23   As it is, the identified affordable housing need of 208 per annum comprises around 30% of the 669 dpa need resulting from the economic based scenario. This is lower than the 40% affordable housing provision (subject to scheme viability) on sites of 11+ dwellings than the Council currently seeks. However, it should be remembered that the 208 figure is only for rented housing – the Council's 40% figure is actually made up of a 70/30 split in favour of rented housing and therefore would represent 28 of every 100 homes (on qualifying sites). This 28% figure is broadly in balance with the need shown by the analysis in this report.

7.24   Overall, it is difficult to see a situation where a Council should provide additional homes due to the affordable need, unless this is agreed under the Duty-to-Cooperate, which would then become a policy decision.

7.25   Given the level of affordable housing need, the Council should however seek to maximise delivery where possible and it should be borne in mind that besides delivery of affordable housing on mixed-tenure development schemes, there are a number of other mechanisms which deliver affordable housing. These include:

- National Affordable Housing Programme – this (outside London this is administered by the HCA) provides funding to support Registered Providers in delivering new housing including on sites owned by RPs, typically these include above policy delivery of affordable housing cross-subsidised by market housing;

- Building Council Homes (where there is a stock holding council) – following reform of the HRA funding system, Councils can bring forward affordable housing themselves, although within Harrogate this is fewer than 30 homes;

- Empty Homes Programmes – where local authorities can bring properties back into use as affordable housing. These are existing properties, and thus represent a change in tenure within the current housing stock;

- Rural Exception Site Development – where the emphasis is on delivering affordable housing to meet local needs (this could also form part of the three mechanisms above). Although within Harrogate these opportunities appear extremely rare.

7.26   Funding for specialist forms of affordable housing, such as extra care provision, may also be available from other sources than the HCA; whilst other niche agents, such as Community Land Trusts, may deliver new affordable housing. Net changes in affordable housing stock may also be influenced by factors such as the proposed extension of the Right to Buy to housing association properties and increased disposals of vacant dwellings. Affordable housing can be met by changes in the ownership of existing housing stock, not just by new-build development.

7.27   The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the increasing role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.

7.28   Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF 'for planning purposes', it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS. It is also notable that the Housing White Paper is proposing to include a new tenure of affordable housing (affordable private rent housing).

7.29   It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *'Affordable housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market'* [emphasis added]. Clearly where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market. There are however issues with the use of Housing Benefit in the private rented sector, including the cost to the public purse and a disincentive barrier to reduce benefit dependency (i.e. there is potentially a disincentive for households to work if benefit losses are greater than the income they can earn).

7.30   Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of August 2016 it is estimated that there were

around 2,300 benefit claimants in the private rented sector in Harrogate District – this serves to illustrate that there is some flexibility within the wider housing market.

7.31   However, national planning policy does not specifically seek to meet the needs identified through the Needs Assessment Model in the Private Rented Sector. Government's benefit caps may reduce the contribution which this sector plays in providing a housing supply which meets the needs of households identified in the affordable housing needs model. In particular, future growth in households living within the PRS and claiming Housing Benefit cannot be guaranteed.

Housing and Planning Act and Welfare Reform

7.32   The reforms introduced over recent years – alongside future planned reforms – could continue to impact upon the calculated need for affordable housing presented in this HEDNA. These reforms include announcements made in the Summer Budget of 2015 and the Housing and Planning Act.

7.33   In October 2015, the Government published the Housing and Planning Bill 2015-16 (this received Royal Assent as the Housing and Planning Act 2016 on the 12th May 2016). This set out a number of government initiatives which are likely to directly influence the supply and demand for housing and affordable housing. There were a number of initiatives (from both the Act and previous announcements) which may impact on the supply and demand for general and affordable homes, although the full impact is yet to be understood. These include:

- **A requirement for social/affordable rents to be reduced by 1% for four years from April 2016.** The impact of this will be to reduce income for both the local authorities (which have housing stock) and housing associations. This in turn may reduce the LA or RP reinvestment funding/borrowing power and may subsequently reduce the capacity for new affordable homes to be developed. There remains uncertainty as to how rents will be set after this four year period ends.

- **The extension of the Right to Buy to RP tenants**. Although voluntary, this could reduce affordable housing stock and reduce thus the number of re-lets. Research by Joseph Rowntree Foundation predicts that nationally 8.3% of housing association tenants will be eligible for and could afford the RTB, and that 71% of those will purchase their home over the first five years. The Housing and Planning Act empowers Government to reimburse Registered Providers the cost of the discount but does not confer any rights on any tenants.

- **Local authorities to sell high value social housing stock as it becomes vacant**. Whilst the detail has yet to be confirmed, this is will reduce the number of available properties which are available for re-lets each year. Higher value areas will be impacted most although it may provide additional funding for smaller affordable properties or properties in lower value areas.. At the time of writing it looks as if Government will estimate potential revenues and deduct these from Councils regardless of whether or not properties have been sold, and also regardless of whether or not what has been sold provides the sums of money the Government estimated.

- **Capping social housing rents at Local Housing Allowance**. For some Registered Providers this will limit their income to a multiple of the Local Housing Allowance.. The proposal will see any single claimants under 35 only being eligible for the LHA Shared Accommodation Rate which at present is much lower than the LHA for one bedroom flats..

- **The introduction of 3% higher stamp duty on buy to let properties and second homes.** This may result in the number of Buy-to-let landlords being reduced; through both sales of their existing properties and new landlords seeing the market as unviable. The Bank of England expressed their concerns that the proliferation of Buy-to-let landlords could result in a housing crash if they flood the market with their unwanted property. While the introduction of the new rules may not result in a flood of sales it may well reduce the supply of PRS properties.

7.34   It is too early to fully quantify the impact these changes will have on the supply and demand for affordable homes. However, the local authorities should monitor the situation. We would however add that any reduction in the supply would need to be offset with increasing the need within the affordable housing calculations.

Key Points

- The affordable housing need model identified a total need for 4,157 units over the 21-years to 2035 (208 per annum) across the District.   This is a fall from the previous assessment primarily due to a fall in the number of newly forming households in need. I

- The identified affordable housing need of 208 per annum comprises around 31% of the 669 dpa need resulting from the economic based scenario. This is broadly in balance with the current Council policy.
- Given the level of affordable housing need it is not considered that the OAN should increase however the council should seek to maximise delivery where possible.
- Housing benefit reforms and future reforms could continue to impact upon the calculated need for affordable housing presented in this report. Although it is too early to fully quantify the impact of these changes.

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8 OBJECTIVELY ASSESSED HOUSING NEED

8.1   This chapter is the key chapter in the HEDNA in relation to housing need. It draws together the conclusions of chapters three, five, six and seven.   Following the guidance we start with demographic need and adjust upwards for economic need and consider further adjustments based on market signals and affordable housing need.

8.2   Chapter three examined the demographic need of the district. In line with the PPG our starting point were the official demographic projections. Including a vacancy rate **the official projections set out a housing need of 296 dpa.** This figure is important as it is this figure which is adjusted for market signals should it be necessary to do so.

8.3   Incorporating the latest demographic evidence from the mid-year estimates the need is reduced to 289 dpa.

8.4   In examining the demographic trends in more detail we tested a range of assumptions in relation to migration trends and UPC. It was evident that there had been a recent trend of lower net migration compared to longer trend trends.   On this basis it was sensible to revert to a longer term trend to smooth out this potential blip in recent years.

8.5   Recognising the uncertainty of using data prior to 2006 it was concluded that our 10-year trend was more reliable than our 14 year trend. In particular the 14 year trend was subject to noticeable impact of Unattributable Population Change which makes these forecasts inherently uncertain. The 10 year migration trend resulted in a need for 360 dpa.

8.6   Additionally, it is considered that there is a reasonable basis for making upwards adjustments to headship rates for those aged 25-34 as the official projections included a continued suppression of this age group. The adjustment method sought to return the HRRs of the population aged 25-34 back to the levels seen in 2001. **This resulted in the 10-year migration trends scenario increasing to 410 dwellings per annum. This is the demographic conclusion of the HEDNA.**

8.7   In examining the housing need from the anticipated economic growth we have used our adjusted forecasts as the most likely scale of growth in the district. These set out a jobs growth of 12,200 for the 2014-35 period. However much of this growth has already occurred. This was met with a substantially improved local employment rate over the same period.   We have therefore sought to quantify the need for the 2016-35 period – this numbered 8,766 additional jobs.

8.8   The housing need resulting from economic growth relies on a number of assumptions. To summarise:

- Commuting – Kept constant based on ratio from 2011;
- Double Jobbing - Kept constant based on average figure 2014-2015;
- Unemployment – No Improvement beyond 2016;
- Economic Activity Rates – Reflecting Experian national forecasts but sensitivity tested using OE and OBR rates.

8.9   The economic activity rates are the key sensitivity in this calculation. In choosing the Experian rates we justify our choice on the basis that the OBR rates are based on calculation of much lower jobs growth nationally than the OE or Experian forecasts and thus require less of the working age population to become economically active.

8.10   The housing need associated with the economic growth was calculated at 610 dpa based on the adjusted forecasts and Experian Economic Activity rates. Further adjustments to the headship rates as per above (para 8.6) increases **the defined economic-led housing need for the district to 669 dpa**

8.11   Our approach to market signals and affordable housing need is to treat them as a single issue as they are intrinsically linked.

8.12   Examination of affordable housing need reveals a modest need in comparison to the economic requirement. If developer contributions at current policy levels are maintained then the affordable housing need will be met in full. There is therefore no requirement to make an uplift to the overall housing need figure as a result of affordable housing need.

8.12   The same cannot be said of market signals with the data pointing towards affordability pressures across the district. While this would justify an uplift to the housing need in line with the guidance any adjustment should be made to the starting point (see para 8.2).

8.12   However, as the economic-led housing need is already more than double the official starting point then further uplifts are unwarranted. **The HEDNA therefore conclude that the OAN in Harrogate should be 669 dpa**. This level of growth will ensure that the district's economy has enough labour supply and will also meet the demographic need in the district.

8.12   Furthermore this will deliver substantial affordable housing. This in turn should ease market signals as demand is effectively reduced for the lower end of the market. Including an uplift in response to built-in suppression within household formation rates within younger age groups will also ensure that enough housing is built to allow younger age groups to form in much the same way as they did in 2001, prior to when the national deterioration in affordability occurred.

9   HOUSING TECHNICAL STANDARDS

Introduction

9.1   Planning Practice Guidance note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This section looks at the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people.

9.2   The PPG sets out that the reason for the approach to setting standards is designed to *'rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes'* (56-001) and that *'local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area'* (56-002).

9.3   The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there are a range of published statistics which can be considered, including:

- the likely future need for housing for older and disabled people (including wheelchair user dwellings).
- size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes).
- the accessibility and adaptability of existing housing stock.
- how needs vary across different housing tenures.
- the overall impact on viability.

9.4   The section of the report draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data') – termed the Guide in analysis to follow. The discussion below begins by looking at older persons' needs.

Current Population of Older People

9.5   The table below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards. The data shows, when compared with both the region and England, that the District has a higher proportion of older persons. In 2015, it is estimated that 22% of the population of the District was aged 65 or over.

Table 31:   Older Person Population (2015)

		Under 65	65-74	75-84	85+	Total	Total 65+
Harrogate District	Popn	121,867	18,401	11,622	5,126	157,016	35,149
	% of popn	77.6%	11.7%	7.4%	3.3%	100.0%	22.4%
Yorkshire/Humber	% of popn	81.9%	9.9%	5.9%	2.3%	100.0%	18.1%
England	% of popn	82.3%	9.6%	5.7%	2.4%	100.0%	17.7%

Source: ONS 2015 Mid-Year Population Estimates

Future Changes in the Population of Older Persons

9.6   As well as providing a baseline position for the proportion of older persons in the District, population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the 2014-based SNPP for consistency across areas and runs from 2014 to 2035 to be consistent with the projections developed in this report.

9.7   The data shows that the District is expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by 54% over the 21-years from 2014; this compares with overall population growth of 3% and a decrease in the Under 65 population of 11%.

Table 32:   Projected Change in Population of Older Persons (2014 to 2035)

	Under 65	65-74	75-84	85+	Total	Total 65+
Harrogate District	-11.5%	32.9%	55.6%	127.3%	3.0%	54.3%
Yorkshire/Humber	1.0%	28.8%	47.5%	111.1%	8.9%	45.4%
England	6.4%	34.6%	52.9%	117.2%	14.3%	51.6%

Source: ONS subnational population projections (2014-based)

9.8   In total population terms, the projections show an increase in the population aged 65 and over of 18,700 people, this is against a backdrop of an overall increase of 4,700 and a decrease in the population aged under 65 of 14,100.

Table 33: Projected Change in Population of Older Persons (2014 to 2035) – Harrogate District (2014-based SNPP)

	2014 population	2035 population	Change in population	% change
Under 65	122,764	108,703	-14,061	-11.5%
65-74	18,083	24,035	5,952	32.9%
75-84	11,349	17,661	6,312	55.6%
85+	5,071	11,527	6,456	127.3%
Total	157,267	161,926	4,659	3.0%
Total 65+	34,503	53,223	18,720	54.3%

Source: ONS subnational population projections (2014-based)

9.9 The figures above are all based on the latest (2014-based) SNPP. It is possible to also show how the outputs would be expected to change under different scenarios. The table below shows a similar analysis when linked to the main job-growth projection. In this case there is still a significant ageing of the population but there is also a small increase in the population aged under 65. The large change in the under 65 age group relative to older groups reflects the migration assumptions, migration being largely concentrated in typical working-age groups (and their associated children).

Table 34: Projected Change in Population of Older Persons (2014 to 2035) – Harrogate District (job-led projection)

	2014 population	2035 population	Change in population	% change
Under 65	122,764	123,546	782	0.6%
65-74	18,083	25,009	6,926	38.3%
75-84	11,349	18,295	6,946	61.2%
85+	5,071	11,864	6,793	134.0%
Total	157,267	178,714	21,447	13.6%
Total 65+	34,503	55,168	20,665	59.9%

Source: ONS subnational population projections (2014-based)

Older Persons' Housing Need

9.10 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

9.11 A toolkit has been developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health, to identify potential demand for different types of specialist housing for older people and model future range of housing and care provision. It

suggests that there should be around 170 units of specialised accommodation (other than registered care home places) per thousand people aged over 75 years.

9.12   The table below shows the change in the population aged 75 and over and what this would mean in terms of provision at 170 units per 1,000 population. The analysis shows a potential need for around 1,100 units – 51-54 per annum in the 2014-35 period – this is between 9% and 17% of the total need identified in the demographic modelling. The Housing LIN source also suggests a broad tenure split of 40% rented housing (affordable housing) and 60% in the market including shared ownership[10] - this is likely to be a reasonable tenure split to consider in Harrogate.

Table 35:   Projected need for Specialist Housing for Older People (2014-35) – Harrogate District

	2014-based SNPP	Job-led projection
Population aged 75+ (2014)	6,632	6,632
Population aged 75+ (2035)	12,893	13,335
Change in population aged 75+	6,261	6,703
Specialist housing need (@ 170 units per 1,000)	1,064	1,140
Per annum need (2014-35)	51	54

Source: Derived from demographic projections and Housing LIN

Registered Care Bedspaces (C2 use class)

9.13   As well as the need for specialist housing for older people the analysis needs to consider Registered Care. As with the analysis of potential need for specialist accommodation, the analysis below considers changes to the number of people aged 75 and over who are expected to be living in some form of institutional housing. This is a direct output of the demographic modelling which indicates an increase of 1,300-1,400 people living in institutions over the 2014-35 period (63-67 per annum). These figures are important to note if the Council intends to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation.

Table 36:   Potential Need for Residential Care Housing – 2014-based SNPP

	2014-based SNPP	Job-led projection
Institutional population aged 75+ (2014)	1,503	1,503
Institutional population aged 75+ (2035)	2,832	2,918
Change in institutional population aged 75+	1,329	1,415
Per annum 'need' (2014-35)	63	67

Source: Derived from demographic projections

Health-related Population Projections

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[10] See: http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

9.14   In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this, data from the Projecting Older People Information System (POPPI) website has been used which provides prevalence rates for different disabilities by age and sex. For the purposes of the HEDNA analysis has focussed on estimates of the number of people with dementia and mobility problems.

9.15   For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

9.16   The table below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 84%-90%) along with a 73%-79% increase in the number with mobility problems.

9.17   When related back to the total projected change to the population, the increase of 4,700-5,100 people with a mobility problem represents between 24% and 101% of the total population growth projected by the respective projections.

Table 37:   Estimated Population Change for range of Health Issues (2014 to 2035) – Harrogate District

	Type of illness/ disability	2014	2035	Change	% increase
2014-based SNPP	Dementia	2,402	4,414	2,012	83.8%
	Mobility problems	6,463	11,181	4,718	73.0%
Job-led projection	Dementia	2,402	4,557	2,155	89.7%
	Mobility problems	6,463	11,555	5,092	78.8%

Source: Data from POPPI and demographic projections

People with disabilities

9.18   The CLG Disability data guide provides data about households with a long-term illness or disability from the English Housing Survey. Whilst this provides a national perspective, the source cannot provide more localised data. Hence the analysis below has drawn on the 2011 Census (which has a definition of long-term health problem or disability (LTHPD)).

9.19   The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across the District some 23% of households contain someone with a LTHPD. This

figure is slightly lower than seen across the region and nationally. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 16% of the population of the District have a LTHPD). The analysis therefore identifies that issues around disability are less prevalent in the District.

Table 38:   Households and people with Long-Term Health Problem or Disability (2011)

	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Harrogate	15,332	22.8%	24,619	15.6%
Yorkshire/Humber	593,043	26.7%	993,649	18.8%
England	5,659,606	25.7%	9,352,586	17.6%

Source: 2011 Census

9.20   It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore, the figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. It is also notable that for individual age groups, levels of disability in Harrogate are relatively low.

Figure 45: Population with Long-Term Health Problem or Disability in each Age Band
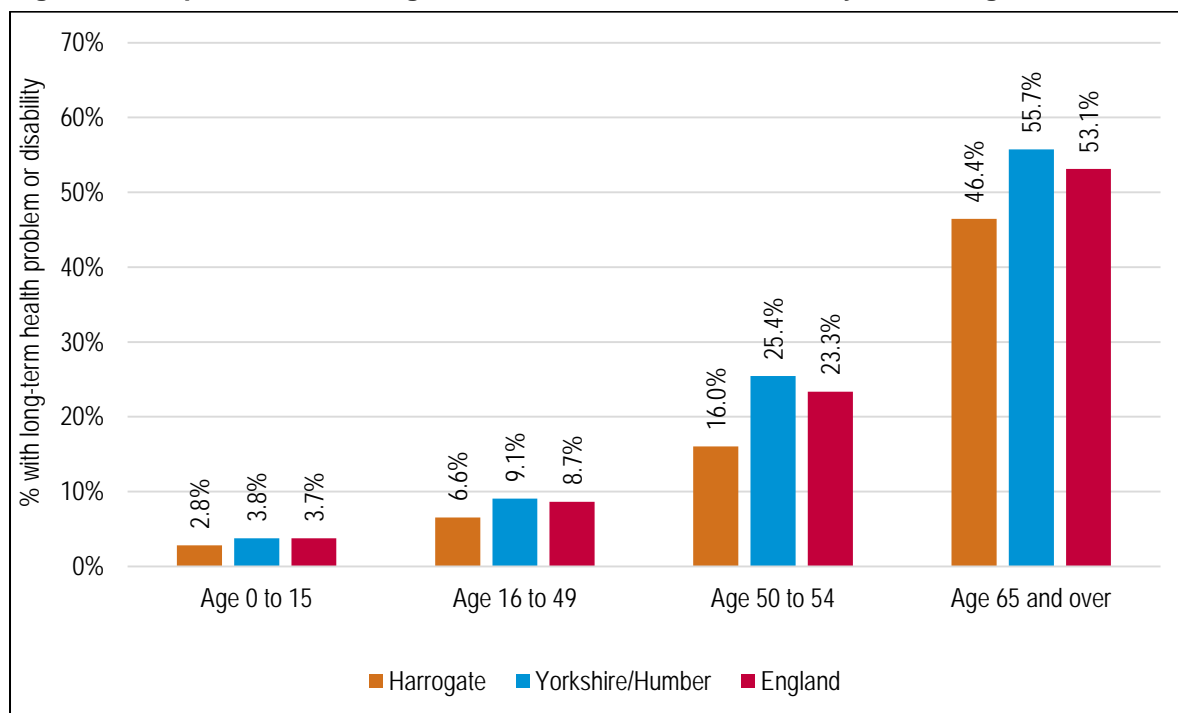
Source: 2011 Census

9.21   The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to

the demographic projections it is estimated that the number of people with a LTHPD will increase by around 7,600-9,500 (a 29%-36% increase).

9.22   Across the District, most of this increase is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents between 44% and 162% of the total increase in the population estimated by the projections.

Table 39:   Estimated change in population with LTHPD (2014-2035)

	Population with LTHPD		Change	% change from
	2014	2035	(2014-35)	2014
2014-based SNPP	26,114	33,669	7,555	28.9%
Job-led projection	26,114	35,569	9,455	36.2%

Source: Derived from demographic modelling and Census (2011)

9.23   The figure below shows the tenures of people with a LTHPD – it should be noted that the data is for population living in households rather than households. The analysis clearly shows that people with a LTHPD are more likely to live in social rented housing and are also more likely to be outright owners (this will be linked to the age profile of the population with a disability). Given that typically the lowest incomes are found in the social rented sector, and to a lesser extent for outright owners, the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

Figure 46: Tenure of people with LTHPD – Harrogate District
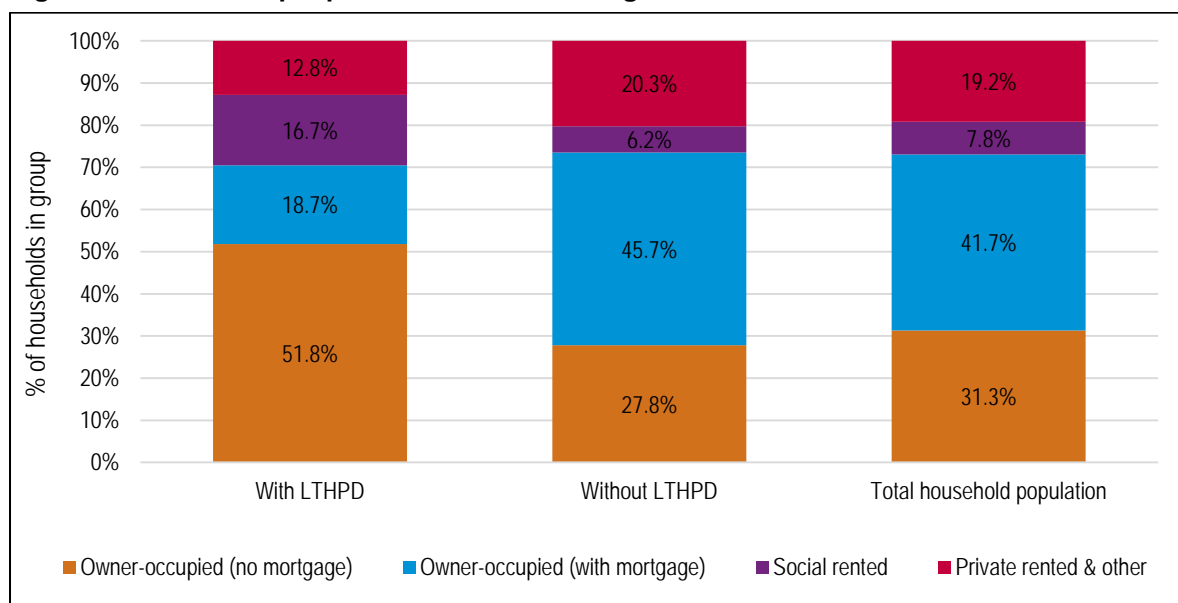
Source: 2011 Census

9.24   The table below shows further information about the tenure split of the household population with a LTHPD. This shows that people living in the social rented sector are more than twice as likely to have a LTHPD than those in other tenures.

Table 40: Tenure of people with a LTHPD

	% of social rent with LTHPD	% of other tenures with LTHPD
Harrogate District	31.7%	13.3%

Source: Derived from demographic modelling and Census (2011)

Wheelchair Adapted Housing

9.25   Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (supported by the Homes and Communities Agency) - *Mind the Step: An estimation of housing need among wheelchair users in England*. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus is on national data.

9.26   The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey) puts the proportion of 'visitable' properties at a slightly higher 5.3%).

9.27   Overall, the report estimates that there is an unmet need for wheelchair adapted dwellings equivalent to 3.5 per 1,000 households – in Harrogate District, as of 2014, this would represent a need for about 238 wheelchair adapted dwellings. Moving forward, the report estimates a wheelchair accessibility need from around 3% of households. If 3% is applied to the household growth in the 2014-based projections (2014-35) then there would be an additional need for around 172-354 adapted homes. If this figure is brought together with the estimated current need then the total wheelchair adapted need would be for around 409-591 homes – this is about 5%-7% of the total household growth in the projections.

Table 41: Estimated need for wheelchair adapted homes (2014-2035)

	Current need	Projected need (2014-35)	Total	Total household growth	% wheelchair
2014-based SNPP	238	172	409	5,720	7.2%
Job-led projection	238	354	591	11,787	5.0%

Source: Derived from demographic projections and Habinteg prevalence rates

9.28 Information in the CLG Guide to available disability data, also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair uses, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low). This may impact on the proportion of different tenures that should be developed to be wheelchair accessible (although it should be noted that the PPG (56-009) states that *'Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling'*).

Housing Technical Standards – discussion

9.29 This section has drawn on a range of data sources, as suggested by CLG and also some more traditionally used in assessments such as this (e.g. from Housing LIN). This is to consider the need for Building Regulations (M4(2) and M4(3))

9.30 The data shows that in general, Harrogate District has a low level of disability when compared with other areas but that an ageing population means that the number of people with disabilities is expected to increase substantially in the future. Key findings include:

- 54%-60% increase in the population aged 65+ (potentially accounting for over 100% of total population growth);
- 9%-17% of household growth identified in the CLG projections to be specialist housing for older persons;
- 73%-79% increase in the number of older people with mobility problems (representing up to 100% of all population growth);
- 29%-36% increase in the number of people with a long-term health problem or disability (LTHPD) (representing up to 100% of all population growth);
- concentrations of LTHPD in the social rented sector;
- a need for around 5%-7% of dwellings to be wheelchair adapted (M4(3))

9.31 This would suggest that there is a need for some dwellings to be built to accessible and adaptable or wheelchair standards. Although just a broad view based on the available data the following conclusions are suggested:

- 25% of all market housing to meet M4(2) standards; and
- 100% of affordable housing to meet M4(2) standards and within this 10% to meet M4(3)

9.32   The first of these conclusions (in the market) is at the bottom end of the range of data studied in terms of projected growth in the number of older people and those with disabilities, and there may be cases where provision of such housing is not practical (e.g. due to flood risk) or viable. That said, a range of viability studies have suggested that meeting M4(2) standards is unlikely to cost more than about £1,000 per dwelling. The second conclusion (in the affordable sector) reflects the fact that Registered Providers often seek to build to higher standards, coupled with the higher levels of disability amongst affordable housing tenants; again, there may be reasons on individual sites where this may not be possible.

9.33   It should be stressed that these conclusions are based on considering the full range of evidence in the round. The conclusions reflect the relative level of disability issues in the District, as well as projected changes to the age profile of the population moving forward. There may additionally be some specific disability groups who will need accommodation moving forward, and the Council should be as reactive as possible to help meet and needs as they arise.

Custom and Self-Build

9.34   The HEDNA next considers the potential contribution that self-build and custom-build development could makes toward housing supply. *Laying the Foundations – a Housing Strategy for England 2010* sets out that only one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:

- A lack of land;
- Limited finance and mortgage products;
- Restrictive regulation; and
- A lack of impartial information for potential custom home builders.

9.35   Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc. The Housing and Planning Act 2016 requires local authorities to establish a Self-Build Register, collating details of those interested in self/ custom-build development.

9.36   As these registers are fairly new, at this stage the demand information shown by them should be treated with some caution however the Council currently have 164 individuals registered.

9.37   From a development point of view, key issues with this market are associated with skills and risk: whilst there may be notable number of people with an 'interest' in self-build, there is in some circumstances a significant financial outlay, risk and time-cost associated with self-build.

9.38   We would expect most new delivery to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build. However, it is likely to be difficult to demonstrate concrete evidence of demand at a local level, albeit local authorities are required to maintain registers of those with an interest in doing so.

Gypsies and Travellers

9.39   The Council have commissioned consultants to carry out an update of the Gypsy and Traveller Accommodation Assessment (GTAA).   Once published this work should be referred to for establishing the need for those groups.

9.40   We do note that Gypsies and Travellers are included within the demographic forecasts as all population living within "bricks and mortar" and Caravans and Houseboats are included within the household components of the SNPP.

Key Points

- The District has a higher proportion of older persons than nationally or regionally and is expected to see an increase in the older person population by 54% between 2014 and 2035.

- Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward.

- The analysis shows a potential need for around 1,100 units of specialist housing – (51-54 per annum) in the 2014-35 period – this is between 9% and 17% of the total need identified in the demographic modelling.

- The Housing LIN source also suggests a broad tenure split of 40% rented housing (affordable housing) and 60% in the market including shared home ownership.

- The need for Registered/Residential Care is estimated to increase by 1,300-1,400 people living in institutions over the 2014-35 period (63-67 per annum).

- There is projected to be a large rise in the number of people with dementia (up 84%-90%) along with a 73%-79% increase in the number with mobility problems.

- Around 23% of households contain someone with a LTHPD, which is slightly lower than that seen across the region and nationally. It is estimated that this will increase by between 29%-36%.

- The current and future need for wheelchair adapted dwellings is for around 409-591 homes.

10   NEED FOR DIFFERENT SIZES OF HOMES

Introduction

10.1   As discussed in previous sections, there are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.

10.2   In this section consideration is given to the current housing mix initially, as future housing delivery will principally add to this. This section then moves on to assess the need for different types of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes.

10.3   The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. For analysis purposes, the analysis assumes population and household growth in line with the demographic projection linked to the 2014-based household projections and also with the job-led projection; these two projections represent the range to be considered when looking at objectively assessed need. These projections indicate household growth of between about 5,700 and 11,800 across the District between 2014 and 2035.

10.4   It should be noted that these projections will not necessarily be translated into policy, but have been used to indicate the likely need for different sizes of homes moving forward.

10.5   We start out by profiling the "housing offer," considering the characteristics of the current stock of housing by tenure, type and size. As most new housing in 2035 exists now, in considering what new housing to develop, it is important to understand the existing housing mix.

Tenure

10.6   The 2011 Census data can be used to provide a detailed breakdown of the housing stock by tenure. Owner occupation is the most common tenure type in the sub-areas, with the percentage being highest in Knaresborough and its surrounds (78%), followed by the Eastern Rural sub-area (76%).

10.7   In terms of social renting, the highest percentage can be found in the Ripon and Boroughbridge sub-area (11%), followed by the Harrogate and surrounds sub-area (9%). However in comparison

to the national figures this tenure type is vastly under-represented. The lowest levels of social renting are found in the Eastern Rural Sub Area at 7.2%.

10.8 For the Private Rental Sector, the highest levels are found in Western Rural and Harrogate and Surroundings - 19%, followed by Ripon and Boroughbridge with 18%. All three of these sub areas have a higher level of private renting than the national figure.

Table 42: Households by Tenure Type

	Harrogate & Surround-ings	Western Rural	Eastern Rural	Knares-borough & Surround-ings	Ripon & Borough-bridge	England & Wales
All Households	37,285	5,563	3,185	8,403	12,733	23,366,044
Owned Outright	35.8%	42.3%	40.1%	42.7%	35.9%	30.8%
Owned with Mortgage	34.7%	27.9%	36.1%	35.4%	31.6%	32.7%
Shared Ownership	0.6%	0.5%	0.4%	0.5%	0.5%	0.8%
Social Rented	8.9%	7.6%	7.2%	8.5%	11.3%	17.6%
Private Rented	18.7%	18.9%	13.6%	11.7%	18.4%	16.7%
Living Rent Free	1.3%	2.8%	2.6%	1.3%	2.2%	1.4%

Source: Census, 2011

10.9 Analysis of the change in tenure composition reveals a notable shift from ownership with a mortgage towards the private rental sector. This is most notable in the Harrogate and surrounds sub area. This reflects the national picture which has been a result of restricted access to mortgage products.

Table 43: Households by Major Tenure Type, % change 2001-2011

|	Owned Outright	Owns with mortgage	Social Rented	Private Rented
Harrogate and Surroundings	10%	-14%	3%	64%
Western Rural	17%	-6%	8%	16%
Eastern Rural	25%	-9%	-6%	41%
Knaresborough and Surroundings	23%	-13%	24%	49%
Ripon and Boroughbridge	23%	-10%	5%	44%

Source: Census, 2001 & 2011

House Types and Sizes

10.10 The housing mix is dominated by detached and semi-detached homes. 81% of the housing stock in the sub-areas is made up of houses – 31% detached, 30% semi-detached, and 20% terraced houses.

10.11   The highest proportion of detached houses is located in Eastern Rural (56% of the sub-area's housing stock), followed by Western Rural (48%). Only the Harrogate and surrounds sub area does not have the largest stock type as detached.

10.12   However, the highest percentage of semi-detached houses is located in Harrogate and surroundings (31%), while the highest proportion of terraced is located in Ripon and Boroughbridge (22%).

10.13   Perhaps unsurprisingly the highest proportion of flats is located in Harrogate and surroundings sub-area (24%) which is the district's main urban area followed by Ripon and Boroughbridge (13%) and Knaresborough and surrounds (11%).

Figure 47: Housing Types, % of Dwellings, 2011
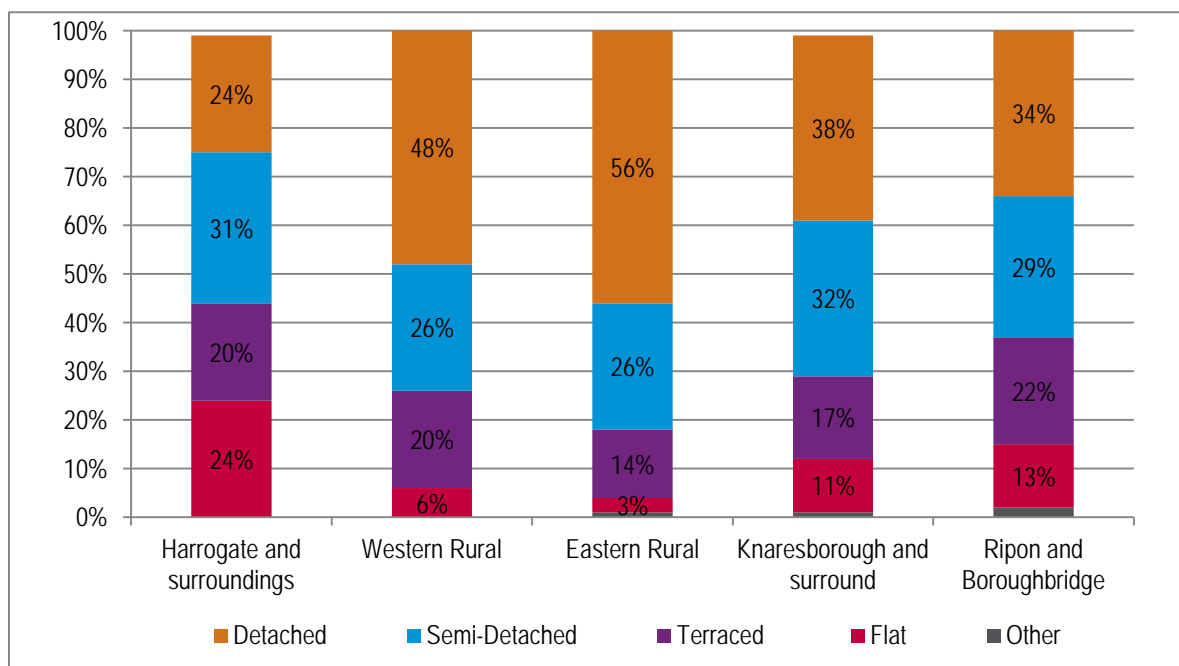
Source: *2011 Census*

Number of bedrooms

10.14   Three bedroom properties are the most common size of properties in all of the sub-areas. The next most popular are 2 bedroom properties in the urban sub-areas of Harrogate and Ripon, whereas in the rural sub areas four bedroom properties are next most common. This is also the case in Knaresborough although the percentages of 2 and 4-bedroom homes is fairly even.

10.15   The percentage of 1 bedroom properties is highest in Harrogate and surrounds (11%) followed by Ripon and Boroughbridge (8%) and Knaresborough and surrounds (7%). Conversely the highest

percentage of five-bedroom properties can be found in the eastern rural (12%) and western rural sub areas (9%).

Figure 48: Dwelling Size by Number of Bedrooms, 2011
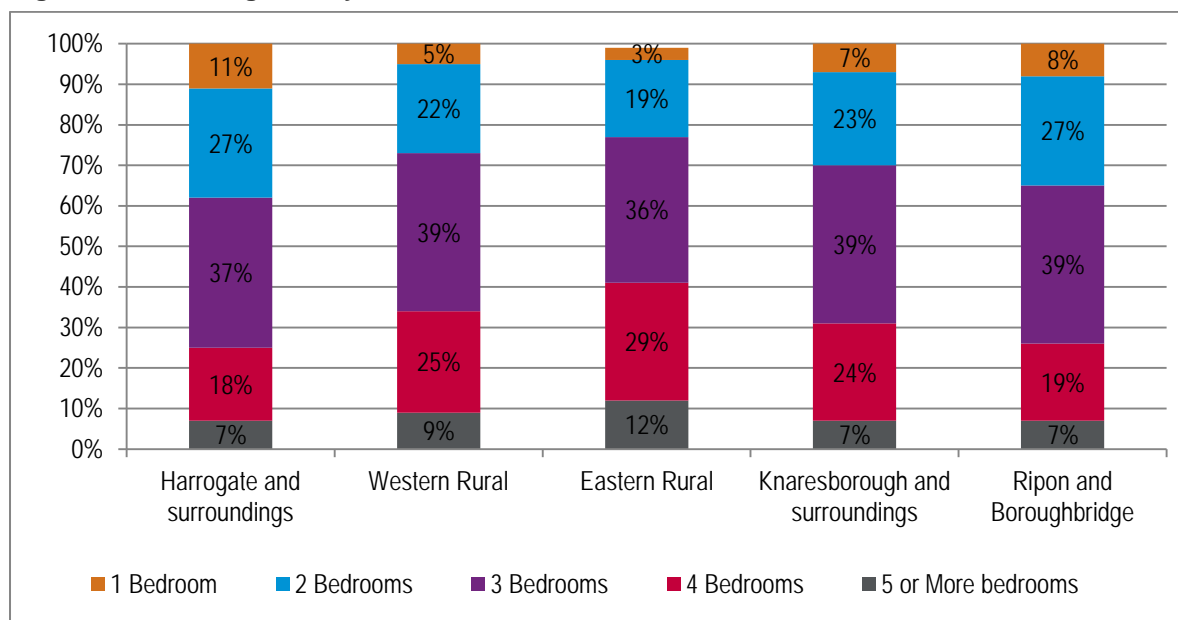
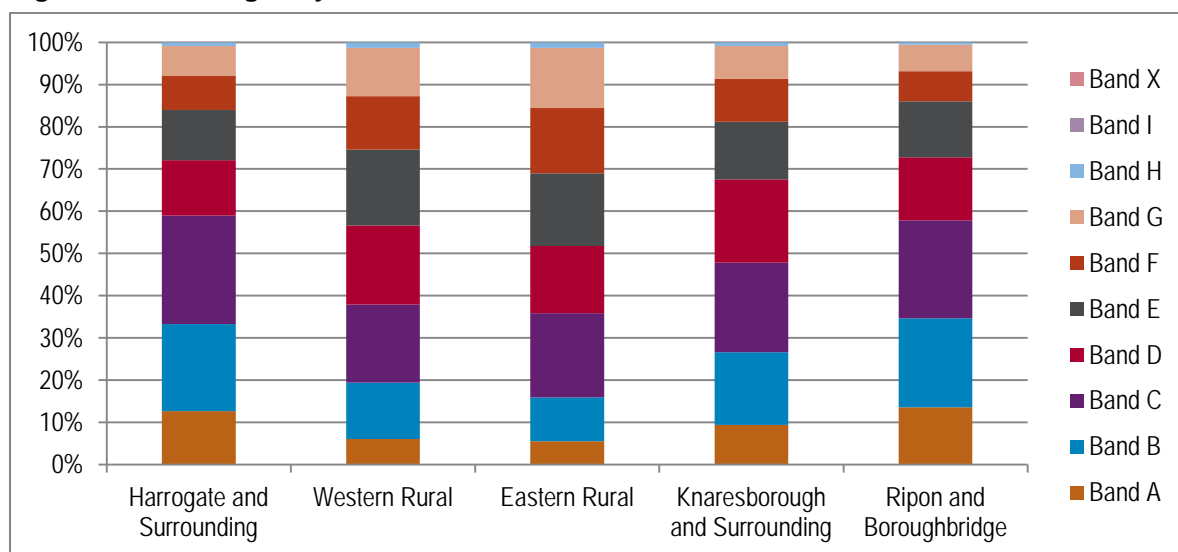*Source:* 2011 Census

Council Tax Bands

10.16   All sub-areas generally have a higher proportion of properties within Council Tax Bands B-E and a smaller proportion in Bands A and F-X. The most common band in all but the western rural sub area is Band C. Within the Western Rural sub-area the most common banding is B.

**Figure 49: Dwelling % by Council Tax Band**

Source: 2011 Census

Methodology

10.17   The figure below describes the broad methodology employed in the housing market model which is used to consider the need for different sizes of market and affordable homes. Data is drawn from a range of sources including the 2011 Census and demographic projections.

**Figure 50: Stages in the Housing Market Model**
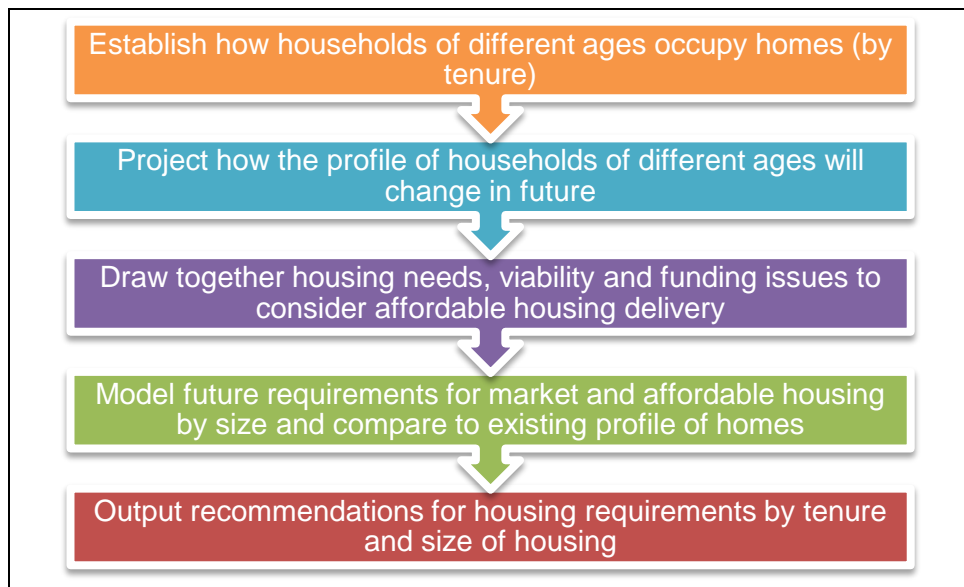
Understanding how Households Occupy Homes

10.18   Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

10.19   The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units. This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing.

10.20   The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing

within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

10.21   The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 50; a similar pattern (but with smaller dwelling sizes) is seen in the private rented sector. In the social rented sector, this peak appears earlier. After this peak, the average dwelling size decreases – as typically some households downsize as they get older. It is also notable that the average size for affordable housing dwellings is lower than that for market housing for all age groups.

Figure 51: Average Bedrooms by Age and Tenure – Harrogate District
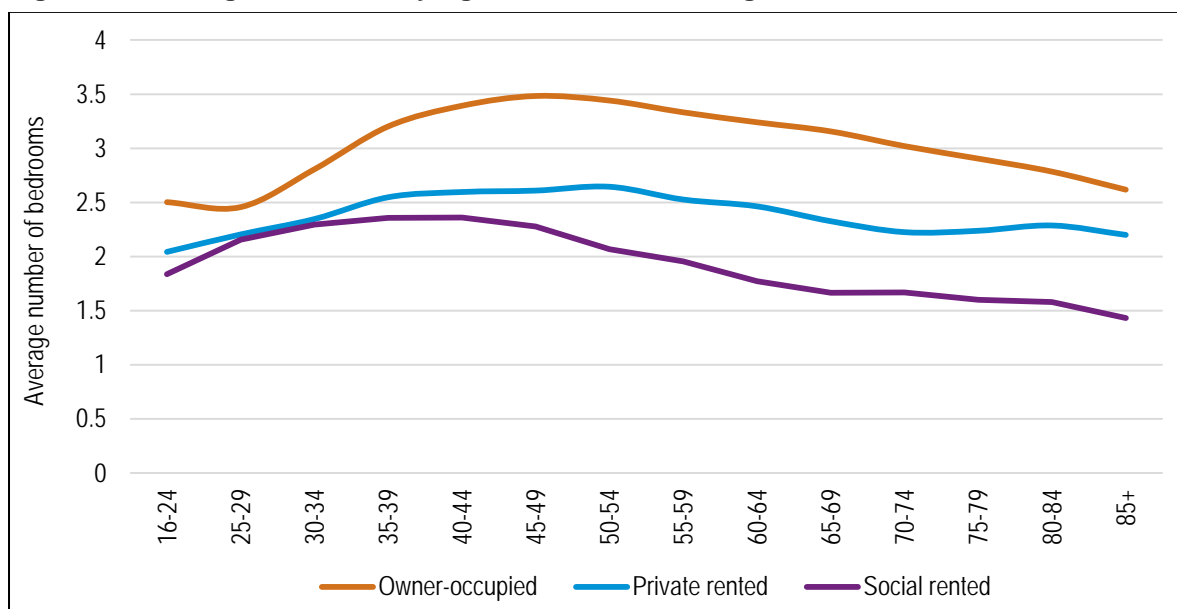
Source: Derived from ONS Commissioned Table CT0621

10.22   In terms of the analysis to follow, the outputs have been segmented into three broad categories. These are market housing, which is taken to follow the occupancy profiles in the owner-occupied sector; affordable home ownership, which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting) and affordable housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow is expected to largely be rented housing and would include affordable rented housing.

Tenure Assumptions

10.23   The housing market model has been used to estimate the future need for different sizes of property over the 21-year period from 2014 to 2035. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what the mix of future housing will be in the market and affordable sectors.

10.24   It is necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be of market and affordable housing. For modelling purposes, the analysis assumes that 25% of net completions are of affordable housing (social/affordable rented) along with 10% as affordable home ownership.

10.25   It should be stressed that these figures are not policy targets. Policy targets for affordable housing on new development schemes in some cases are above this; but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy. The figures used are not a policy position and have been applied simply for the purposes of providing outputs from the modelling process.

Key Findings: Market Housing

10.26   There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term need, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 21-year period from 2014 to 2035.

10.27   Looking first at projecting on the basis of the 2014-based SNPP, an increase of 3,700 additional households is modelled. The majority of these need two- and three-bed homes. The data suggests that housing need can be expected to reinforce the existing profile, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing (particularly towards a need for 2-bedroom homes). This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of a growing older population living in smaller households.

Table 44: Estimated Size of Dwellings Needed 2014 to 2035 – Market Housing – 2014-based SNPP – Harrogate District

Size	2014	2035	Additional households 2014-2035	% of additional households
1 bedroom	1,604	1,802	198	5.3%
2 bedrooms	10,788	12,235	1,447	38.9%
3 bedrooms	20,208	21,816	1,609	43.3%
4+ bedrooms	16,601	17,066	465	12.5%
Total	49,201	52,920	3,718	100.0%

Source: Housing Market Model

10.28 When looking at a demographic projection based on the job-led forecast, it can be seen that the number of households in the market sector would be projected to increase by 7,662. The estimated size profile required is broadly similar to that based on the 2014-based SNPP although there is a shift towards a greater need for 4+ bedroom accommodation at the expense of some of the two-bedroom homes. This difference will be due to the job-led projection having a higher level of in-migration; migrants tending to be younger people and more likely to be part of family households (who tend to live in larger homes).).

Table 45: Estimated Size of Dwellings Needed 2014 to 2035 – Market Housing – job-led projections – Harrogate District

Size	2014	2035	Additional households 2014-2035	% of additional households
1 bedroom	1,604	1,939	335	4.4%
2 bedrooms	10,788	13,114	2,326	30.4%
3 bedrooms	20,208	23,445	3,237	42.2%
4+ bedrooms	16,601	18,365	1,764	23.0%
Total	49,201	56,863	7,662	100.0%

Source: Housing Market Model

10.29 The statistics are based upon the modelling of demographic trends. As has been identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

10.30 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable Home Ownership

10.31   The tables below show estimates of the need for different sizes of affordable home ownership based on the analysis of demographic trends (firstly linked to the 2014-based SNPP and then to the job-led scenario). The data suggests in the period between 2014 and 2035 that the main need is again for homes with two- or three-bedrooms, although the proportions in the 4+ bedroom category are lower than for market housing (and one-bedroom homes higher). As with the market analysis, the outputs linked to the job-led projection show a greater need for larger homes (although both sets of data very much focus on smaller (particularly two-bedroom) dwellings).

Table 46:   Estimated Size of Dwellings Needed 2014 to 2035 – Affordable Home Ownership – 2014-based SNPP – Harrogate District

Size	2014	2035	Additional households 2014-2035	% of additional households
1 bedroom	2,353	2,483	129	22.6%
2 bedrooms	4,708	4,963	255	44.7%
3 bedrooms	3,702	3,863	161	28.1%
4+ bedrooms	1,648	1,675	26	4.6%
Total	12,412	12,984	572	100.0%

Source: Housing Market Model

Table 47:   Estimated Size of Dwellings Needed 2014 to 2035 – Affordable Home Ownership – job-led projections – Harrogate District

Size	2014	2035	Additional households 2014-2035	% of additional households
1 bedroom	2,353	2,597	244	20.7%
2 bedrooms	4,708	5,205	497	42.2%
3 bedrooms	3,702	4,041	338	28.7%
4+ bedrooms	1,648	1,747	99	8.4%
Total	12,412	13,590	1,179	100.0%

Source: Housing Market Model

Key Findings: Affordable Housing

10.32   The tables below show estimates of the need for different sizes of affordable homes based on the analysis of demographic trends (firstly linked to the 2014-based SNPP and then to the job-led scenario). The data suggests in the period between 2014 and 2035 that the main need is for homes with one- or two-bedrooms. The outputs linked to the job-led projection show a greater need for larger homes (although both sets of data very much focus on smaller dwellings).

10.33   This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition, it should be noted that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing needs of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing a supply of smaller properties.

Table 48:   Estimated Size of Dwellings Needed 2014 to 2035 – Affordable Housing – 2014-based SNPP – Harrogate District

Size	2014	2035	Additional households 2014-2035	% of additional households
1 bedroom	2,489	3,247	758	53.0%
2 bedrooms	2,090	2,558	468	32.7%
3 bedrooms	1,554	1,744	189	13.3%
4+ bedrooms	134	149	15	1.0%
Total	6,267	7,698	1,430	100.0%

Source: Housing Market Model

Table 49:   Estimated Size of Dwellings Needed 2014 to 2035 – Affordable Housing – job-led projections – Harrogate District

| Size	2014	2035	Additional households 2014-2035	% of additional households
1 bedroom	2,489	3,850	1,361	46.2%
2 bedrooms	2,090	3,069	979	33.2%
3 bedrooms	1,554	2,114	560	19.0%
4+ bedrooms	134	181	47	1.6%
Total	6,267	9,214	2,947	100.0%

Source: Housing Market Model

10.34   As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).

Indicative Targets by Tenure

10.35   The figure below summarises the above data in both the market and affordable sectors under the modelling exercise. The analysis clearly shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

Figure 52: Size of housing required 2014 to 2035 – Harrogate District
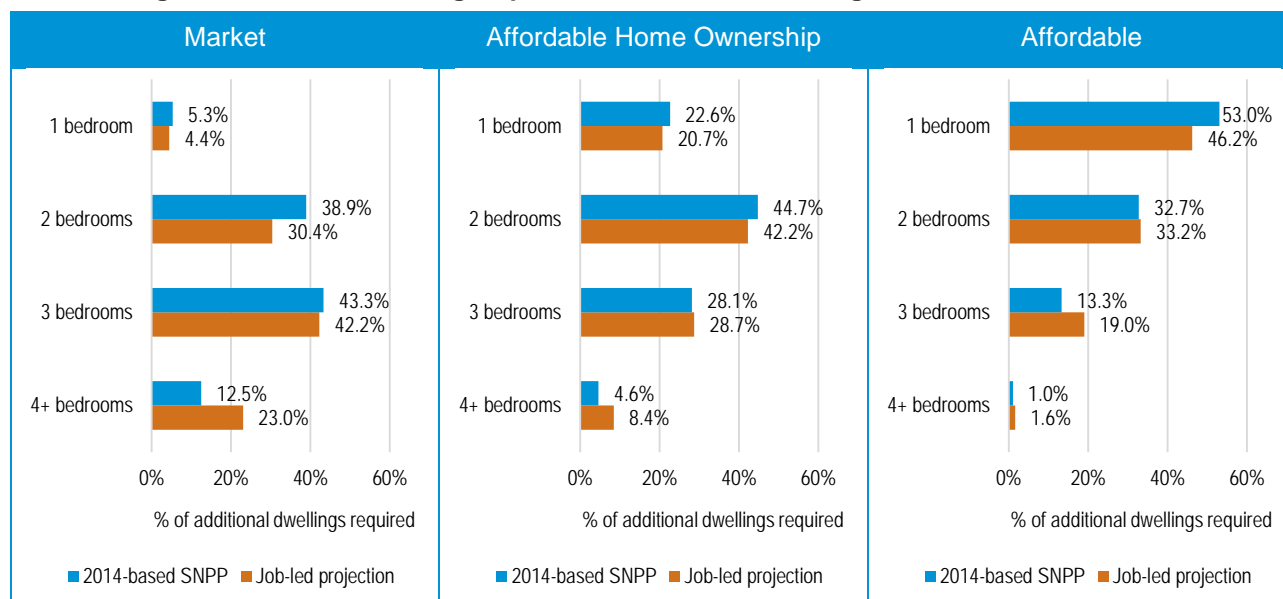
Source: Housing Market Model

10.36 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes (as well as allocations to older person households) – e.g. one bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much one-bedroom stock as is suggested by the modelling exercise.

10.37 At the other end of the scale, conclusions also need to consider that the stock of four-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

10.38 For these reasons it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

10.39 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing sought through development schemes. At a District-wide level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 30-35%
- 2-bed properties: 40-45%
- 3-bed properties: 15-20%
- 4-bed properties: 5-10%

10.40   The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

10.41   The need for affordable housing of different sizes will vary by area (at a more localised level) area and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

10.42   In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. The recommendations take some account of the time period used for the modelling and the fact that the full impact of the ageing population will not be experienced in the short-term.

10.43   On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of affordable home ownership housing is suggested:

- 1-bed properties: 15-20%
- 2-bed properties: 45-50%
- 3-bed properties: 25-30%
- 4-bed properties: 5-10%%

10.44   Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile, this sees a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bed properties: 0-5%
- 2-bed properties: 30-35%
- 3-bed properties: 40-45%
- 4-bed properties: 20-25%

10.45   The intermediate mix could also be seen as a proxy for the PRS sector mix. This is because the price points in PRS tend to be between those who require affordable homes and those who can purchase property. However only a very small build-to-let market exist with most of the new supply being buy-to-let. Therefore there is limited scope as to how the Council can affect this supply.

10.46   Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process. Similarly the Council may also wish to consider the below evidence when considering the supply within different sub-areas of the district.

10.47   In both cases the figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Local Mix

10.48   In response to our consultation with local agents and on-site sales agents the HEDNA makes a number of suggested localised changes to the market housing mix:

- In the Harrogate and surroundings sub-area should consider an increase in the delivery of smaller 1 and 2 bedroom homes with a comparable reduction in delivery of 4 bedroom or larger properties. This reflects the areas position as the districtdistrict major urban centre and thus being capable of deliverying higher density living. The shift will also allow for elderly couples in the the surrounding sub areas to down-size in greater numbers.

- In the Knaresborough and surroundings sub-area there should be a similar goal to increase the delivery of smaller 1 to 3 bedroom homes and reduce the delivery of properties of four bedrooms or more. This will address the clear gap in the market for this property type and allow for downsizing to occur in greater numbers.

- In the Ripon and Boroughbridge sub-area the focus of delivery should still be 2 and 3 bedroom figures. The council may seek to deliver a slightly increased number of 1 bedroom flatted properites to address the identifed gap in the market and to encourage downsizing.

- In the Western Rural sub-area there is a notable gap in the supply of 2 and 3 bedroom properties. There is only limited demand for downsizing therefore there is no need to increase the delivery of smaller homes. The recommendation is therefore to seek the established disitrct wide mix.

- In the Eastern Rural sub-area there is notable demand for larger family homes and limited demand for downsizing. Therefore the Council may wish to allow the delivery of more 3 and 4 bedroom properties with reductions in the supply of single bedroom properties.

10.49   The suggested mix is again reflective of the long term needs and should not be applied proscriptively to each site. The suggested mix should also be brought together with information on appropriate density of developments for certain locations and typologies. This should also be linked, as with all developments, to viability considerations.

Key Points

- The housing mix model takes into consideration a range of factors including the current housing mix and the need for different types of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures and how households occupy homes and how affordable housing might be delivered.

- Owner occupation is the most common tenure type in the sub-areas, with the percentage being highest in Knaresborough and its surrounds.

- In terms of social renting, the highest percentage can be found in the Ripon and Boroughbridge sub-area.

- For the Private Rental Sector, the highest levels are found in Western Rural and Harrogate and Surroundings sub areas.

- The housing mix is dominated by detached and semi-detached homes. 81% of the housing stock in the sub-areas is made up of those houses

- Three bedroom properties are the most common size of properties in all of the sub-areas. The percentage of 1 bedroom properties is highest in Harrogate and surrounds

- Based on the economic led forecasts there is a clear need across the district for market delivery to be focussed on 2 and 3 bedrooms. This reflects the aging population, existing stock and the need to support down-sizing

- Similarly affordable home ownership/Intermediate should also focus delivery on 2 and 3 although a greater percentage should be delivered as smaller homes compared to the market sector.

- The focus of affordable housing delivery should be for 2 bedroom property. This reflects the closer links between need and occupation, as well as the high turnover of one-bedroom affordable homes.

11   COMMERCIAL PROPERTY MARKET

11.1   This section provides an assessment of the office and industrial property market in Harrogate Borough. This assessment has been undertaken using a variety of sources including take-up and availability data from the Estates Gazette Interactive (EGi) database and the Focus CoStar commercial property database, a review of the latest commercial property literature and stakeholder/property agents' consultation.

National Economic Conditions

11.2   The Office for Budget Responsibility (OBR) published its Economic and Fiscal Outlook in November 2016. In the short time since the March 2016 forecast, economic development and growth has slowed since the referendum and business investment has been falling.

11.3   The main forecast expects to see investment being postponed following post-Article 50 negotiations. It is expected import prices to be pushed up, which in turn will lead to real earnings growth to fall close to zero.

11.4   However, the depreciation of the pound is likely to result in some net trade increases in the short term, with UK exports being more competitive in overseas markets and imports to UK seen as less attractive relative to domestically produced goods and services. This process will eventually lead to short term growth in GDP.

Office Market Review

11.5   At national level, the office market performed surprisingly strongly in 2016, according to Knight Frank. In 2017, the UK economy is expected to face some challenges largely related to Brexit and rising inflation.

11.6   The triggering of Article 50 negotiations will cause some increase in concerns over the future trading environment for UK exporters. Knight Frank forecasts indicate that the UK economy will grow by 1.5% in 2017, lower than 2016 but high enough to maintain a steady level of demand for commercial property.

11.7   Savills' Regional Office Market Spotlight in September 2016 forecast lower levels of leasing activity, and rises in lease extensions until the end of 2016 and in 2017. The forecasts expect a combined fall of take up levels with 5-10% in 2017 and 2018.

11.8   The Cushman & Wakefield Office Market Snapshot for the last quarter of 2016 suggested that despite the uncertainty surrounding the EU Referendum, there has been a moderation of leasing

activity after the referendum in June 2016. The year-end volumes were down but better than anticipated levels. The outlook for 2017 is that the UK will remain an attractive target destination for overseas market, yet activity will be largely dependent on future EU negotiations.

Harrogate and Wider Comparator Area Office Market

11.9   This section provides an assessment of the office market across the wider study area. The quantitative analysis of past take-up has been based on transactions recorded on EGi and CoStar.[11] This has been augmented through engagement with commercial agents.

11.10   The amount of office floorspace in Harrogate in 2016 was 200,000 sq.m, this equates to around 38% of the County (excluding York) figure. The figure is also around double the amount office floorspace in Hambleton (90,000 sq.m), yet generally lower than the wider comparator areas. Unsurprisingly the highest amount of office floorspace was in Leeds- 1,826,000 sq.m and York (338,000 sq.m)

Table 50:   Office Floorspace by Local Authority, 2016

	Office Floorspace ('000 sq.m)
Harrogate	200
Hambleton	90
Leeds	1,826
York	338
North Yorkshire	529
Yorkshire and the Humber	6,729
England and Wales	89,037

Source: VOA Business Floorspace Statistics

11.11   Over the 2000-16 period, office floorspace has decreased by at least0.5% in Harrogate Borough. In contrast there has been a net increase of 38,000 sq.m in Hambleton and 67,000 sq.m in York. In comparison, Leeds saw a net growth is 306,000 sq.m.

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[11] Although these are the most comprehensive lists available, not all transactions are included. In some cases transactions or availability is applied to the nearest postal town which may be in a different local authority to the transaction. GL Hearn have used Geographic Information System (GIS) to accurately present the analysis at a local authority level.

Table 51:   Net Change in Office Floorspace by Local Authority, 2000-16

Local Authority	2000 Floorspace ('000 Sq.m)	2016 Floorspace ('000 Sq.m)	Change 2000-2016 ('000 Sq.m)	Change %
Harrogate	201	200	-1	-0.5%
Hambleton	52	90	38	73.1%
Leeds	1,520	1,826	306	20.1%
York	271	338	67	24.7%
North Yorkshire	423	529	106	25.1%
Yorkshire and the Humber	5,535	6,729	1,194	21.6%
England and Wales	78,631	89,037	10,406	13.2%

Source: VOA Business Floorspace Statistics, 2016

11.12   The Council Economic Development Unit's own records show that the district does have a severe lack of good quality office space, driven by a reduction by as much as 21% in the last three years. The Council has been notified of changes of use from office to residential under permitted development rights with almost 40,000sqm of office space proposed for conversion. At least an additional 3,750sqm of office space has also been lost through planning approvals.

11.13   Figure 53 overleaf provides an overview of the distribution of take-up activity over the period 2007-2016. In total, the number of office deals in Harrogate Borough over the period was 724, covering a 171,473 sq.m of floorspace. This comprised around 59% of the North Yorkshire transactions (1,236). In comparison transaction volumes over the same period in Leeds numbered 6,099.

11.14   For Harrogate, the total office floorspace transacted was 171,473 sq.m. averaging 237 sq.m per transaction. However this is dwarfed by the level of office floorspace transacted in Leeds (3,861,152 sq.m). The evidence clearly points to the Leeds Urban Area being the largest office market in the wider comparator area.

**Figure 53: Office Floorspace Take-Up, 2007-2016**
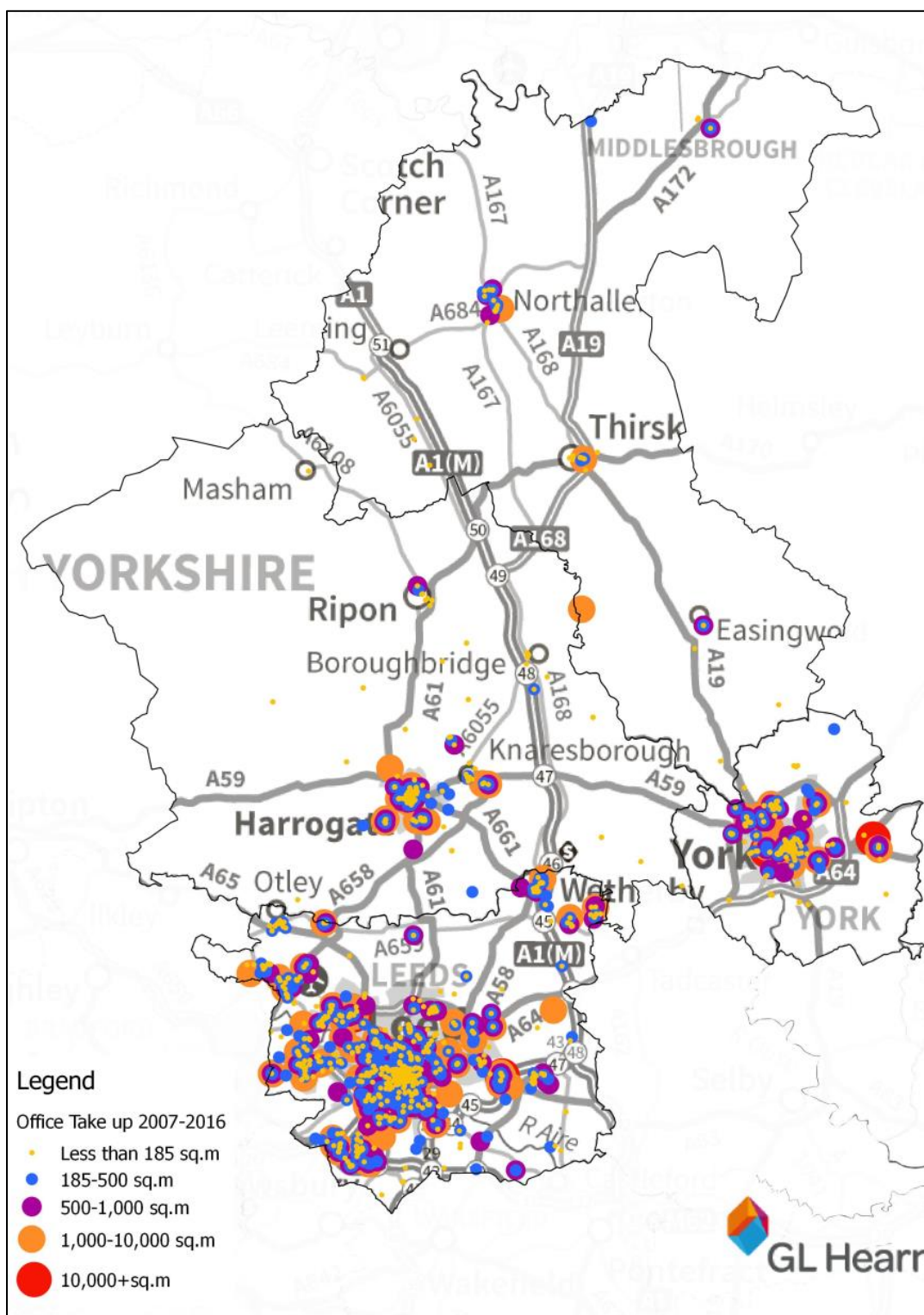
Source: GL Hearn Analysis of EGi and CoStar Data, January 2017

11.15   Figure 54 illustrates the number of deals within the sub-areas of Harrogate Borough over the 10
        year period to 2016. The highest amount of deals was recorded in Harrogate and Surroundings

sub-area (81% or 590 transactions). This is followed by Knaresborough and Surroundings (71) and Ripon and Boroughbridge (40). There were very few office transactions in the Easter Rural (10) and Western Rural sub areas (13).

11.16   The market was most active in 2014 when 106 deals were recorded. The lowest number of transactions were recorded in 2007 and 2009 when just 47 transactions were made. On average 72 office transactions are made per annum in the district.

Figure 54: Office Transactions by Year and Local Authority, 2007-2016
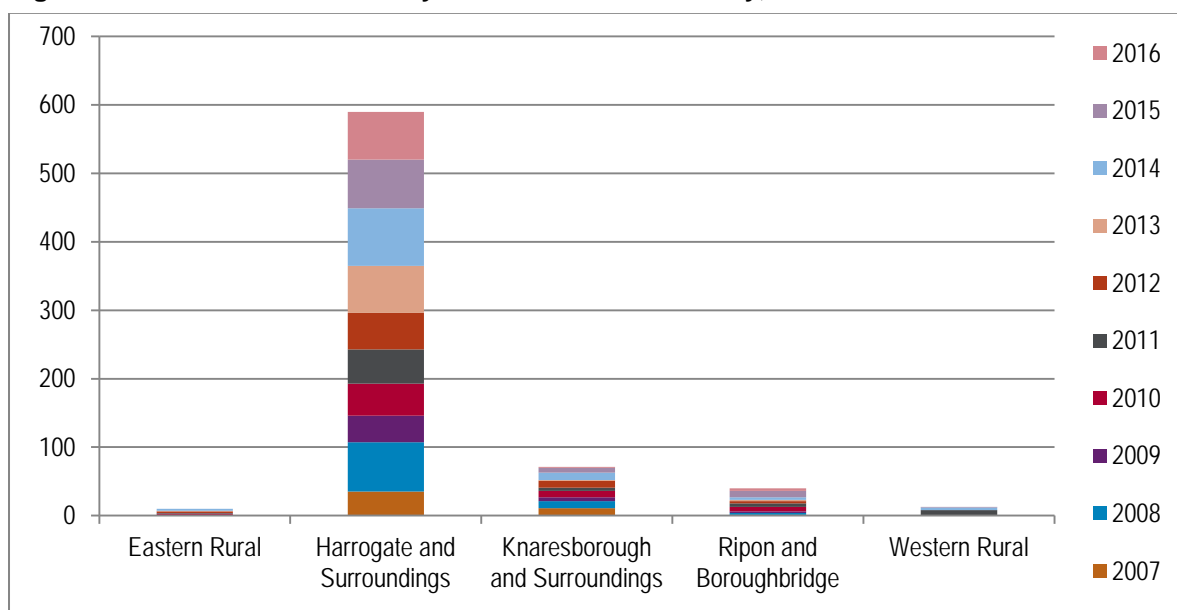
Source: GL Hearn Analysis of EGi and CoStar Data

11.17   Between 2007 and 2016, more than 170,000 sq.m of office floorspace was transacted in the District. At 84% the vast majority of office floorspace was transacted in Harrogate and Surroundings sub-area (143,587 sq.m), this is followed by Knaresborough and Surroundings (21,624 sq.m) at 13%.

11.18   Over the 2007-2016 period, the average annual floorspace take-up was around 17,148 sq m. The highest volume of transactions in a single year was recorded in 2015 with 33,625 sq.m of office floorspace transacted across the district.

Figure 55: Office Floorspace Take-Up by Location, 2007-16
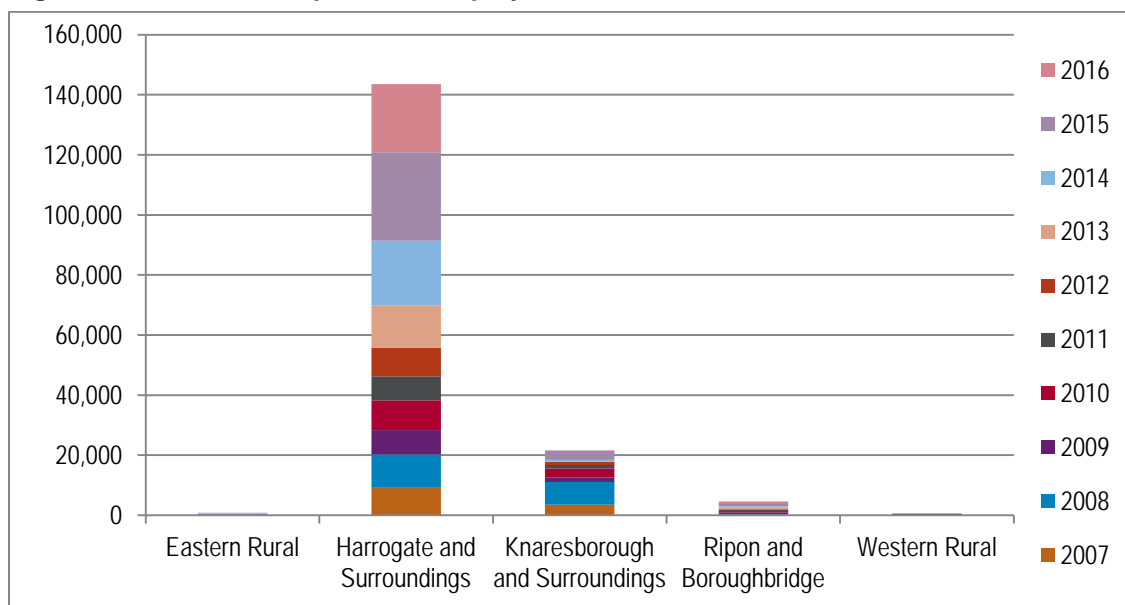
Source: GL Hearn Analysis of EGi and CoStar Data

11.19   The majority of transactions in Harrogate Borough involved units with sizes less than 185 sq.m. Since 2014 there has however been an increase in the number of larger transactions recorded on EGi/CoStar, likely reflecting in part improvements to data; together with a partial recovery in the office market.

Figure 56: Profile of Office Deals by Size (sq.m), 2007-2016
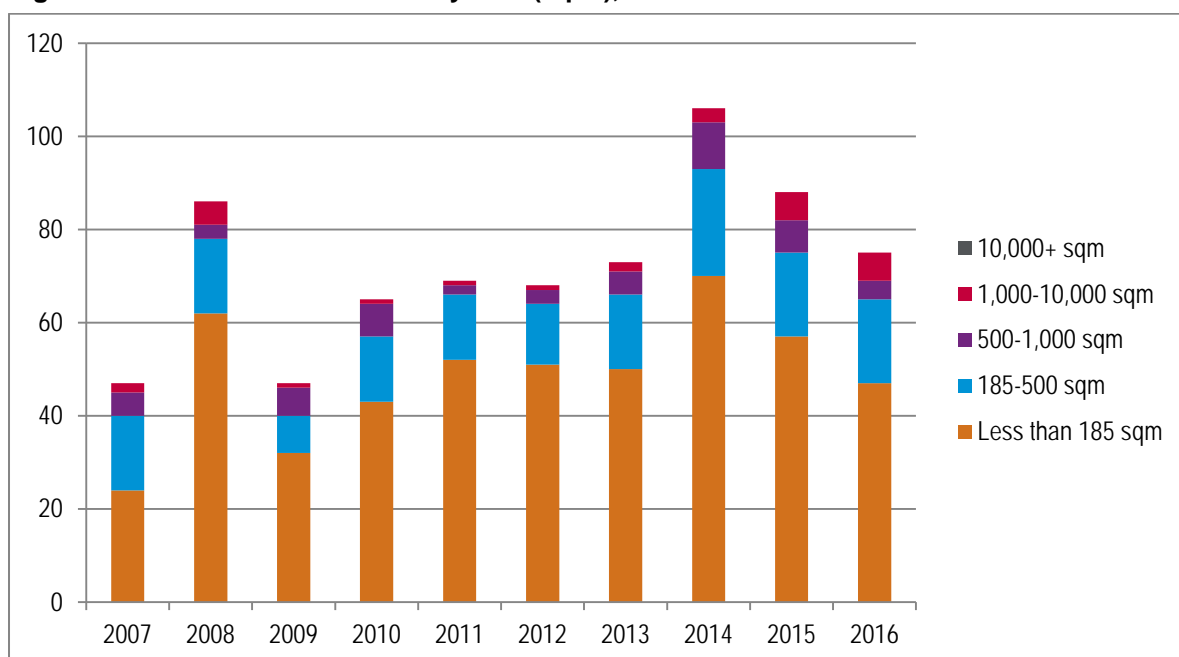
Source: *GL Hearn Analysis of EGi and CoStar Data*

11.20   Figure 57 profiles take-up over time and by floorspace in each size band in the district over the last 10 years. This illustrates the strong activity in the office market over the last 3 to 4 years and growth in take-up across a number of size bands. The highest volume of office floorspace take-up was in the medium to large size band between 1,000-10,000 sq.m. No transactions of over 10,000 sq.m were recorded in the district.
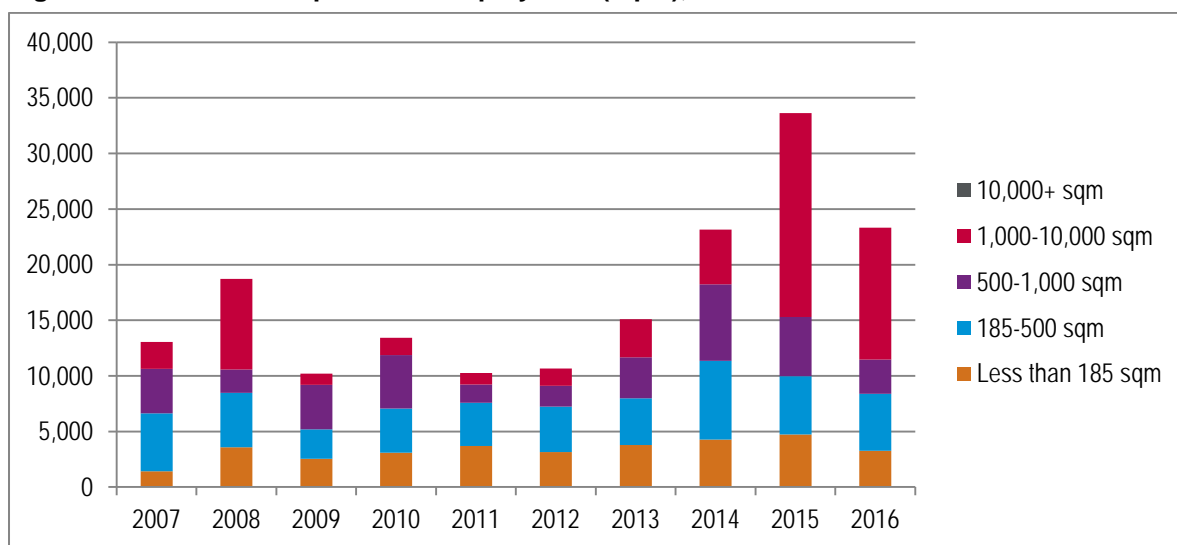
Figure 57: Office Floorspace Take- Up by Size (sq m), 20107-2016

Source: GL Hearn Analysis of EGi and CoStar Data

11.21   The largest office transaction throughout this period was in 2009 located in the Harrogate and Surroundings sub-area which was the 1,012 sq.m unit advertised as Grange Farm, in Killinghall, Harrogate. According to EGi, the vendor for this property is Leeds Metropolitan University and the vendor's agent DTZ.

Office Availability

11.22   Figure 58 illustrates the distribution of available office space across the wider comparator areas as recorded in EGi and CoStar databases in January 2017. As at January 2017 there was total available space of 996,012sq.m of office floorspace across the comparator area. This would equate to a notional supply of around 1.7 years based on average take-up over the last five years (2012-16)[12]. However, this notional supply figure does not take account of the quality or suitability of the available stock.

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[12] This period relates to the period when the quality of data from this source improves. A longer term average may show a different position but GL Hearn have concerns regarding the robustness of the more historical data. .

11.23   The highest level of available office space within the wider comparator areas can be found in Leeds (800,472 sq m), followed by North Yorkshire (96,729sq m) and York (57,347 sq m). Only 10,469 sq.m of the total available floorspace is located in Hambleton.

11.24   In Harrogate Borough, the available office floorspace is 30,995 sq.m. This equates to 1.8 years' worth of transactions based on the average for the last 10 years.

Figure 58: Office Availability – July 2016
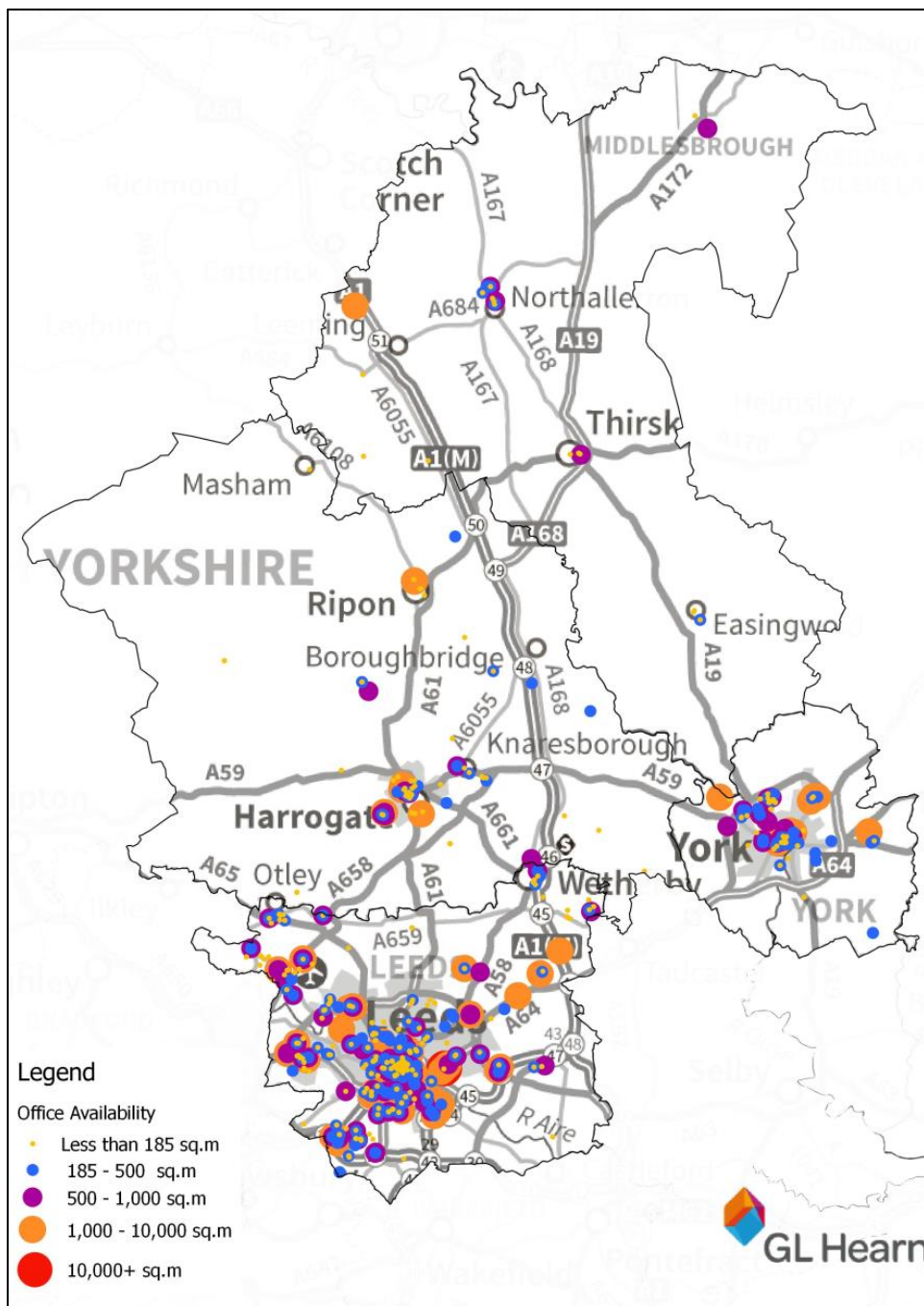
Source: GL Hearn Analysis of EGi and CoStar Data

11.25   Within the District, the highest number of office spaces available is in the Harrogate and surroundings sub-area (71), followed by Knaresborough and Surroundings sub-area (20).

11.26   The majority of available office stock is held in smaller office spaces than 185 sq.m (70%), followed by those sized between 185-500 sq.m (16%). There are only eight offices which are larger than 100 sq.m available in the district.

Figure 59: Office Availability (January 2017)
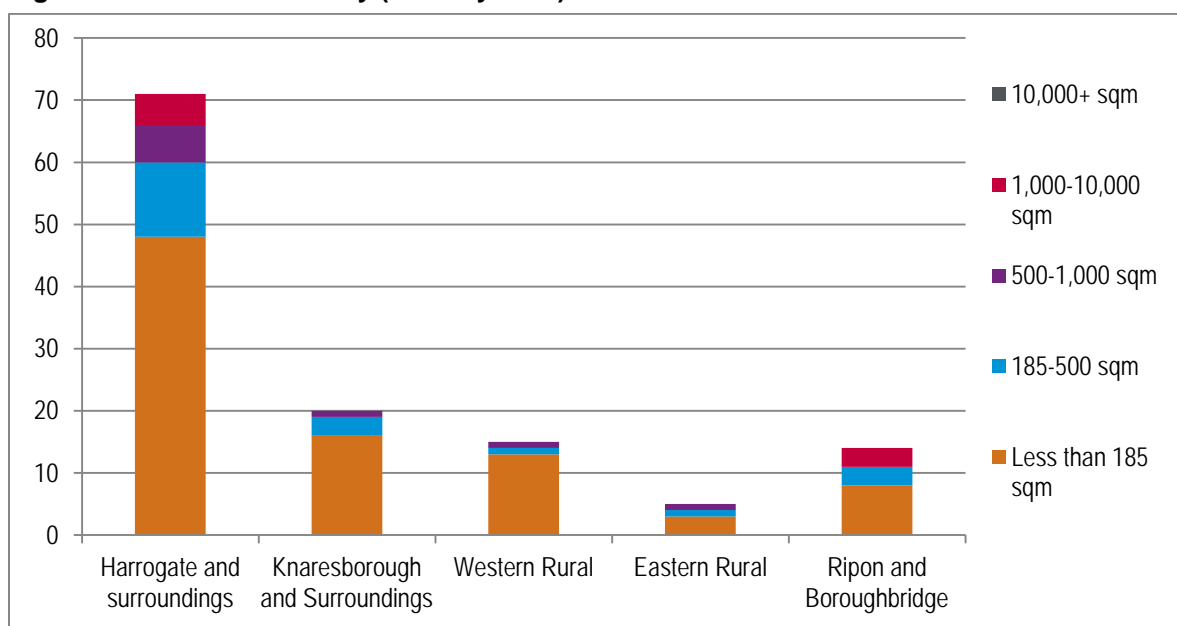
Source: *GL Hearn Analysis of EGi and CoStar Data*

11.27   Figure 60 displays the amount of available office floorspace located within the district by sub-area. The highest amount of available office floorspace is located in Harrogate and surroundings sub-area (21,197 sq.m), followed by Ripon and Boroughbridge sub area (4,583 sq.m).

11.28   Despite being only eight offices the highest amount of available office floorspace is held within offices of between 1,000-10,000sq.m in size (43%). This is followed by 500-1,000 sq.m sizes (20%). The largest single available office unit in the District is the 3,345 sq.m sized unit on Hookstone Road in Harrogate.

Figure 60: Office Availability by Location and Size (January 2017)
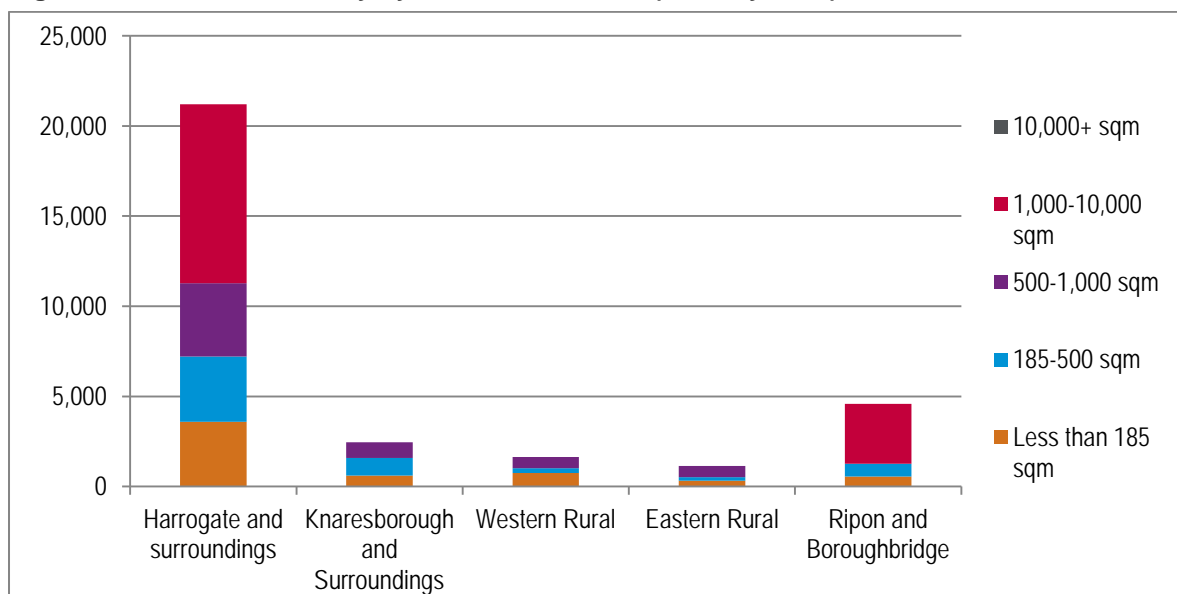
Source: GL Hearn Analysis of EGi and CoStar Data

Industrial Market Review

11.29   Our analysis of industrial floorspace includes both industrial (B2) and warehouse/ distribution (B8) use classes.

11.30   Nationally, the industrial market continues to perform well with year-on-year increases in the take-up of floorspace. The industrial sector continues to be dominated by warehouse and distribution units. There is a growing demand for large scale logistics/distribution warehouses nationally. This is, in part, driven by the continuing growth of the on-line retail sector and increasing customer expectations for same- or next-day delivery.

11.31   The Savills Big Shed Briefing report from January 2017 identifies that the national logistics market has performed surprisingly well given the EU referendum. Savills recorded information on 135 transactions equating to 34.6m sq ft. just 400,000 sq ft over the 2014 record of 34.2m sq ft.

11.32   A large portion of this take-up is due to online retailers increasing activity, with the sector accounting for 29% of all transactions, followed by third party logistics wit 18% and manufacturing sector accounting for 16%.

11.33   In terms of supply, Savills identify that the warehousing sector has struggled to keep up with demand with the third quarter of 2016 seeing supply fall to the lowest level ever recorded at just 22.7m sq ft. Cushman and Wakefield Industrial Snapshot of Q4 of 2016 and Knight Frank LOGIC UK Overview of the second half of 2016 provide similar analysis and matching results, with outlook

for 2017 stating that the industrial sector will remain positive despite the wider economic and political uncertainty. It is expected that there will be a slowdown in speculative development which will reduce availability and cause further rental increases in 2017.

11.34   Savills have identified that Yorkshire and the Humber region has witnessed a strong year for industrial transactional activity in 2016 as take-up reached 3.9 million sq.ft. This was 18% higher than 2015 and 38% higher than the long term average.

11.35   While the strategic distribution market is improving, Harrogate is only a secondary distribution market and national trends may not necessarily translate to an area with only limited access to the strategic road network.

Harrogate and wider Comparator Area Industrial Market

11.36   Harrogate Borough contained 829,000 sq.m of industrial floorspace in 2016. This includes both factories and warehouse/ distribution floorspace. This comprises around 20% of the North Yorkshire supply.

11.37   Over the period from 2000-16, total industrial floorspace grew modestly by 105,000 sq.m in Harrogate. This was one of the larger growths in the areas under review. In contrast both Leeds and York lost industrial floorpsace over the same period.

Table 52:   Industrial Floorspace Trends, 2000-16

	2000 Floorspace ('000 sq.m)	2016 Floorspace ('000 Sq.m)	Growth 2000-16 ('000 sq.m)	Change %
Harrogate	724	829	105	15%
Hambleton	636	798	162	25%
York	991	693	-298	-30%
Leeds	6,223	5,123	-1,100	-18%
North Yorkshire	3,460	4,058	598	17%
Yorkshire and the Humber	41,900	40,501	-1,399	-3%
England and Wales	337,705	321,855	-15,850	-5%

Source: VOA Business Floorspace Statistics 2016

11.38   Figure 61 profiles the spatial distribution of the industrial transactions across the wider comparator area since 2007. For the period 2007-2016 there have been 5,461 recorded industrial deals for the wider comparator area relating to 7.2 million sq.m of floorspace. The highest concentration of industrial transactions were recorded in Leeds (3,398 deals) followed by North Yorkshire (1,101).

11.39   In Harrogate, the total number of industrial transactions was 313, which covered 193,511 sq.m of industrial floorspace. This equated to around 11% of the transactions made across the North

Yorkshire area (excluding York). On average 19,351 sq.m of industrial floorspace was transacted in the district.

Figure 61: Industrial transactions since 2007
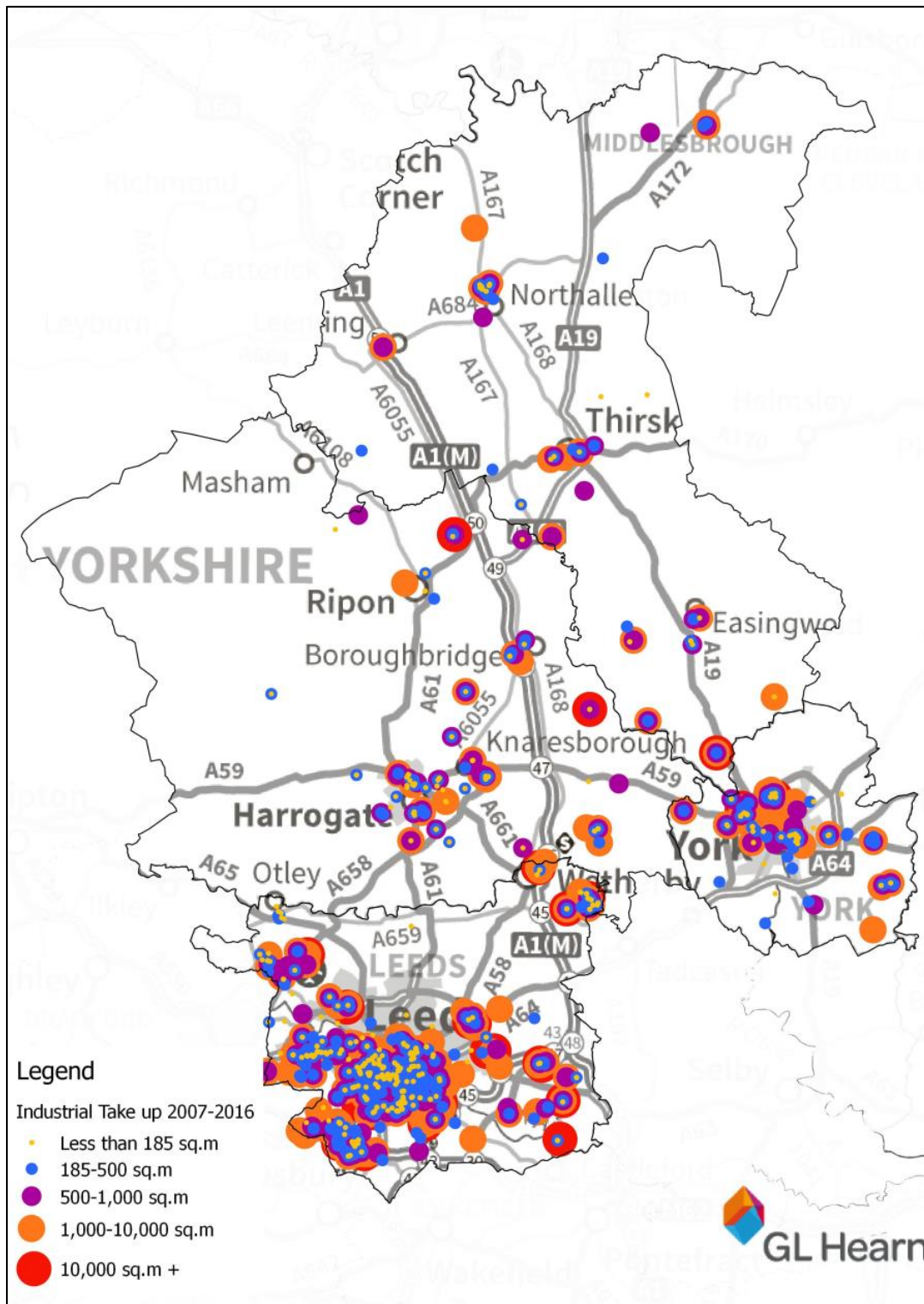
Source: *GL Hearn Analysis of EGi and CoStar Data*

11.40   Figure 62 presents the number of industrial deals by size and year in Harrogate Borough. On average 32 deals were recorded per annum in the District. The highest amount of deals were made on premises with less than 185 sq.m (43%), followed by units between 185 and 500 sq.m (29%).

11.41   As shown the number of transaction in the last two years are a substantial reduction from those in the previous four years. There was a particularly notable fall in the number of transactions in smaller premises in the last year.

Figure 62: Industrial deals by size and year, 2007-16
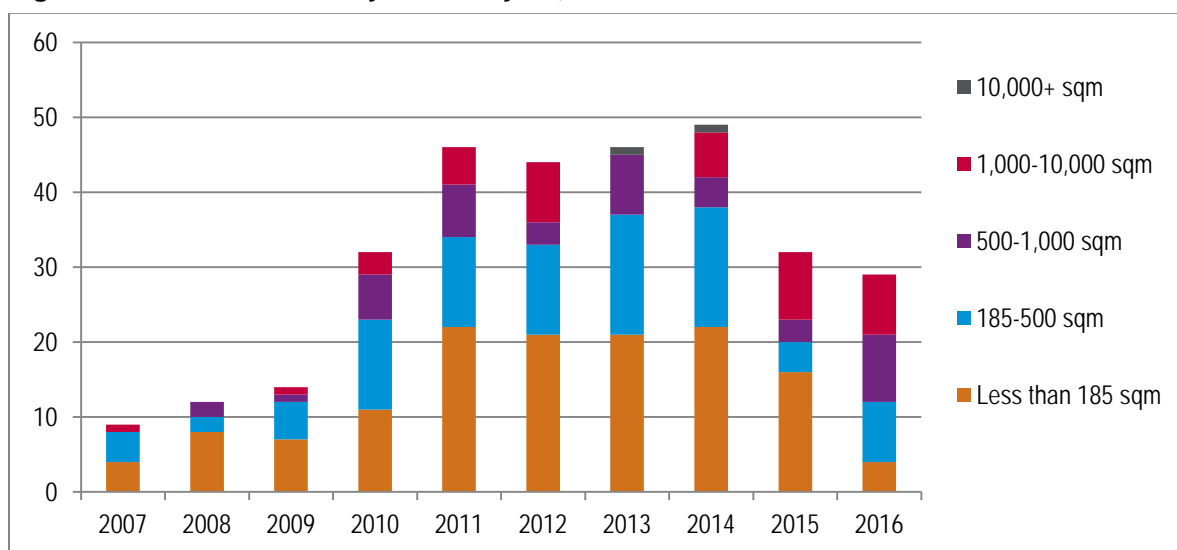
Source: GL Hearn Analysis of EGi and CoStar Data

11.42   Figure 63 presents the number of deals broken down by year and sub-area for the 2007 to 2016 period. The highest number of deals were recorded in the Harrogate and Surroundings sub-area (123), followed by Knaresborough and Surroundings (89). The smallest amount of industrial deals was recorded in Western Rural sub-area (3 deals).

Figure 63: Industrial deals by year and sub-area, 2007-16
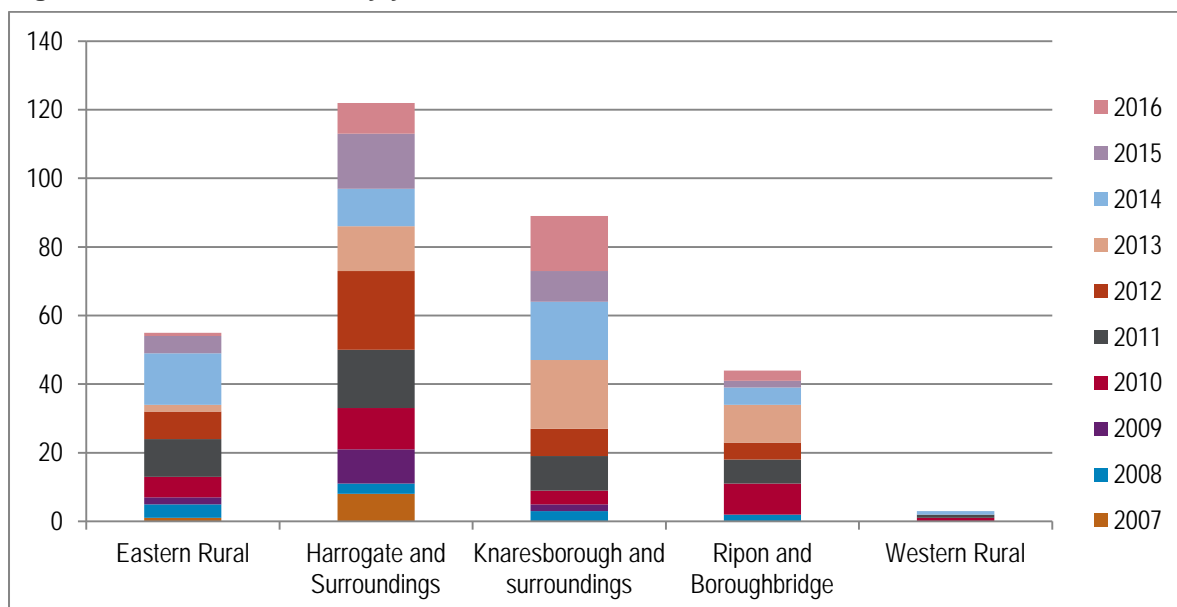
Source: GL Hearn Analysis of EGi and CoStar Data

11.43   Figure 64 presents the spatial distribution of the industrial floorspace take-up by sub-area. The highest volume of industrial floorspace transactions was recorded in Harrogate and Surroundings sub-area (27%), closely followed by Knaresborough and Surroundings (26%) and Ripon and Boroughbridge (26%).

Figure 64: Industrial floorspace by year and sub-area, 2007-16
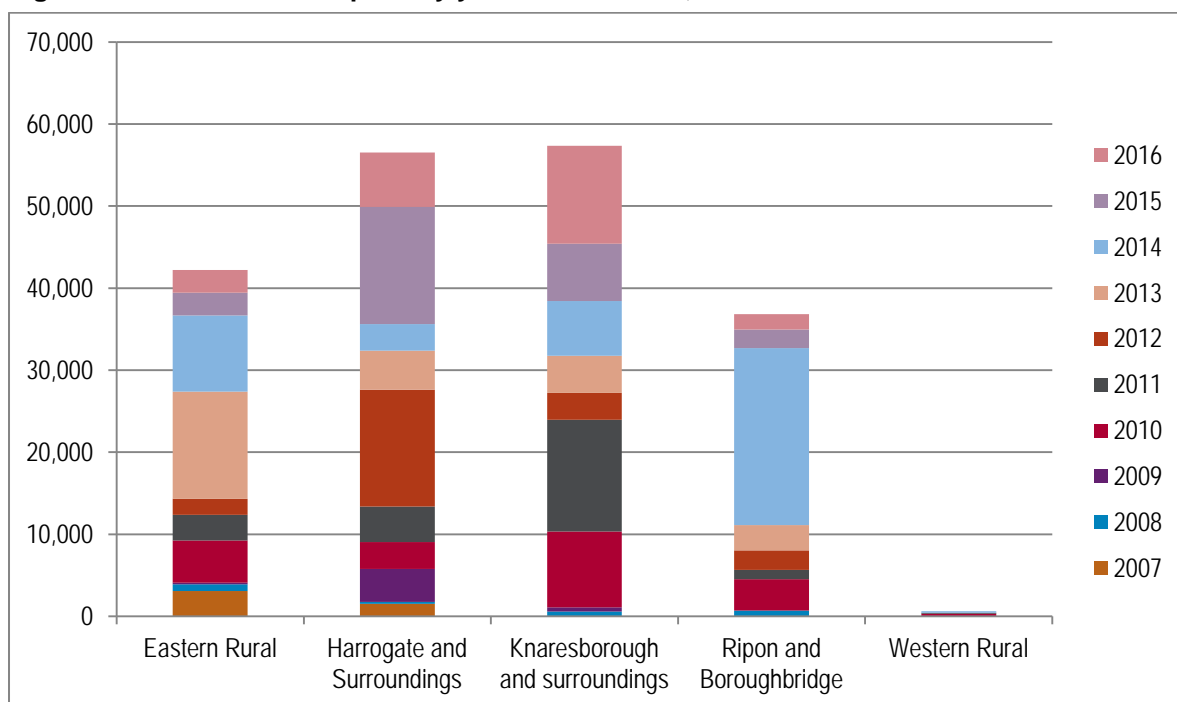
Source: GL Hearn Analysis of EGi and CoStar Data

11.44   Figure 65 presents the industrial floorspace take-up by size band. Over the 10 year period, the highest volume of floorspace was recorded for units between 1,000 and 10,000 sq.m, followed by units larger than 10,000 sq.m.

11.45   The latter is due to a very few number of large transactions, namely in 2014 and 2013 of 20,600 sq.m unit in Barker Business Park, located in Ripon and Boroughbridge sub-area, and the 12,585 sq.m unit on Kettlestring Lane in the Eastern Rural sub-area.

Figure 65: Industrial floorspace by year and size, 2007-16
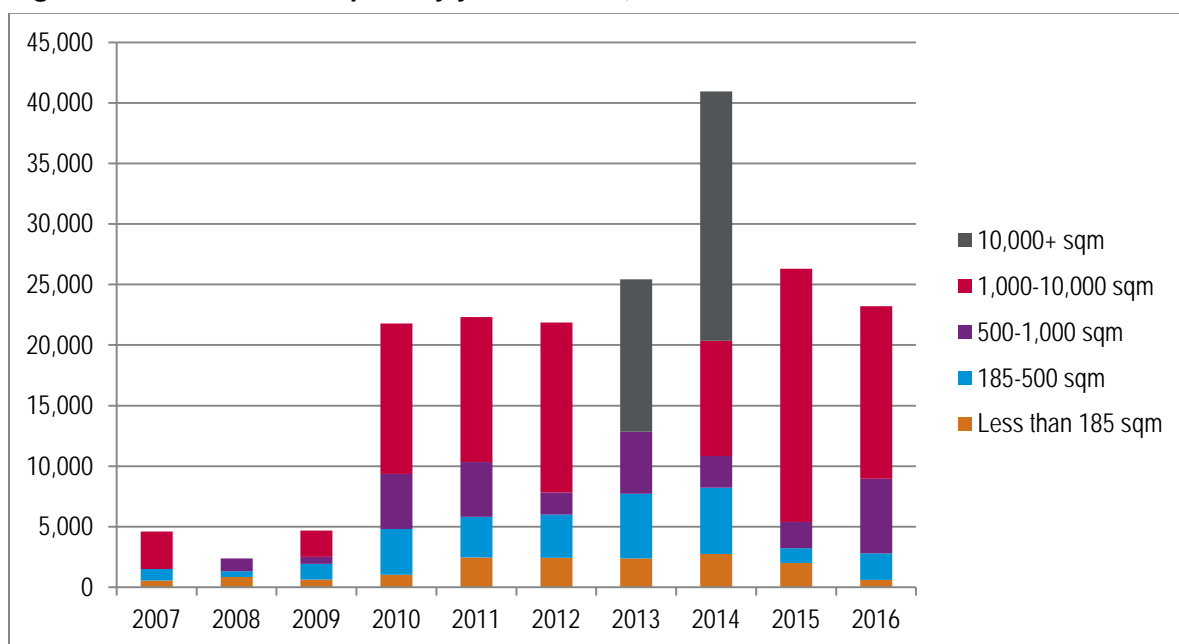
Source: GL Hearn Analysis of EGi and CoStar Data

Available Industrial Floorspace

11.46   As of January 2017, there was 107,602 sq.m. of available industrial floorspace in Harrogate. This equated to around 27% of the North Yorkshire total.

11.47   In total there is some 1.68 million sq.m of industrial floorspace available within the wider comparator area. Around 44% of the advertised floorspace was in industrial units larger than 10,000 sq m. 39% was in units of between 1,000 and 10,000 sq m. Less than 30,500 sq m of the available floorspace relates to units smaller than 185 sq m.

11.48   Figures 66 shows the spatial distribution of the available industrial floorspace / development opportunities across the wider comparator area as registered on EGi and CoStar databases in January 2017. The highest concentration of available industrial floorspace can be observed in Leeds (1.06m sq m).

Figure 66: Industrial availability, January 2017
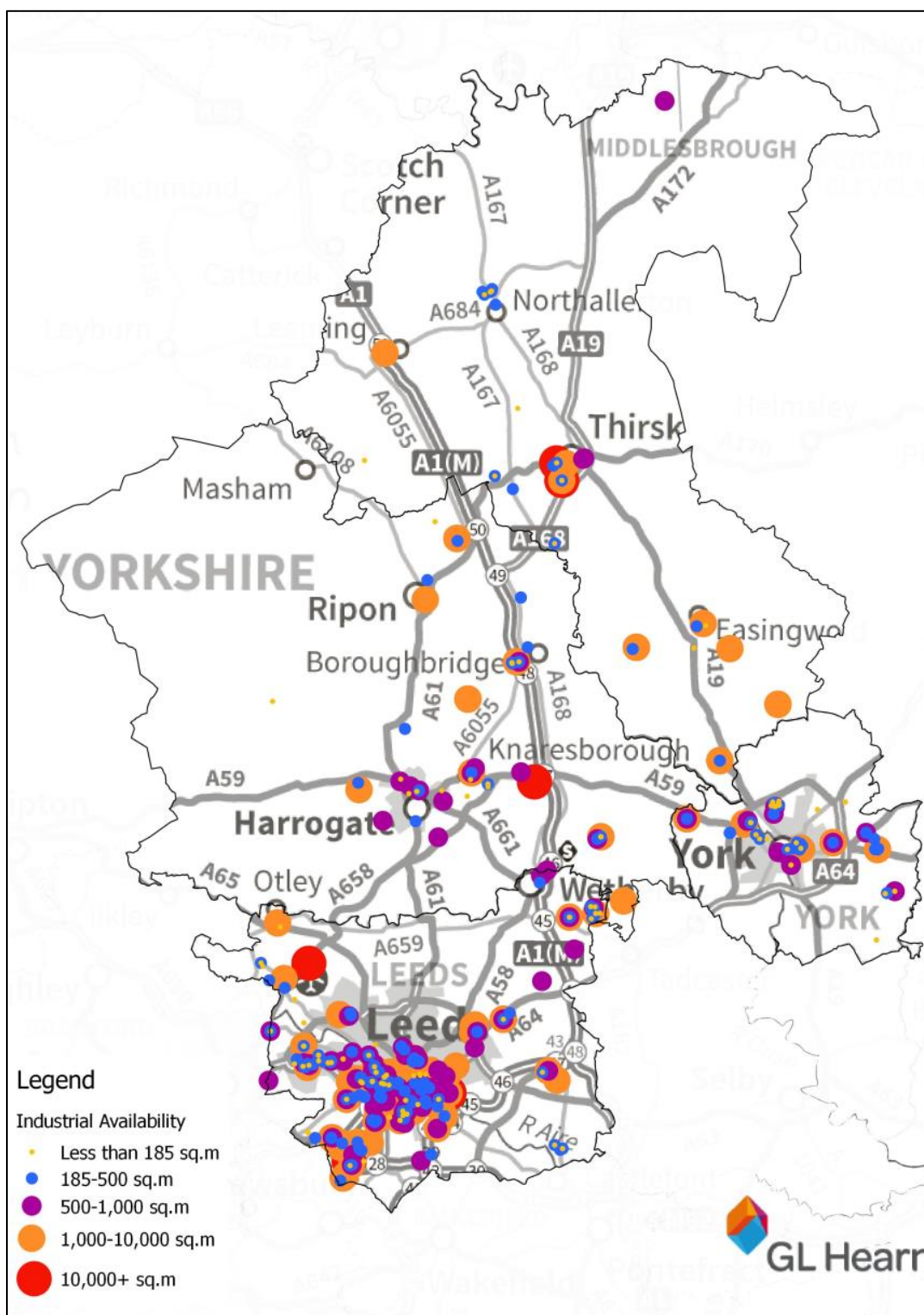
Source: GL Hearn Analysis of EGi and CoStar Data

11.49   Figure 67 presents the available industrial properties by size and sub-area within the District. The
         highest number of available industrial properties is in the Ripon and Boroughbridge sub area (36%),

followed by the Harrogate and surrounds sub-area (23%). The smallest amount of available industrial properties is recorded in the Western Rural sub-area (1%).

Figure 67: Industrial Property Availability by size and sub-area (January 2017)
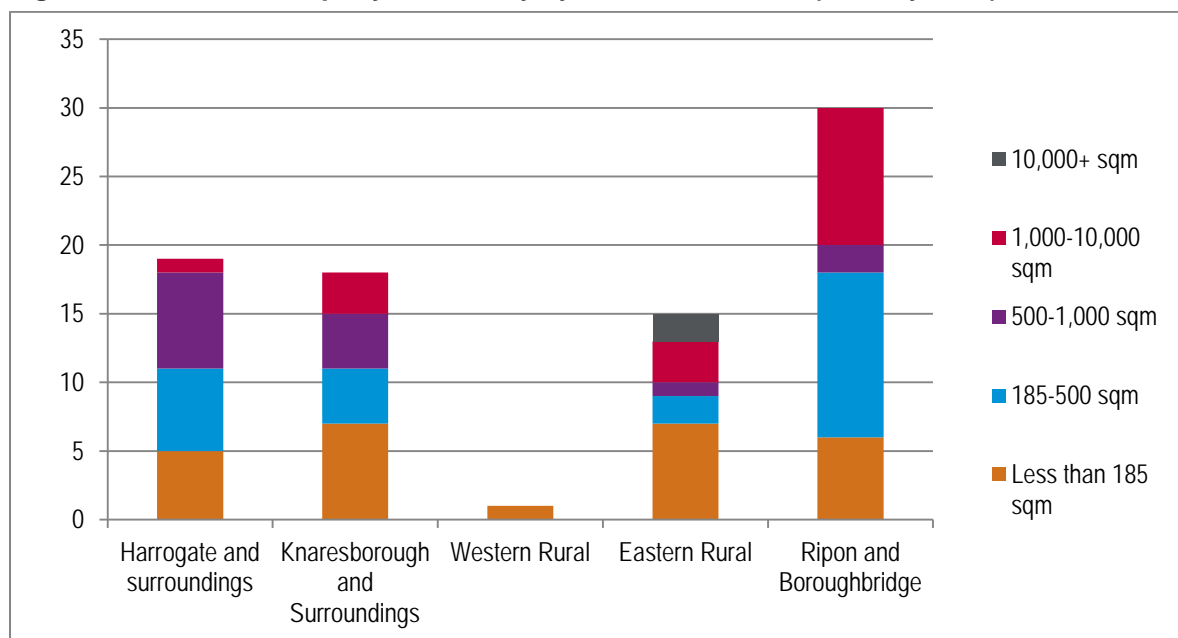
Source: GL Hearn Analysis of EGi and CoStar Data

11.50   Figure 68 shows the available industrial floorspace by size and sub-area. According to data recorded by EGi and CoStar, in January 2017 the highest amount of available industrial floorspace was located in Eastern Rural sub-area (52%), followed by Ripon and Boroughbridge (30%). The available industrial floorspace in Harrogate and surroundings sub-area is 9,079sq.m (8%).

11.51   The largest industrial unit which is advertised as available is the Warehouse located in Eastern Rural Sub-area. The unit is the 25,636 sq.m former RR Donnelly unit and provides a modern distribution / warehouse facility adjacent to the A59.

Figure 68: Industrial Floorspace Availability by size and sub-area (January 2017)
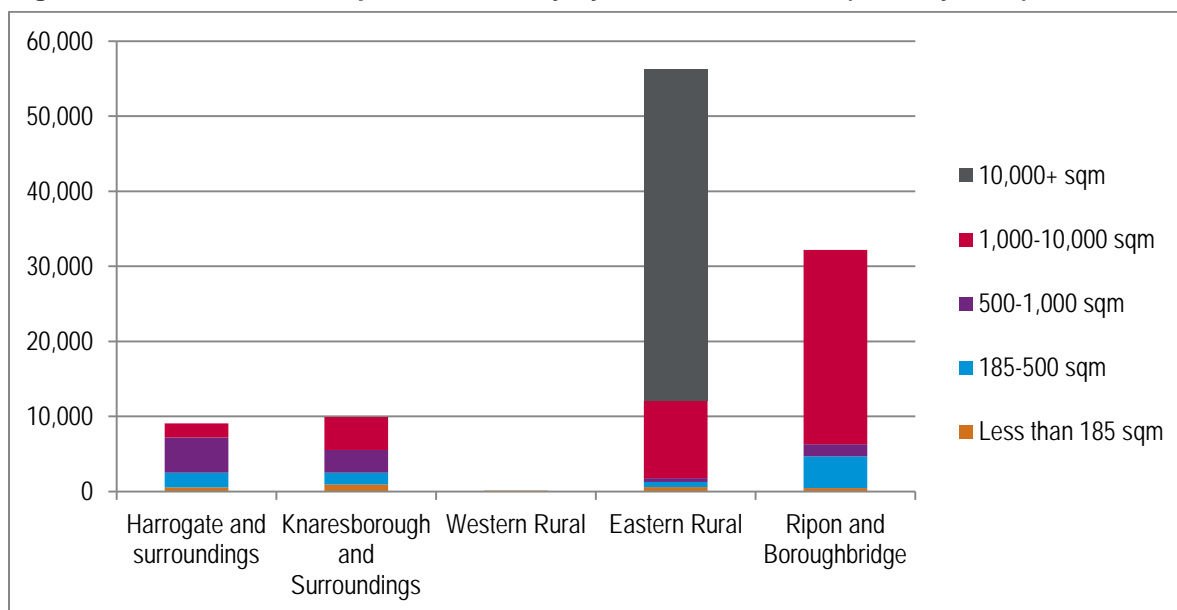
Source: GL Hearn Analysis of EGi and CoStar Data

Agents Perspective

11.52   As part of the commercial property market assessment, GL Hearn contacted commercial property agents active in the district. Key findings from the consultation is summarised below.

Office Market

11.53   A significant proportion of the available office stock in Harrogate is old, and does not meet modern occupier requirements. Agents suggested that there is demand for new office units across a range of sizes but the current stock is either inappropriate and/or unattractive. There is occupier demand for new-build stock. In Harrogate there is demand for units of all sizes including larger commercial offices from financial and business service occupiers; In terms of other areas in the district, some agents consider Ripon to be primarily retail-led when it comes to demand. Majority of agents consider Knaresborough towards the commercial property market of Harrogate, with not many differences between them.

11.54   Majority of agents agreed that there isn't enough good quality supply and if there was more choice in terms of variety, more businesses would come from outside Harrogate. Currently the main occupiers are local businesses.

11.55   There has been a lot of latent demand in Harrogate, and it is mainly located towards bespoke built offices which provide amenities on site but are not too far out of the town. Accessibility has been

highlighted as key factor for businesses, and car parking and traffic as one of the biggest issues which potentially drive businesses out.

11.56   Availability remains limited even with the healthy level of activity in majority of the business parks. As part of the consultation we also visited some of the business parks and centres in Harrogate and majority of landlords expressed that they have very good retention rates and extremely low vacancy.

Industrial and Warehouse Market

11.57   According to all of the consulted agents, there is a substantial undersupply when it comes to industrial sites in Harrogate. Majority of the stock is considered to be old and of bad quality, however it is still occupied due to the lack of developable land for industrial units. There are enquiries for all types of sizes and rents are generally prime due to the demand being more than supply. Most occupiers would include sectors such as furniture, car repair and distribution.

11.58   Ripon is considered to be less attractive and less expensive, and the supply of workforce corresponds more the industrial and warehouse market. In Knaresborough, the market is similar to Harrogate; however they also have the same constraints- geographical constraints, especially when it comes to road network and infrastructure.

Key Points
- Commercial activity in the district is focussed in Harrogate, although Harrogate's market is considerably smaller than that of Leeds which exerts influence over the district in terms of the office and industrial markets.

Offices
- Over the 2007-2016 period, the average annual floorspace take-up was around 17,148 sq m.
- The vast majority (84%) of office take-up has been in Harrogate and the area surrounding the town. There has been a smaller level of commercial activity in Knaresborough and smaller still in Ripon.
- The majority of the District's office availability is in Harrogate and the surrounding area. The available office floorspace is 30,995 sq.m. This equates to 1.8 years' worth of transactions based on the average for the last 10 years.

Industry/Warehousing

- Harrogate Borough contained 829,000 sq.m of industrial floorspace in 2016. The majority of this is focussed in Harrogate and the surrounding area, and to a lesser degree in Knaresborough.
- As of January 2017, there was 107,602 sq.m. of available industrial floorspace in Harrogate. The highest amount of available industrial floorspace was located in Eastern Rural sub-area (52%), followed by Ripon and Boroughbridge (30%). The available industrial floorspace in Harrogate and surroundings sub-area is 9,079sq.m (8%).

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12   EMPLOYMENT LAND REQUIREMENTS

12.1   In this section we consider demand for employment land and floorspace over the period from 2014-35. The section considers requirements for employment land in the B1, B2 and B8 use classes. The analysis is of 'demand' for employment land and therefore does not take account of any supply-side factors such as existing employment land allocations or commitments.

12.2   When considering the scale of future needs the Planning Practice Guidance (PPG, 2014) requires consideration of quantitative and qualitative need. This entails estimating the scale of future needs broken down by different market segments, such as different B use classes. The PPG recommends the use of a number of different techniques to estimate future employment land requirements, namely assessments based on :

- Labour Demand;
- Labour Supply; and
- Past Take-Up.

12.3   There are relative benefits of each approach. Econometric forecasts take account of differences in expected economic performance moving forward relative to the past, overall in regard to the sectoral composition of growth. However a detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.

12.4   In contrast, past take-up is based on actual delivery of employment development; but does not take account of the implications of growth in labour supply associated with housing growth nor any differences in economic performance relative to the past. It is also potentially influenced by past land supply policies.

12.5   The quantitative evidence is supplemented by the wider analysis of market and economic dynamics.

Labour Demand Scenarios

12.6   This section takes forward the planned economic growth scenario set out in Chapter 4, based on the adjusted Oxford Economics 2017 forecasts.

12.7   GLH has converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through analysis of the proportion of full- and part-time jobs in Harrogate on a sector by sector basis.

12.8   Table 53 shows the FTE percentage for each sector in the district. This is used in relating the forecasts for total employment to expected growth in Full-Time Equivalent (FTE) employment which is used in calculating employment floorspace and land requirements.

Table 53:   Percentage of FTE jobs per sector

Industrial Sector	% of Full Time Workers
Agriculture and Mining	99%
Manufacturing	91%
Utilities	86%
Construction	93%
Wholesale and retail trade	80%
Transport and Warehouse	88%
Accommodation and F&B Service	71%
Media and IT	90%
Professional Services	82%
Business support services	91%
Public Administration & Defence	88%
Education	79%
Health and Social Care	85%
Arts, Recreation, and Other Services	74%

Source: GLH analysis of BRES data

12.9   This provides a figure for net change in the number of FTE jobs in each sector over the plan period. The adjusted OE forecasts show a net jobs growth of 9,900 FTE jobs over the 20 year period 2014-35.

Figure 69: Net change in FTE jobs, 2014-2035
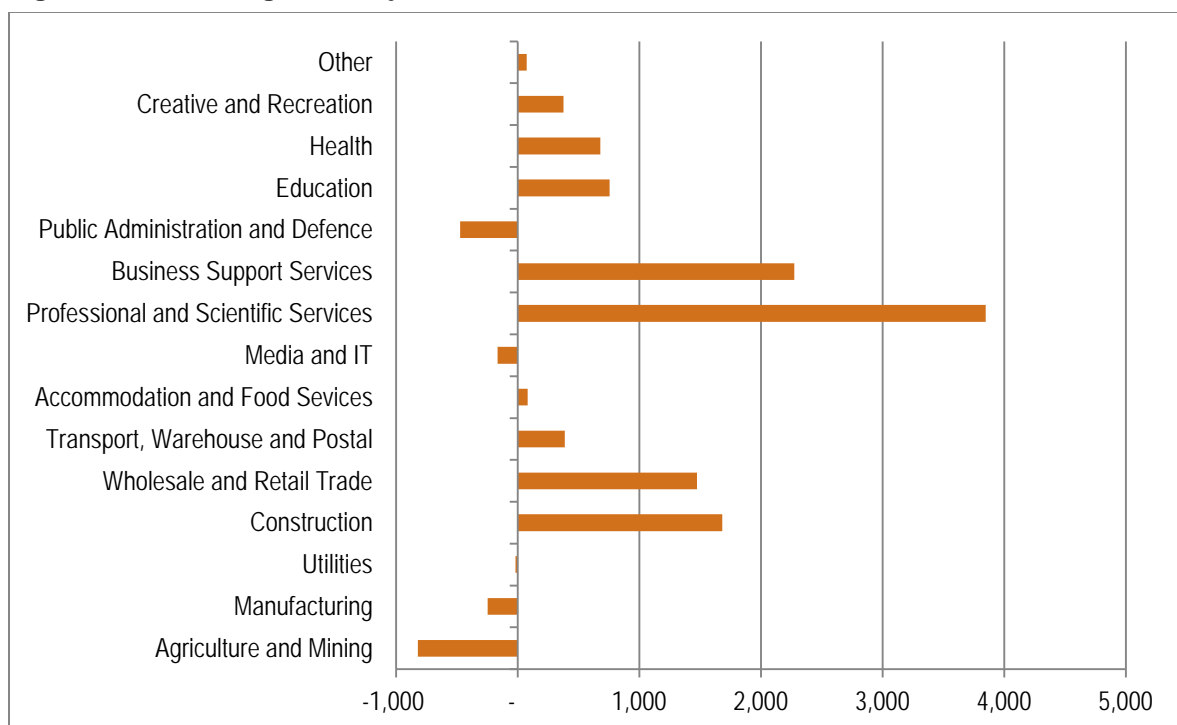
Source: Core Economic Forecasts

Translating Sectors to Use Classes

12.10   GLH has considered the proportion of employment in each of these sectors which is likely to take place in office or R&D floorspace (Use Classes B1a and B1b), light industrial floorspace (Use Classes B1c), general industrial floorspace (Use Class B2), and warehouse / distribution floorspace (Use Class B8).

12.11   We have calibrated our standard model which relates sectors and use classes for the Harrogate Borough economy through interrogation of the current composition of employment in key sectors at 4-digit SIC level. This is used to derive the following forecasts of net growth in FTE employment by use class over the plan period:

Figure 70: FTE Job Growth by B-Class Sector, 2014-35

	2014-19	2019-2024	2024-2029	2029-2035	Total 2014-35
B1a/b	602	1,140	960	1,207	3,909
B1c/B2	579	-168	-219	-252	-60
B8	376	105	52	55	588
Total B-Class	1,557	1,077	793	1,010	4,437

Source: GLH

12.12   To these figures we have applied employment densities taking account of the *HCA Employment Densities Guide: 2nd Edition* (Drivers Jonas Deloitte, 2015). We have converted figures to provide employment densities for gross external floor areas on the following basis:

- Office (B1a and B1b): an average of 14 sq m GEA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area;

- Light Industrial (B1c): an average of 49 sq m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the net internal area;

- General Industrial (B2): an average of 38 sq m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the gross internal area;

- Warehouse/ Distribution (B8): an average of 70 sq m GEA per employee. This is slightly below the middle of the range of employment densities for B8 activities, reflecting the predominantly smaller stock and lack of large scale and high bay warehousing in the district.

12.13   Applying these employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. This forecasts a net requirement for additional B-Class floorspace of 115,489 sq m. The breakdown by use class is shown below.

Figure 71: Net Floorspace Growth by B-Class Use (sq m), 2014-35

	Floorspace Change (sq m)
B1a/b	78,900
B1c/B2	-4,700
B8	41,300
Total B Class	115,500

Source: GLH

12.14   These are net changes and do not take account of replacement demand, such as from existing companies requiring upgraded floorspace. In considering how much employment land to allocate, it is therefore appropriate to include a margin to provide some flexibility within the supply.

12.15   We consider that it would be appropriate to make provision for a 5-year 'margin' based on past employment land take-up, resulting in 28.2ha of employment land to meet development needs in the District.

Figure 72: Gross Employment Land Need – Labour Demand Scenario 2014-2035

Gross Need	Harrogate District (Ha)
Net Demand	17.6
Margin to Provide Choice and Flexibility	10.6
Total Gross Need	28.2

Source: GLH

Past Completions

12.16   Next we have considered historic completions of employment floorspace in Harrogate Borough. We have considered data for completions of B class floorspace in the District over the period from 2006 to 2016 based on the Council's planning application data. This period is bisected by the global recession in 2008 and therefore provides an assessment of take-up in both buoyant, and less buoyant, economic conditions.

12.17   Over the period 2006-2016 there has been a total of 13.4 ha of employment floorspace completed (gross) in Harrogate Borough. This is equivalent to an annual completion rate of 1.3 ha per annum. The total amount of floorspace completed for this period has been provided below, as well as the projected figures for the period 2014-2035 based on the annual average for each use class.

Figure 73: Harrogate Borough past completions and projections 2014-2035 (ha)

	Total 2006-2016	Annual Average 2006-2016	2014-2035 Projection
B (undefined)	2.27	0.25	1.2
B1 (undefined)	0.36	0.09	6.1
B1a/b	1.94	0.17	3.6
B1c	0.60	0.08	9.5
B2	1.60	0.20	24.0
B8	5.08	0.50	5.5
Sui Generis	1.48	0.18	1.2
Total	13.36	1.50	49.8

Source: Harrogate Borough Council

12.18 We have also considered data on conversions from Office to Residential since 2014 to 2016. According to the data provided by HBC, there has been a total loss of 3.96 ha. Therefore, it is considered reasonable the amount of office floorspace lost to conversions needs to be compensated for in future employment land projections and that there should be future monitoring of office to residential conversions for further loss of employment land.

Implications

12.19 Considering both labour demand forecasts and completions trends, it has been clear that there is a contrast between the projections. The labour demand forecast projects loss in manufacturing jobs, hence showing a loss of approximately 5 ha in future B1c/B2 land requirements. Contrary to this, when the completions trend is applied to future projection, it results in a 6 ha net growth in B1c/B2.

12.20 For these use classes the completions trends tend to provide a more robust approach to estimating future land needs. This reflects the fact that jobs losses in industrial sectors does not directly translate to an equivalent loss of floorspace as changing industry practices, and particularly increased automation, requires more floorspace per worker. The completions trend forecast more closely reflects the forecast GVA growth in these sectors, suggesting a more accurate measure of forecasting than the forecast based on job losses.

12.21 Similarly, there is a significant difference between the B1a/b projections: 12.3 ha for the labour demand forecast and 3.6 ha from the past completions trend. The labour demand forecast analyses the current jobs growth in Harrogate, reflecting the good economic climate of the District in the future projections.

12.22 However, commercial floorspace analysis and consultation suggested that B1a/b deliveries have been constrained in the last few years, hence the more conservative projection based on past

completions. We have therefore considered the labour demand forecast to be a more positive and arguably more robust approach.

12.23   On a "policy off" basis, to support this level of jobs growth over the plan period we consider projections from both the labour demand and past completions forecasts in order to provide the most robust overall figure for land requirements over the period to 2035. As set out below, the overall employment land requirement has been estimated at 54.8 ha. We have considered the following land requirements by use class:

Table 54:   Land requirements 2014-2035

Use Class	Land Requirement (ha)
B1a/b (Based on Forecasts)	12.3
B1c/B2 (Based on Trends)	13.0
B8 (Based on Trends)	24.0
Sui Generis (Based on Trends)	5.5
Total	54.8

Key Points

- This chapter has reviewed forecasts and delivery trends to estimate the future demand for employment land in the district.

- The need for offices is based on forecast growth whereas factory and warehouse need is based on historic delivery trends.

- In total the future need is estimated at 54.8Hectartes. This includes the need for all B-class accommodation as well as sui-generis development on B-class land.

13 EMPLOYMENT LAND SUPPLY

13.1 This section of the report provides a review of the existing and potential employment land in Harrogate Borough.

Site Assessment Methodology

13.2 The employment sites to assess were agreed with HBC, and include the main employment locations within the district. Site surveys were undertaken by GL Hearn in March 2017 using a site assessment proforma which draws on best practice guidance and the PPG. The site assessments addressed:

- The nature and intensity of use of the employment site;
- Road access, including access by HGVs and servicing of existing businesses;
- Access to local services/amenities for employees;
- Physical constraints to the development and use of this site;
- Nature of any bad neighbour or adjacency issues;
- The age and quality of existing buildings; and
- Public transport accessibility and adequacy of parking provision.

13.3 A general description of each employment site was prepared. The site survey included specific consideration of the quality of sites and floorspace and their future suitability to meet market demand.

13.4 We have reviewed the development potential of sites, the potential for intensification of use and potential for extension of existing sites. Vacant land and floorspace on existing sites has been recorded. Where development opportunities were identified, information was collected regarding the potential availability of land for development, market attractiveness of the site, and any known constraints (including infrastructure) which might impact upon the deliverability of development.

13.5 The assessments come with the caveat that neither a detailed investigation of land ownership and lease structures nor detailed development appraisals to assess viability at a site-specific level (in the absence of a development scheme) have been undertaken to inform conclusions on developability. GL Hearn advises that the Council liaise with landowners and developers to consider these issues in detail to inform any future site allocations.

Sites Considered

13.6 The list below outlines the sites which have been assessed through this Employment Land Study. In total these sites covered approximately 886 hectares. These sites were visited between 6 and 9 March 2017.

Figure 74: List of Employment and Potential Employment Sites Reviewed

Site	Hectares	Sub-Area
Fearby Road, Masham	2.5	Rural West
New York Mills, Summersbridge	3.42	Rural West
Masham Auction Mart, Masham	1.47	Rural West
Fearby Road, Masham	1.35	Rural West
Bar Lane, Boroughbridge	30.13	Ripon & Boroughbridge
Melmerby Business Park	35.78	Ripon & Boroughbridge
Dallamires Lane, Ripon	13.87	Ripon & Boroughbridge
Boroughbridge Rd, Ripon	4.95	Ripon & Boroughbridge
Land west of Barker Business Park, Melmerby	5.9	Ripon & Boroughbridge
Land south of Barker Business Park, Melmerby	3.2	Ripon & Boroughbridge
Harrogate Rd, Ripon	1.11	Ripon & Boroughbridge
The Maltings, Ure Bank Top	0.99	Ripon & Boroughbridge
Land at Hutton Bank, Ripon	1.41	Ripon & Boroughbridge
Auction Mart, Ripon	2.63	Ripon & Boroughbridge
Ash Grove Industrial Estate, Ripon	1.5	Ripon & Boroughbridge
Land at Dishforth Airfield	107.94	Ripon & Boroughbridge
Claro Barracks, Ripon	43.75	Ripon & Boroughbridge
Land to south and West of Melmerby Industrial Estate	27.56	Ripon & Boroughbridge
Jubilee Mills, Copgrove	3.74	Knaresborough & Surroundings
Manse Lane, Knaresborough	9.81	Knaresborough & Surroundings
Former Cattle Market, Knaresborough	0.32	Knaresborough & Surroundings
St James Park, Knaresborough	21.92	Knaresborough & Surroundings
Manse Farm, Knaresborough	41.52	Knaresborough & Surroundings
Riffa Park, Huby	1.52	Harrogate & Surroundings
Haggs Farm, Haggs Rd, Spofforth	1.35	Harrogate & Surroundings
Claro Park, Harrogate	8.84	Harrogate & Surroundings
Plumpton Park, Harrogate	7.41	Harrogate & Surroundings
Cardale Park, Harrogate	25.75	Harrogate & Surroundings
Hornbeam Park, Harrogate	17.7	Harrogate & Surroundings
Playing fields, Harrogate College	3.28	Harrogate & Surroundings
Land at Wetherby Road, Harrogate	6.85	Harrogate & Surroundings
Dragon Road car park, Harrogate	0.8	Harrogate & Surroundings
Land at Station Parade, Harrogate	0.76	Harrogate & Surroundings
White House Farm, Burley Bank Road	4.3	Harrogate & Surroundings
Dunlopillo, Pannal	1.81	Harrogate & Surroundings
Land east of Lady Lane, Harrogate	49.82	Harrogate & Surroundings
Marston Business Park, Tockwith	20.74	Eastern Rural
Site to the south of the A59, Flaxby Green Park	48.8	Eastern Rural
Land to the north of Marston Business Park, Tockwith	6.49	Eastern Rural
Land north of Racecourse Approach, near Wetherby	17.94	Eastern Rural
Rudding Farm, near Kirk Deighton	28.71	Eastern Rural
New Settlement at Deighton Grange Farm, near Kirk Deighton	111.4	Eastern Rural
New/expanded settlement at Green Hammerton, Kirk Hammerton and Cattal	168.11	Eastern Rural

Figure 75: Location of Employment and Potential Employment Sites
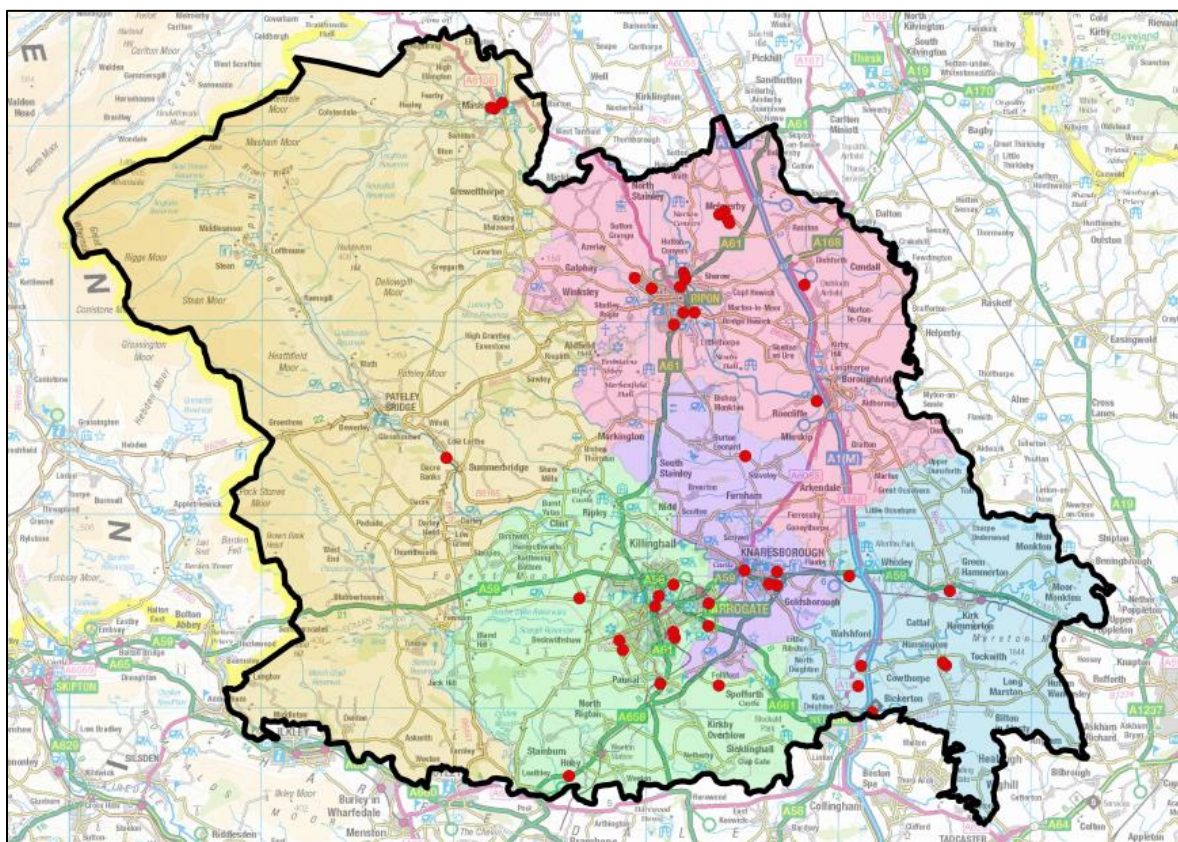
Source: GL Hearn, 2017

Review of Existing Main Employment Sites

13.7   The site assessments are set out in the order of the sub-areas in which they are located.

Rural West

Masham Auction Mart, Masham/ Fearby Road

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
GLH3	1.47	1.47	Greenfield
KES12	2.50	0.6	Previously developed land
E4C	1.35	1.35	Greenfield/PDL

13.8   Three sites located at the fringes of Masham in the north of the district, relatively close to A6108.

13.9   The Fearby Road Site (KES12) is a small industrial estate on the edge of Masham comprising the Blacksheep Brewery. There is another vacant building which advertises 5 vacant units indicating a lack of interest in this particular site. The western part of the site is being used as open storage by the brewery and could conceivably be converted to more formal use. There is a sufficient amount of car parking and a large loading area used by the brewery.

13.10   The neighbouring site to the west (E4C) is a vacant Greenfield immediately adjacent to KES12.

13.11   GLH3 is a vacant Greenfield site. Access is of poor quality (pathway) and neighbouring uses include residential uses, farm and farming land, which represent potential constraints in terms of compatibility with employment uses.

Conclusion: Notwithstanding the existing brewery use, KES12 is not considered to be commercially attractive. Future development at KES12 would likely depend on the growth plans of the brewery. There is no commercial justification to bring forward E4C and GLH3 forward for employment uses.

New York Mills, Summersbridge

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES15	3.42	0.2	Previously developed land

13.12   New York Mills is located just outside Summersbridge on the B6165. It is a small scale industrial estate with high occupancy and includes a variety of businesses. Occupiers include food industries, bicycle manufacturer, decorators, electrical contractors and auto parts supplier.

13.13   There is one unit (a small office unit) to let within the estate. The low level of vacancy reflects the commercial attractiveness of the site.

13.14   The majority of the stock and the general environment is of good quality. The infrastructure is of good quality and there is good internal and external accessibility, and there is sufficient car parking on site. The site is situated within a rural surrounding with some residential uses in close proximity.

13.15   There is some potential for the site to be intensified, utilising the vacant plot in the centre of the site.

Conclusions: The site is well provisioned and of good quality, and is utilised efficiently. It is recommended it is retained for employment uses. There is a 0.2ha vacant plot which is developable in the short-term and should be protected for Class B uses.

Ripon and Boroughbridge

The Maltings, Ure Bank Top/Land at Hutton Bank, Ripon

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
GLH2	0.99	-	-
R10	1.41	-	-

13.16   The Maltings (GLH2) is a small-scale industrial site. There are currently two buildings on site; one currently occupied by Ebor Concretes Ltd. the other is used as storage by Ebor. Accessibility is restrained due to size of road (Ure Bank Top Road), and is not suitable for large trucks. Neighbouring uses include residential and religious uses.

13.17   The site consists of largely poor quality units and there is no parking provided on site, therefore the majority of cars were parked on street causing some localised congestion. Topography is steep and roads are too small to accommodate any larger vehicles.

13.18   Land at Hutton Bank (R10) is a mix of small scale office units, car park, sui generis and warehouse storage unit to let. The warehouse unit is advertised as a 2,400-13,500 sq ft flexible warehouse and office unit. Neighbouring uses include residential properties and a Land Rover Dealership.

13.19   The site is accessible via Hutton Bank Road, and current infrastructure on site is of a poor condition. The quality of the office/warehouse units is also considered to be poor.

Conclusion: Neither site is considered to be commercially attractive, either in quality or in location. It is recommended that neither site is protected for employment use and recommend a flexible approach to development at the sites should be taken and alternative uses considered.

Bar Lane, Boroughbridge

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES11	30.13	4.3	Previously developed land

13.20   The site at Bar Lane is a local industrial estate located in the urban fringe of Boroughbridge. It is relatively close to A1(M) and is accessible via A168 and Bar Lane. The site comprises mainly B2 units in a range of sizes. There are various occupiers with nearly half of the site (and the largest units) occupied by Reed Boardall.

13.21   The eastern half of the site offers very good quality of stock, while the western side offers a reasonable quality. There are only 3 units advertised as available, therefore the estate has high occupancy levels indicative of high market demand.

13.22   There is dedicated business parking with occasional on-street parking. The eastern part of the site does not provide dedicated loading areas, however the older western area has loading provision.

13.23   There is a large plot in the centre of the site which is a cleared, flat and previously developed land with access in place. This plot represents an opportunity for development for employment uses and is considered developable in the short-term.

Conclusion: Well-functioning Industrial Estate with good access to the A1(M) providing a range of units with different sizes and quality. It is recommended the site is retained for B uses and vacant plot in the centre of the site should be protected and alternative uses should be resisted.

Melmerby Business Park/Land west of Barker Business Park/Land south of Barker Business Park/Land to the south and west of Melmerby Industrial estate

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES7	35.78	6.2	Greenfield
GLH4	27.6	27.6	Greenfield
MB2	5.9	5.9	Greenfield
MB3	3.20	2.6	Greenfield

13.24   Melmerby Business Park site (KES7) is a mixed industrial/business area within a rural setting. It is accessible via Melmerby Green Lane and is close to the A1(M). The Park contains 2 large distribution occupiers (Wolseley and Potter Logistics) and numerous medium and small industrial units with local occupiers.

13.25   The site is located in a rural location and is surrounded on all side by open agricultural land. The quality of the current stock is very good and has good on-site parking provision. The large distribution areas have loading bays within their plots.

13.26   There is a large vacant plot to the northwest corner of the site covering an area of 6.2 ha which can represent an opportunity for further development.

13.27   There are some advertising boards for neighbouring sites (GLH4, MB2 and MB3) for units between 6,000-120,000 sq ft. The neighbouring sites bordering Melmerby Business Park are vacant and currently they are all used as agricultural land. There has been a recent small-scale development on MB3, which could potentially represent an opportunity for expansion of the business park and is in line with the Draft allocation. MB3 and GLH4 are accessible via Melmerby Green Lane; however MB2 is only accessible via KES7.

Conclusion: KES7 site is an existing business park which is functioning well and there is high occupancy. It is recommended to be retained for B class uses. There is limited potential for expansion or intensification of employment uses within KES7 itself and it is therefore recommended neighbouring MB2, MB3, and GLH4 to be considered (wholly or partially) as potential expansion sites or for similar uses. MB2 and MB3 relate better to KES7 and could be brought forward in the short term – MB3 has already had recent investment on site (one B2 unit built). GLH4 represents a longer term development opportunity.

Harrogate Rd, Ripon

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES9	1.11	1.11	Greenfield

13.28   Land at Harrogate Road is located within the urban fringe of Ripon, close to the A61 which provides easy link to the main employment locations in Ripon. However the site currently has no direct access to it, it is a Greenfield site, undeveloped and adjacent to residential, educational and retail uses.

13.29   The site forms part of a larger redevelopment area (bounded by Harrogate Road and the Ripon By-Pass (A61) which was granted planning permission (11/01947/FULMAJ) in 2013 for the development of a new retail superstore and five B1 office units totalling 4,088 sq m, and three B2 industrial units totalling 1,930 sq m.

Conclusion: Considered in isolation, the site is unlikely to be brought forward for employment uses. However, the site forms part of a wider retail-led development scheme providing the necessary infrastructure to bring the site into use. The site provides the opportunity for employment development in the south of Ripon close to the A61 and such development should be supported.

Dallamires Lane, Ripon

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES10	13.87	-	-

13.30   Dallamires Lane is a general employment site within Ripon. The site contains a wide range of employment uses including car showrooms, trade counters and industrial metal recycling. It is highly accessible via Dallamires Lane and is located next to A61. It is close to the town centre and local amenities, as well as public transport routes.

13.31   The site does create some adverse impacts such as noise, smell and air pollution and high traffic usage. The site offers significant amount of on-site parking and off-road loading areas.

13.32   The quality of the stock is reasonable with low vacancy indicating high level of market demand. It is considered there is no scope for intensification due to the constrained urban environment and very high occupancy rate.

Conclusion: The site contains a wide range of B class and related employment uses. It is well utilised and it is therefore recommended to be retained as employment land.

Boroughbridge Road, Ripon

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES8	4.95	-	-

13.33   Land at Boroughbridge Road is an industrial estate in Ripon which houses mostly trade counter and some B2 units. It is accessible via Boroughbridge Road (B6265) and is close to A61. It is situated within the urban fringe of Ripon.

13.34   It is a well maintained and efficiently used site, close to the town centre and local amenities. The sites causes some significant traffic resulting from the trade counter uses and close proximity to A61.

13.35   The quality of the stock is considered to be good with a low vacancy rate. There is considerable car parking for employees and customers, and is well serviced by local public transport. There are sufficient off-road loading areas.

13.36   There is no potential for intensification; the whole site is currently occupied, with one unit advertised as available (although the map above shows a vacant plot in the south west corner of the site, this has been recently developed as a Wickes).

Conclusion: Well-functioning and accessible site, with good quality stock. It is recommended to be retained for existing employment uses.

Claro Barracks, Ripon

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
R25	43.75	-	-

13.37   Claro Barracks is a military installation on the edge of Ripon. It is accessible via Kirkby Road to the north and Clotherholme Road to the south. The site has been identified by the Ministry of Defence for closure in 2019. Due to access restriction the site could not be fully assessed.

Conclusion: The site is still in use by the MoD and, although it is scheduled for closure in 2019, it is considered unreasonable to consider it in the short-term employment land supply. The site represents a longer term prospect for potential mixed-use redevelopment.

Auction Mart, Ripon

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
R26	2.63	2.63	Previously developed land

13.38   A vacant brownfield site on the edge of Ripon, accessible via North Road. It is in close proximity to the town centre and it is tightly bounded by residential uses. The site is previously developed land with some vacant and derelict units on site. The site was previously used as an agricultural auction house. It is understood that the site suffers from gypsum and subsidence. The condition of the existing stock is considered to be very poor and would require demolition.

13.39   There are several constraints such as gypsum, neighbouring uses, shape of site, and access which need to be overcome to bring the site back into use.

Conclusion: Given the location of the site and the constraints related to this site, it is not considered to be a commercially attractive site and it is not recommended that the site should be retained for employment uses.

Land at Dishforth Airfield

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
DF7	107.94	107.94	Previously Developed Land

13.40   Dishforth Airfield is currently occupied by the Royal Air Force, and represents a potential disposal site in 2031. The site is located alongside the A1(M). It is a flat site, within a rural setting. The site is on the edge of neighbouring villages and there are no other current employment uses nearby.

Conclusion: The Airfield will be in use by The RAF for the next 15 years and hence it is not considered to be within the short-term employment land supply. The site represents a longer term prospect for potential mixed-use redevelopment, but as it is unlikely to become available within the plan period it cannot be considered as contributing to the employment land supply.

Ash Grove Industrial Estate, Ripon

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
R29	1.50	-	-

13.41　Ash Grove Industrial Estate is located within Ripon, accessible via Ash Grove Road. It is currently occupied by various employment related uses such as taxi services, bus depot and an MOT Garage.

13.42　It is close to the town centre and is surrounded by residential uses. The quality of stock is considered to be very poor and inadequate for continued B uses in the long term. Nearly half of the site is vacant, and the unoccupied buildings seem to be derelict. There is dedicated on-site parking, however it is rather limited as taxi service and bus depot have largely occupied this space.

13.43　Planning permission (16/05603/FULMAJ) was granted for demolition of existing buildings at the site and construction of a residential-led mixed use scheme including eight light industrial (B1c) units. In total 559 sq m of B1c will be delivered as part of the scheme however there will be an overall net loss of 962.5 sq m of B1c floorspace.

Conclusion: Given the poor quality of the existing employment area and stock, and the predominantly residential nature of the surrounding area, it is recommended the site should not be retained for employment uses and alternative, flexible uses may need to be considered. The proposed mixed use scheme is supported.

Knaresborough and Surroundings

Jubilee Mills, Copgrove

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
GLH6	3.74	-	-

13.44 Jubilee Mills is located around 5 miles north of Knaresborough to the north of Wath Lane. It is a mixed employment site, with some small-scale business units and a few larger B2 units.

13.45 Some of the main occupiers include Costar and Abacus, there is dedicated on-site parking available. The current stock is considered to be of reasonable quality. It is accessible via Wath Lane and it is serviced by local bus route. There is road site loading available for one of the B2 units.

13.46 There is a light industrial warehouse unit advertised as well as some high quality offices. The units advertised are between 3,122 and 12,838 sq ft. The advertising agents are Carter Jonas and Montpellier. There is good occupancy rate, it is considered to be well-functioning and well maintained.

Conclusion: Well-functioning site, rather limited access. It is recommended to be retained for employment uses similar to existing.

St. James Park/Manse Lane/Manse Farm

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES5	9.81	0.5	Greenfield
KES6	21.92	4.1	Greenfield
K31	41.52	2.5	Greenfield

13.47   Manse Lane industrial estate (KES5) is an industrial estate with some small scale offices and larger B2 units on site. It is located on the edge of Knaresborough and is accessible via A59.

13.48   It is a well-used, well situated site, with mainly professional services on site including training, healthcare equipment, finance, engineering, small business park (Whitfield), some trade counter uses, furniture and storage. It is almost fully occupied, however there are a few serviced office units to let advertised by FSS and Knight Frank.

13.49   KES5 is situated next to residential uses and potentially causing significant traffic issues as the car parking on site was insufficient and there was on-street car parking and overspill in adjacent streets. Therefore additional parking might be required. There is available road side loading areas. There is limited potential for expansion / intensification of KES5, with a 0.5ha vacant plot in the north eastern side of the site.

13.50   St. James Park (KES6) is a large business park with some mixed employment generating uses. It is located within the urban fringe of Knaresborough to the south east of KES5, close to the A658, and with links to A1(M). Internal circulation is difficult due to high level of on-street parking even though there is dedicated car parking.

13.51 KES6 comprises of courtyard office park, larger B1 office spaces, B2 units, larger B2/B8 Taylors warehouse and distribution unit, and multiple showrooms. There is a large retail park on the south side of site.

13.52 The quality of the buildings is considered to be very good, with low vacancy rates, only one unit was advertised as available (4,157 sq ft office to let by Montpellier).

13.53 There is limited potential for expansion / intensification of KES6. There is one vacant plot on the north eastern side of site, which could potentially accommodate a medium sized B2 unit, however access to this area of the site is difficult as there is no adequate infrastructure and current uses largely use the current road for parking. The northern section of KES6 (covering an area of approximately 4 ha) is currently undeveloped, however this area lies within flood zone 3 and has a high probability of flooding.

13.54 Manse Farm (K31) is a Greenfield site currently in agricultural use within the edge of Knaresborough. It is a relatively flat site, with some residential uses adjacent to the west. There are power lines crossing the site, and a railway line bordering the site to the north. The site is located close to the A658, which leads to A1(M). Planning permission (13/00535/EIAMAJ) was granted in 2014 for the development of the site for a mixed use development comprising residential dwellings, 2.5ha of employment use (Use Class B1 and B8), a neighbourhood centre (Use Class A1,A2,A3,A4 and A5) and a primary school (Use Class D1). The granted permission includes 2.5 ha of employment land comprising 1,000 sq m of office, 9,000 sq m of industrial, and 1,000 sq m of warehouse /distribution floorspace.

13.55 Given the attractiveness of the location, the good performance of KES5 and KES6 which are well-functioning Industrial estates, and the limited expansion potential at these two existing sites, Manse Farm appears to be well placed to deliver new employment development.

Conclusion: Overall, Manse Lane industrial estate (KES5) is a highly attractive and well used site, there is good access and it is largely occupied. It is recommended the site is retained for employment land. There is also potential to expand by developing the small vacant plot on the north eastern side of the site.

St. James Park (KES6) is considered to be a very attractive site with good quality units. It is recommended that the site should be protected for B uses and non-B uses should be resisted.

Manse Farm (K31) is in very close proximity to KES5 & KES6 which are very well functioning employment sites with limited opportunity to expand. K31 is therefore well positioned to support development for employment uses, and this should be supported. The site benefits from planning permission for redevelopment including 2.5 ha of employment use.

Former Cattle Market

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
K17	0.32	0.1	Brownfield

13.56   The former Cattle Market is a site located in Central Knaresborough. The site is in close proximity to the High Street and railway station, although it has no road frontage. The site has poor accessibility and is accessed via Savage Yard and Commercial Yard, neither of which are suitable for commercial vehicular access.

13.57   It is bounded tightly by neighbouring buildings, including residential properties, and there is no dedicated parking on site. The quality of the existing stock is considered to be very poor, all facilities are vacant.

Conclusion: Former Cattle Market site is considered commercially unattractive and is therefore recommended it should be considered for alternative uses.

Harrogate and Surroundings

Riffa Park, Huby

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
GLH5	1.52	-	-

13.57   Riffa Park is a small business park in a rural location within the Green Belt. It comprises 10 small workshop units, mostly local B2 occupiers. It is accessible via the A658, internal accessibility is in reasonable condition.

13.58   The business park is 100% occupied, the quality of the stock is considered to be reasonable, with ad hoc parking throughout the site. There is HGV trailer parking at the rear of site. It is served by local bus service; however it is not considered to be a high quality service.

Conclusion: The site is currently occupied to maximum capacity, with no expansion opportunities currently being promoted. It is a largely attractive site, with a good rate of occupancy and is well functioning. It is therefore recommended the site should be retained for B uses and loss to alternative uses should be resisted.

Haggs Farm

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
GLH1	1.35	0.1	Greenfield

13.59   Haggs Farm is a small-scale business park located in a rural setting in the Green Belt. It is accessible via Haggs Road. It is occupied by a mix of businesses, including computer services. There is one B2 unit on site. There is a small possibility of intensification in rear of site, however this is limited as the site is approximately 0.1ha in size.

13.60   There are no immediate neighbouring uses identified, mainly agricultural land. The existing farm buildings have been refurbished into modern offices which are considered to be of a reasonable quality. The businesses have dedicated on-site parking; however there is no public transport accessibility.

13.61   There is high occupancy rate, with only one office unit to let by FSS which is 1,400 sq ft .

Conclusion: well-used and well-functioning small scale Business Park. It is recommended the site should be retained for employment uses and loss to alternative uses should be resisted.

Claro Park, Harrogate

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES3	8.84	-	-

13.62   Claro Park is located within the urban fringe of Harrogate, accessible via Claro Road. It is a local industrial estate containing a mix of employment uses including industrial, trade counter, warehouse, postal depot, business centre comprising small office units. There is currently a new development under construction on the north-eastern corner of the site.

13.63   The site is rather constrained in terms of accessibility as there are currently some traffic issues on Claro Road. Some of the existing uses such as Royal Mail depot cause significant traffic at certain times of day. Given there is a new Redrow Housing development happening to the south of the site, it is expected that this might worsen in future years.

13.64   There is good accessibility within the site itself, with good quality infrastructure. The existing stock is considered to be of a reasonable quality, with the business units offering ample parking space. Some of the older warehouse and industrial units suffer from a lack of sufficient parking and one of the vacant plots was utilised as car parking.

13.65   There are two vacant plots, one which on north-eastern side of site which is currently under construction and a central plot which is being used as a car park. There is one vacant office unit advertised at Claro Business Park.

Conclusion: Well utilised industrial estate with a mix of businesses on site. It is recommended that the site should be retained as employment land and loss to alternative uses should be resisted; however there is limited scope for further intensification.

Plumpton Park, Harrogate

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES4	7.41	-	-

13.66   Plumpton Park is an Industrial Estate on the edge of Harrogate, accessible via Hookstone Chase. It contains various uses including local B2 units and B1a office units. The majority of the site hosts offices occupied by Bettys and Taylors of Harrogate.

13.67   The site is located next to a large retail park and residential uses both of which give rise to significant traffic in the area.

13.68   There is sufficient car parking on site and there is road side loading areas available. There are no available units advertised and occupancy levels are high. The existing stock is of a reasonable quality and there is no potential for intensification.

Conclusion: Plumpton Park is a well-functioning industrial estate, housing a variety of businesses. The occupancy rate is high and the quality of the stock is reasonable. Therefore it is recommended the site is retained for employment uses and loss to alternative uses should be resisted.

Cardale Park/Land east of Lady Lane, Harrogate

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES1	25.75	0.3	Greenfield
H51	49.82	49.82	Greenfield

13.69   Cardale Park (KES1) is a business park located within the urban fringe of Harrogate. It is accessed via Otley Road, and internally it is serviced by Cardale Park Road and Harlow Court Road. It is situated next to agricultural fields and residential uses to the east.

13.70   The businesses within the park cause significant traffic, and even though there is dedicated on-site parking, there is overspill parking in adjacent streets making access and circulation difficult. There are loading areas provided within the site.

13.71   Considering the potential housing development happening across Otley Road, it is expected that traffic will increase substantially, hence additional parking provision must be taken into consideration.

13.72   The business park comprises various types of businesses from different sectors which utilise different sized units. The majority of the buildings are in very good condition, occupied and well-maintained.

13.73   There is efficient usage of the whole site, with only one vacant plot which was left as green space. There were a few Grade A office spaces advertised as available within Central House ranging from 1,800 to 40,000 sq ft, and some additional offices to let dispersed within the park between 2,443 and 8,321 sq ft.

13.74 One of the buildings on site advertised high quality offices to let with sizes of 7,238 sq.ft. Some of the businesses which operate within the business park include clothing, technology, finance, marketing, insurance, asset management, and life sciences. There is only one vacant plot which could potentially be utilised for further intensification.

13.75 The neighbouring site, Land east of Lady Lane (H51), potentially provides land natural for further expansion of Cardale Park, depending on demand, ownership and infrastructure provision.

13.76 The land east of Lady Lane is a Greenfield site, located next to Cardale Business Park. There are currently a few existing farming uses but is largely an agricultural field. It is accessed via Lady Lane on the east and Whinney Lane on the west.

Conclusion: Cardale Park is a well occupied business park, offering good quality stock. There are high levels of occupancy and a limited opportunity for expansion. It is therefore recommended the site is retained for employment land and loss to alternative uses should be resisted.

The land east of Lady Lane is a Greenfield site adjacent to Cardale Park and part of the site could potentially form an extension to the business park. We recommend that the Council gives consideration to allocating a considerable quantum of this site for employment uses to provide either a considerable expansion to the existing business park or a new standalone employment area. This recommendation supports the Draft preferred allocation for the site, which has outlined at approximately 8ha of the site should be considered for employment uses with the remaining 40 Ha considered for non-employment uses.

Hornbeam Park/Playing fields, Harrogate

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES2	17.70	1.74	Previously developed land
H16	3.28	3.28	Previously developed land

13.77   Hornbeam Park (KES2) is an industrial estate located within Harrogate. It is accessed via Hookstone Road, and includes Hornbeam Park railway station. It has good internal access roads and facilities on site. It is situated next to residential and educational uses.

13.78   The estate offers a sufficient amount of parking on site as well as road site and off-road loading areas. There are some negative impacts caused by existing businesses such as significant traffic flow and smell/air pollution inherent to general industrial uses.

13.79   There is a mix of businesses on site, including environmental and life sciences related, architecture, IT, finance, technology and health. There is a high level of occupancy, as only two buildings offered units to let with sizes ranging from 2,000- 86,500 sq ft and 635-34,290 sq ft.

13.80   The estate is a high quality employment area comprising a mix of industrial and office premises. The quality of the units is good with the former college site which is currently being redeveloped (1.74 ha); however there is limited potential for further expansion of the estate.

13.81   Harrogate College playing fields (H16) is located next to Hornbeam industrial estate. The site represents an opportunity for expansion of the neighbouring estate in line with the Draft allocation.

Conclusion: The Hornbeam industrial estate is a high quality employment area which is well utilised. There are a range of occupiers housed within various types of good quality units. It

is recommended that the site should be retained as employment area and loss to alternative uses should be resisted. There is limited scope for further development or intensification within the existing industrial estate.

Harrogate College playing fields is a well situated Greenfield site within an urban environment. Recommend the site is considered to provide for the expansion of Hornbeam Industrial estate, in line with the Draft allocation for this site.

Dunlopillo, Pannal

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES14	1.81	-	-

13.82   Pannal Business Park previously occupied by Dunlopillo – a mattress manufacturer. The factory closed in 2008. The site is currently vacant although the industrial buildings remain in place.

13.83   The site is located in Pannal, to the south of the Harrogate settlement boundary. The site is located close to the A61 and Pannal railway station.

13.84   The site benefits from extant outline planning permission, permitted in October 2014, for a mixed use development including residential, B1 serviced employment plots, retail units, care home, park and ride, sports pitches and amenity space.

Conclusion: A historic employment site in mostly residential location. The site benefits from outline planning permission for mixed use development and therefore cannot be considered as contributing towards the employment land supply.

Land at Wetherby Road

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
H28	6.85	6.85	Greenfield

13.85   Land at Wetherby Road is a Greenfield agricultural site situated on the edge of Harrogate. It is accessed via the A661 and Railway Road. Some of the neighbouring uses include a Sainsbury's Supermarket, The Great Yorkshire Show Event Centre, a wedding venue, a Cemetery and a car showroom.

13.86   The site is situated on edge of town, accessible via the A661 which leads to the A1(M). Neighbouring uses include ones similar to employment uses – retail, showrooms and leisure; however there are no B uses in immediate vicinity.

13.87   Nonetheless, its location on the southern edge of Harrogate is considered to be commercially attractive, and located close to the labour force concentrating in these areas in terms of residence.

Conclusion: It is a well-situated site, highly accessible and close to town amenities. Therefore the recommendation is to allocate this site for employment uses.

Land at Station Parade, Harrogate
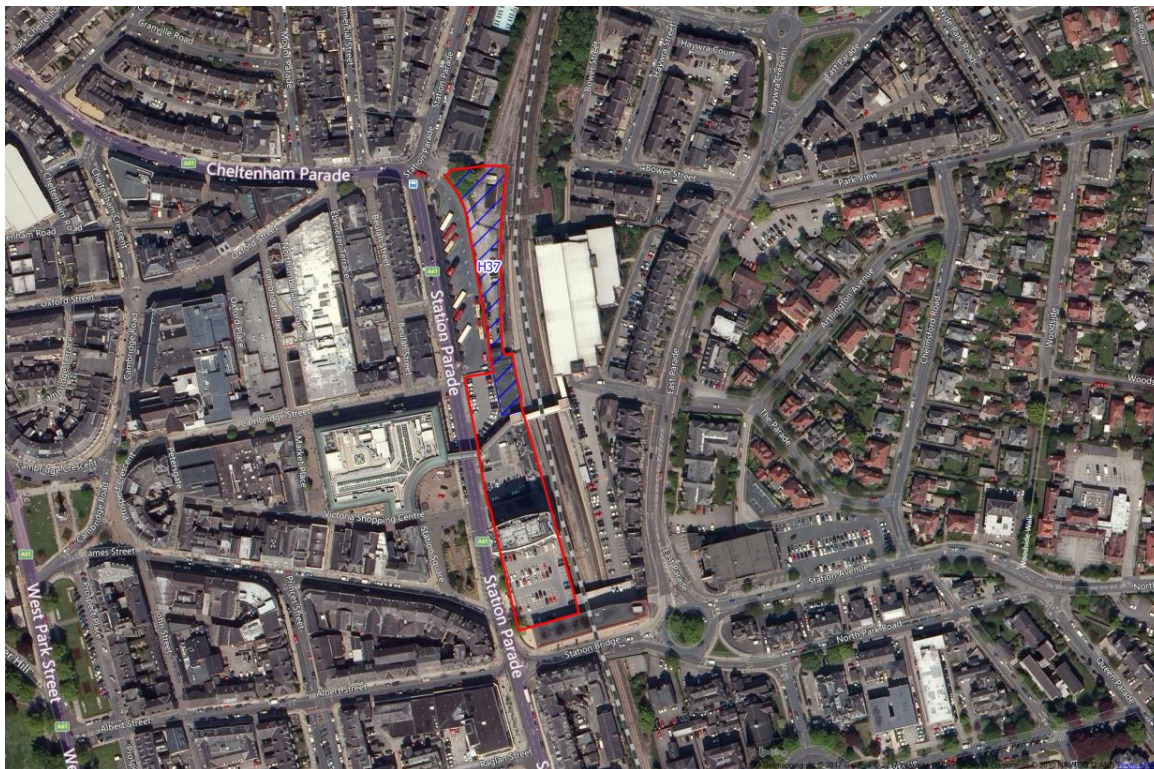
Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
H37	0.76	0.25	-

13.88   Land at Station Parade is located within the town centre of Harrogate. It is comprised of the main Harrogate train station car park and the Exchange office building, train station car park, retail units to the south with car parking above.

13.89   The site is located close to the Victoria Shopping Centre; it is highly accessible via public transport given its proximity to both the town's railway and bus station and is situated well in relation to town centre amenities.

13.90   The site is constrained in terms of size – it is narrow, between the bus and train stations. The current building on the car park site, north of the Harrogate Tap are vacant and in poor condition. Accessibility to the site is limited, as the only access points are via Station Parade and East Parade, however due to the fact the site is located next to the bus station and the shopping centre these cause significant traffic and congestion.

Conclusion: The site provides an opportunity for redevelopment for employment uses in a prominent town centre location. However, there are considerable constraints and challenges

to bringing the site forward which limit commercial attractiveness. As such, the site can be considered as a medium/long term prospect.

Dragon Road Car Park, Harrogate

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
H63	0.80	-	-

13.91   Dragon Road Car Park is located in close proximity to the town centre of Harrogate. The current use of the site is a surface car and coach park. Part of the site is closed off for use specifically for parking by the Harrogate International Centre.

13.92   At the time of visiting the car park was under-utilised, but is in a good strategic location on the edge of the town centre. Neighbouring uses include an ASDA super-market, medium sized warehouses and residential.

Conclusion: The site is in a good location, it is accessible and close to the town centre amenities. The site is under-utilised and is on the edge of a commercially attractive location. The site could be considered as a potential site for employment uses (B1a/b) subject to highways and usage considerations.

White House Farm, Harrogate

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
H76	4.3	4.3	Greenfield

13.93 The site is a vacant greenfield plot, located outside Harrogate in a rural setting. It is accessible via Burley Bank Road and Penny Pot Lane, close to the A59. The site is undeveloped, and is located next to the Army Barracks, the Army Foundation College and a Caravan Park. There are no commercial uses nearby.

13.94 Given that most of the established existing employment areas in Harrogate are fully or almost fully built-out and there is a current undersupply of developable employment sites within the Harrogate and Surrounds sub-area, this site would provide an opportunity to provide for this demand. This notwithstanding, the site lies well beyond Harrogate's settlement boundary, does not relate well to existing employment or related uses, and does not benefit from direct A road access or prominent frontage. Accordingly, the site has the potential to support a relatively small, rural employment location (similar to Saltergate Business Park to the north) which would provide a commercially attractive proposition predominantly for small scale or local occupiers. However, the site provides limited potential to meet Harrogate's need for larger/national occupiers which should be met in more centralised locations or at sites with sufficient quantum to deliver a critical mass of commercial development to support an out of town business park.

Conclusion: The site is not located well in relation to amenities and accessibility. Neighbouring uses could also represent a constraint in terms of development. It is therefore recommended the site is not considered suitable for employment uses..

Eastern Rural

Marston Business Park/ Land to the north of Marston Business Park, Tockwith

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
KES13	20.74	1.3	Previously Developed Land
TW2	6.49	6.49	Greenfield

13.95   Marston Business Park (KES13) is an industrial and business park, located within a rural setting surrounded by agricultural uses. There are no other amenities or commercial uses nearby. It is accessible via Rudgate, a country road which is not particularly suitable for larger vehicles. The site is located a considerable distance from the A1(M), and access the strategic road network is poor. There are no public transport links.

13.96   The site comprises a mix of B1c/B2 uses, some MOT garage uses, breweries, and local small scale occupiers. The majority of units at the site are small to medium in size with some flexible space available. The majority of the stock is of reasonable quality; however there are some poor quality units to the rear of the business park.

13.97   The site is generally poorly maintained in terms of landscape and road infrastructure. The majority of the units have dedicated parking space, however there is some overspill to adjacent streets. Most units have loading areas adjacent to them. Although the site is well occupied it is typically for lower quality uses.

13.98   There is a limited opportunity for expansion within the site – only two vacant plot at the eastern part of the site. There are some units advertised ranging from 300 to 30,000 sq ft.

13.99   Land to the north of Marston Business Park (TW2) is a Greenfield undeveloped site currently comprising vacant land. This could provide an expansion opportunity for Marston Business Park. However, given the location and quality of the existing business park, the significant investment required to bring the site forward is considered unlikely.

Conclusion: KES13 is a local industrial and business park. The quality of the units it offers are considered poor, and it is evident there has been little investment in recent years. Due to accessibility and quality of site, it is difficult to foresee commercial interest, and it is unlikely to attract significant investment. This also applies to the land to north which was considered as a potential expansion.

Rudding Farm/New Settlement at Deighton Grange Farm , Kirk Deighton

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
OC2	28.71	28.71	Greenfield
OC5	111.40	111.40	Greenfield

13.100   OC2 and OC5 are large Greenfield sites, which consist mainly of agricultural fields. The sites are located along the A1(M), and are accessible via A168. There are no commercial uses nearby, and the neighbouring uses consist of agricultural fields. The sites do not relate will to other settlements although Wetherby is located to the south along the A168. Nonetheless, there is a lack of local labour force to support largescale employment uses in the area.

13.101   The sites are located close to the A1(M) however there is no direct motorway access adjacent to the site with the closest at Junction 46 to the south. There is a limited market for distribution uses in the area, and the lack of adjacent motorway access to the sites reduces their attractiveness to this market.

13.102   Employment development at the sites could come forward as part of a wider residential-led mixed use development but there is unlikely to be the demand for substantial employment development brought through in isolation at these sites.

Conclusion: The two sites are located close to the A1(M) however there is no direct motorway access. The sites are in a largely rural location and do not relate well to the labour market or existing employment uses. As such there is considered limited market for standalone employment uses at the location and as such any employment development would likely come forward as part of a wider mixed-use scheme.

Land north of Racecourse Approach, Wetherby

Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
OC4	17.94	17.94	Greenfield

13.103   OC4 is a Greenfield vacant site located next to the A1(M) junction with the B1224 (Junction 46). It is situated close to a service station, which provides some local amenities. The site is also closely situated to Wetherby Racecourse.

13.104   As with sites OC2 and OC5, the site is located in a largely rural location although the town of Wetherby is located to the south west. Nonetheless, there is a lack of local labour force to support largescale employment uses in the area. There is a limited market for distribution uses in the area, however the direct access to the A1(M) increases the attractiveness of this site for such uses.

13.105   The site is considered to be deliverable within the short term, although it would require a new vehicular access to be constructed.

Conclusion: The site is situated well in terms of accessibility to the A1(M). While there is considered to be limited market attractiveness for employment uses in this area, this site's proximity to the strategic road network and to Wetherby means that it is considered to be commercially attractive.

**New/expanded settlement at Green Hammerton, Kirk Hammerton and Cattal**
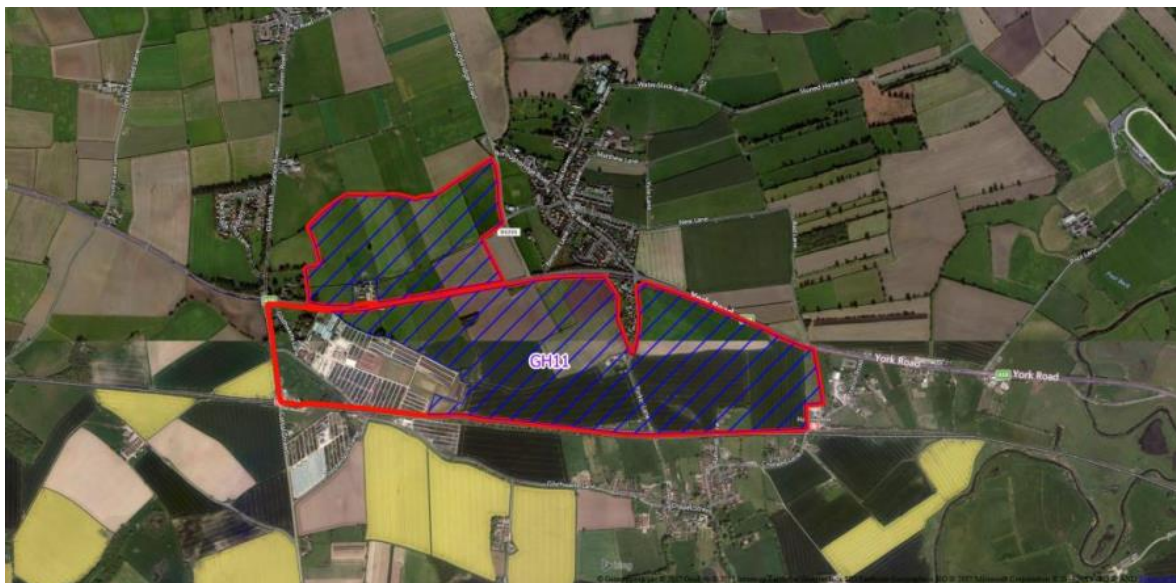
Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
GH11	168.11	136.1	Greenfield

13.106   GH11 is a Greenfield site, accessible via A59 and two railway stations – Cattal and Hammerton. The site is mainly used for agricultural uses. There is only one current occupier within the site – St. John Residential Care Home. The site is situated to the west and south of Green Hammerton and mainly residential uses, in a rural setting.

13.107   The site is within a mostly rural area. There is not a major commercial property market in this area and there is also limited labour force. Given this coupled with the scale of the site it is not considered that the whole site would be viable to support standalone B-class development.

13.108   In order to meet the district's need for new homes, HBC has considered this site as one of two options for a new settlement within its Draft Allocations for the New Local Plan. The proposed developable area is 92.5 ha, which would accommodate approximately 2,774 dwellings, community uses and local employment opportunities. The Council is currently undertaking consultation for the two options; however the Draft Local plan will only include one new settlement. There is also additional work to be undertaken in terms of infrastructure provision and deliverability in order to determine which option would be most suitable to accommodate the future need.

Conclusion: The site's location means that employment uses are unlikely to come forward as a stand-alone development. The site is allocated in the Draft Local Plan as a location for a new settlement. A quantum of employment land could come forward as part of this development.

Employment site to the south of the A59, Flaxby
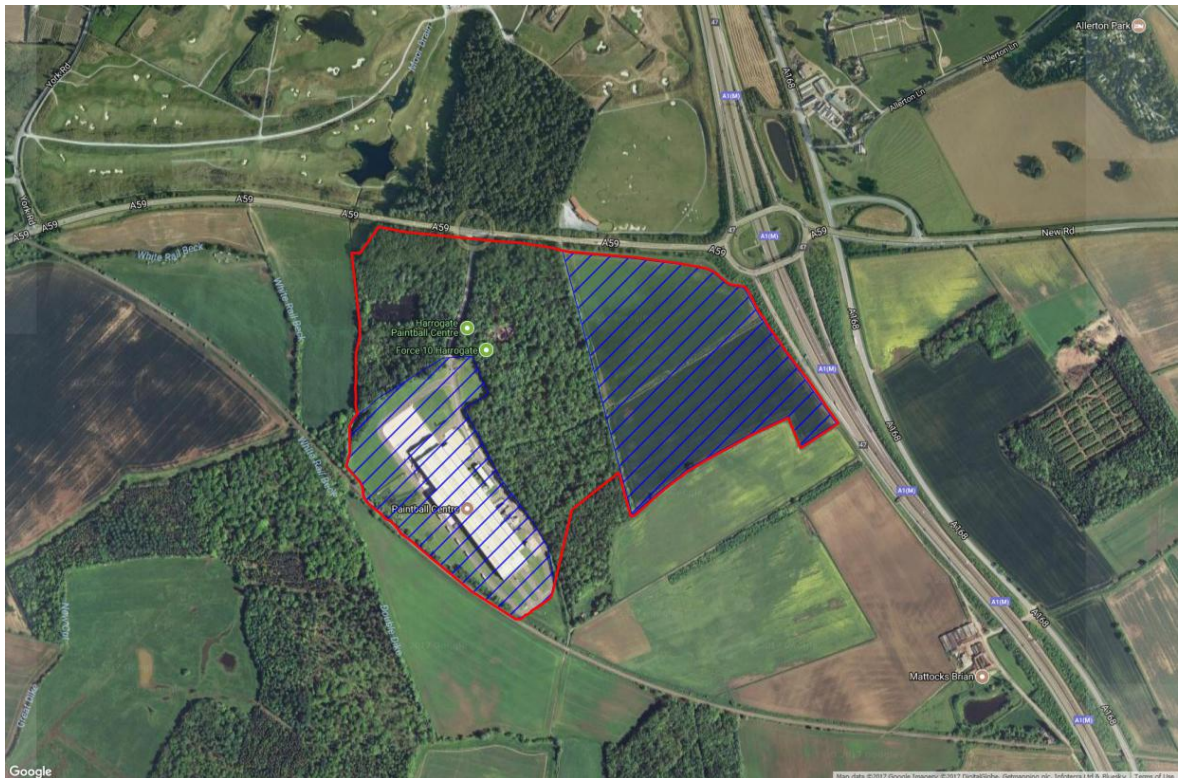
Site Reference	Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
FX4	48.8	28.3	Greenfield/Previously Developed Land

13.109   FX4 is a site situated next to the A1(M) and is accessible via A59 and thus has excellent accessibility. It has easy access to Flaxby village. The site includes the RR Donnelley industrial unit, a printing facility which closed in 2015. The rest of the site comprises a paintball centre, an agricultural field and woodland.

13.110   The existing industrial unit is currently vacant. It is situated in the south west of the site and includes car parking and loading areas within a secure gated site covering an area of around 12.1 ha. The other developable portion of the site is the eastern half of the site which is currently undeveloped agricultural land covering an area of around 16.2 ha. The total developable area is 28.3 ha. The remaining part of the site is heavily wooded, a portion of which is used as a paintball centre.

13.111   Neighbouring uses include agricultural land, local food manufacturer and produce warehousing.

13.112 Next to FX4, HBC has identified one of two options for a new settlement as part of its Draft Allocations for the New Local Plan. The proposed developable area is 108.14 ha, covering a former golf course and agricultural land. Should the site be allocated in the Local Plan it is expected to accommodate 3,244 dwellings and community uses. There is currently an on-going public consultation for both new settlement options.

Conclusion: The site offers good accessibility and location. The existing unit is in reasonable condition and could be brought back into re-use. The remainder of the site is considered to be commercially attractive for other employment uses, to take advantage of the A1(M) access. It is considered it might be deliverable in the short to medium term. Therefore it is recommended the site is retained for future employment uses.

14   EMPLOYMENT SITE SUPPLY-DEMAND BALANCE

14.1   This section seeks to draw together the evidence regarding supply-demand balance for employment sites in Harrogate Borough. It considers supply-demand balance in quantitative and qualitative terms.

Quantitative Need for Employment Land

14.2   On a "policy off" basis, the analysis in Section 13 concluded that it would be appropriate to plan to provide around 54.8 hectares (gross) of employment land provision with development potential across the district. This takes account of the adjusted economic growth forecasts, which includes an allowance to provide a choice of sites and flexibility of supply, as well as past completions trends:

- 12.3 ha of land for office (B1a/b) use;
- 13 ha of land for industrial (B1c/B2) use;
- 24 ha of land for warehouse/distribution (B8) use; and
- 5.5 ha of land for employment related Sui Generis uses.

14.3   Employment related Sui Generis uses would include municipal functions such as waste collection and recycling, but also trade counters.

14.4   In assessing the quantitative need for employment land provision, we have sought to establish the potential supply of land on employment sites within the district.

Table 55:   Conclusions of Employment Site Assessments

Site	Sub-Area	Total Site Area (ha)	Vacant Area (ha)	Recommendation for Employment Use?
Marston Business Park, Tockwith	Eastern Rural	20.74	1.3	Yes
Employment site to the south of the A59, Flaxby Green Park	Eastern Rural	48.8	28.3	Yes
Riffa Park, Huby	Harrogate & Surroundings	1.52	0	Yes
Haggs Farm, Haggs Rd, Spofforth	Harrogate & Surroundings	1.35	0.1	Yes
Claro Park, Harrogate	Harrogate & Surroundings	8.84	0	Yes
Plumpton Park, Harrogate	Harrogate & Surroundings	7.41	0	Yes
Cardale Park, Harrogate	Harrogate & Surroundings	25.75	0.3	Yes
Hornbeam Park, Harrogate	Harrogate & Surroundings	17.7	0	Yes
Playing fields, Harrogate College	Harrogate & Surroundings	3.28	3.28	Yes
Land at Wetherby Road, Harrogate	Harrogate & Surroundings	6.85	6.85	Yes
Dragon Road car park, Harrogate	Harrogate & Surroundings	0.8	0.8	Yes
Land at Station Parade, Harrogate	Harrogate & Surroundings	0.76	0.25	Yes
White House Farm, Burley Bank Rd	Harrogate & Surroundings	4.3	4.3	No
Jubilee Mills, Copgrove	Knarsboro & Surroundings	3.74	0	Yes
Manse Lane, Knaresborough	Knarsboro & Surroundings	9.81	0.5	Yes
Bar Lane, Boroughbridge	Ripon & Boroughbridge	30.13	4.3	Yes
Melmerby Business Park	Ripon & Boroughbridge	35.78	6.2	Yes
Dallamires Lane, Ripon	Ripon & Boroughbridge	13.87	0	Yes
Boroughbridge Rd, Ripon	Ripon & Boroughbridge	4.95	0	Yes
Land west of Barker BP, Melmerby	Ripon & Boroughbridge	5.9	5.9	Yes
Land south of Barker BP, Melmerby	Ripon & Boroughbridge	3.2	2.6	Yes
Harrogate Rd, Ripon	Ripon & Boroughbridge	1.11	1.11	Yes
Fearby Road, Masham	Rural West	2.5	0.6	Yes
New York Mills, Summersbridge	Rural West	3.42	0.2	Yes
Land to the north of Marston Business Park, Tockwith	Eastern Rural	6.49	6.49	No
Dunlopillo, Pannal	Harrogate & Surroundings	1.81	1.81	No
Former Cattle Market, Knaresboro	Knarsboro & Surroundings	0.32	0.1	No
St James Park, Knaresborough	Knarsboro & Surroundings	21.92	4.1	No
The Maltings, Ure Bank Top	Ripon & Boroughbridge	0.99	0	No
Land at Hutton Bank, Ripon	Ripon & Boroughbridge	1.41	0	No
Auction Mart, Ripon	Ripon & Boroughbridge	2.63	2.63	No
Ash Grove Industrial Estate, Ripon	Ripon & Boroughbridge	1.5	0	No
Masham Auction Mart, Masham	Rural West	1.47	1.47	No
Fearby Road, Masham	Rural West	1.35	1.35	No
Land north of Racecourse Approach, near Wetherby	Eastern Rural	17.94	17.94	Mixed Use and or Long Term
Rudding Farm, near Kirk Deighton	Eastern Rural	28.71	28.71	Mixed Use and or Long Term
New Settlement at Deighton Grange	Eastern Rural	111.4	111.4	Mixed Use and or

				Long Term
Farm, near Kirk Deighton				
New/expanded settlement at Hammerton and Cattal	Eastern Rural	168.11	136.1	Mixed Use and or Long Term
Land east of Lady Lane, Harrogate	Harrogate & Surroundings	49.82	49.82	Mixed Use and or Long Term
Manse Farm, Knaresborough	Knarsboro & Surroundings	41.52	2.5	Mixed Use and or Long Term
Land at Dishforth Airfield	Ripon & Boroughbridge	107.94	107.94	Mixed Use and or Long Term
Claro Barracks, Ripon	Ripon & Boroughbridge	43.75	43.75	Mixed Use and or Long Term
Land to south and West of Melmerby Industrial Estate	Ripon & Boroughbridge	27.56	27.56	Mixed Use and or Long Term

14.5   The table below provides a summary of the vacant land supply broken down by sub-area. This is divided by sites which have been identified as suitable to accommodate employment use, and sites which would be suitable for mixed use development or sites which represent longer term development prospects.

14.6   In total there is 62.6 ha of available land in the district identified as suitable for employment use. Nearly half (29.6 ha) of this is in the Eastern Rural sub-area: with the majority of this (28.3 ha) at Flaxby Green Park.

14.7   There is 20.1 ha of available land within the Ripon and Boroughbridge sub-area. The majority (14.7 ha) of available land in this sub-area is at Melmerby Business Park or the sites adjacent to this.

14.8   Within the Harrogate and surroundings sub-area there is 11.6 ha of available land. Most of this comprises infill or small expansion opportunities at existing business parks. The only site above 5 ha is at Land at Wetherby Road (6.85 ha).

14.9   There is 0.5 ha of available land in the Knaresborough and Surroundings sub-area – comprising a small infill opportunity at Manse Lane Business Park.

14.10   In the Rural West sub-area there is 0.8 ha of available land at existing employment sites in Masham and Summersbridge.

Table 56: Available Land Supply by Sub-Area (hectares)

Sub-Area	Suitable for Employment Use	Mixed Use and/or Long Term
Harrogate & Surroundings	11.6	49.8
Knaresborough & Surroundings	0.5	2.5
Ripon & Boroughbridge	20.1	179.3
Eastern Rural	29.6	294.2
Rural West	0.8	-
Grand Total	**62.6**	**525.7**

14.11   The analysis shows that, with the exception of the Eastern Rural sub-area, the district's available employment land supply is made up of small infill and expansion opportunities at existing employment areas. Most of these are sub-5 ha in size with only two sites above 5 ha: Land at Wetherby Road (6.85 ha) and the Land west of Barker Business Park (5.9 ha).

14.12   Conversely, the Eastern Rural sub-area has an oversupply of available land compared against the demand in this area. Accordingly, we recommend the Council do not over rely on the available land in this sub-area to meet the district's need.

14.13   The greatest demand for commercial uses is in Harrogate and the surrounding area. The majority of the established existing employment areas in Harrogate are fully or almost fully built-out and very well occupied. There is a current undersupply of developable employment sites within these existing employment sites. There are a number of relatively small, rural employment sites around Harrogate which are performing well and provide for the needs of small scale or local occupiers. However, in addition to this, Harrogate has a considerable demand for space larger/national occupiers which should be met in more centralised locations or at larger business park locations within the sub-area.

14.14   Sites of around 10-20 ha are necessary to provide a critical mass of employment uses to support a new business park type development. There is a particular lack of such sites in and around Harrogate or in and around Knaresborough which are the areas with the largest demand for employment uses. The existing large employment sites in these sub-areas are generally high quality and well performing with high occupancy rates. However there is very limited scope for intensification or expansion at these existing sites.

14.15   The supply analysis shows a considerable quantum of land suitable for residential-led mixed use development which would be suitable to support an element of employment uses. These sites should be utilised to make up for the shortfall in large sites in / around Harrogate and Knaresborough.

14.16   In Harrogate, Land east of Lady Lane provides 49.8 ha of land to the south of Cardale Park Business Park. We recommend that the Council gives consideration to allocating a considerable quantum of this site for employment uses to provide either a considerable expansion to the existing business park or a new standalone employment area.

14.17   In Knaresborough, Manse Farm benefits from planning permission which includes 2.5 ha of employment land as part of a wider mixed use scheme. Currently, there is limited supply of identified sites in the Knaresborough and surroundings sub-area.

14.18   The supply assessment also identifies a very limited supply of employment sites within Harrogate town centre. Part of the demand for B1 office space can be met at out-of-town business park type developments; however there is considerable demand for new purpose built or high quality refurbished office space within Harrogate town centre which can take advantage of the town's prestigious surroundings, amenities, and public transport links.

14.19   However, there are issues limiting the attractiveness of the town centre. All of the commercial agents consulted cited problems with traffic flows and parking in the town centre which could start to curb the attractiveness of Harrogate as an office destination. In addition, a large quantum of office premises in the town centre are in older buildings which struggle to meet modern office needs, and are more attractive for residential conversions which is further limiting the town centre office stock.

14.20   This notwithstanding, there is still high demand for office floorspace in Harrogate town centre which exceeds the supply. There is a lack of any suitable town centre sites identified within the supply assessment. The Council should support proposals for new office space within the town centre, and should protect exiting quality office space in the town centre from change of use to alternative uses.

> **Key Points**
>
> - On a "policy off" basis, the analysis the HEDNA concluded that it would be appropriate to plan to provide around 54.8 hectares (gross) of employment land provision across the district.
>
> - The site analysis identified a total of 62.6 ha of available and suitable land in the district for employment uses. However, the distribution of supply is focussed on the Eastern Rural sub-area and there is a mismatch with locational demand which is focussed in Harrogate and Knaresborough and their surrounds.
>
> - A further 526 Hectares of mixed use land was also identified which could contribute some employment land to meeting the identified need.

15   CONCLUSIONS

15.1   The purpose of this Housing and Economic Development Needs Assessment (HEDNA) has been to assess future housing needs, the scale of future economic growth and the quantity of land and floorspace required for B-class economic development uses [13] between 2014 and 2035. The HEDNA identifies Harrogate as the relevant Housing Market Area (HMA) and Functional Economic Market Area (FEMA) for plan-making purposes and considers needs for this area. Although we recognise there are overlaps with other neighbouring authorities.

Trend-based Demographic Projections

Population Growth

15.2   The starting point for any assessment of housing need are the official household projections. At the time of publication these were the 2014-based projections published in July 2016. These were further updated with the use of the 2015 Mid-Year estimates. Combined these datasets coupled with an allowance for vacant properties show a need for 289 dpa.

15.3   The PPG suggests that the official household projections are the starting point for an OAN calculation but "plan makers may consider sensitivity testing, specific to their local circumstances", however any changes need to be "clearly explained and justified on the basis of established sources of robust evidence".

15.4   We have therefore tested a range of scenarios based on shorter and longer term migration assumptions. The method applied to the demographic calculation considers the level of migration feeding into the SNPP and then models the difference between the SNPP base period and the various trend periods.

15.5   Both the longer term trends show a notably higher level of housing need in comparison to the official projections. This reflects higher in-migration pre-recession but also significant out international migration in the period feeding into the official projections. Using the most recent trends show a significantly lower housing need going forward.

15.6   Given the longer term trend scenario shows a higher level of housing need than the official projections but that continuation of shorter term trends in international out-migration would result in a lower need there is clearly some uncertainty.

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[13] These comprise Office, industrial and warehouse/ distribution space

Household Formation Rates

15.7   We have also examined Household formation rates and there appears to be some justification for improving the household formation rates in those aged 25-34. This aligns with the previous SHMA conclusions and those in surrounding authorities. This step effectively returns HFR in those aged 25-34 back to 2001 levels by 2035 and increases the need by between 48 and 53 dpa depending on the scenario.

**Table 57:   Demographic Housing need (2014-35)**

	Per annum Official HFR	Per annum Uplifted HFR	Uplift Per Annum
SNPP	296	344	48
SNPP (+MYE)	289	337	48
10-year trends	360	410	50
14-year trends	403	454	51
14-year trends (+UPC)	370	423	53

15.8   While there remains some uncertainty as to how migration will change in future a pragmatic response would be to view the demographic need as a range from the official starting point (337 dpa) to the longer term trend (410 dpa) once both have improvements to household formation rates applied.

15.9   The demographic need however becomes largely academic once consideration is given to the economic needs of the district.

Economic Dynamics and Growth Potential

15.10   The starting point for assessing future economic growth are the latest OE employment forecasts. These have been adjusted to reflect the six strategic growth sectors for Harrogate identified by the two Local Enterprise Partnerships (LEPs) together with the Council:

- Creative and media;
- Digital and Technology;
- Finance and Professional and business services;
- Life sciences;
- Logistics; and
- Energy and Renewables.

15.11   These sectors could see higher than trend based levels of growth and have been adjusted accordingly.

15.12   The adjusted forecast shows a growth of 12,200 jobs in the District over the period from 2014-35 (580 jobs per annum). The sectors with the largest forecast growth are Professional and scientific services (4,600 jobs) and Business support services (2,900 jobs).

Figure 76: Forecast Employment Growth – Harrogate Borough, 2014-35
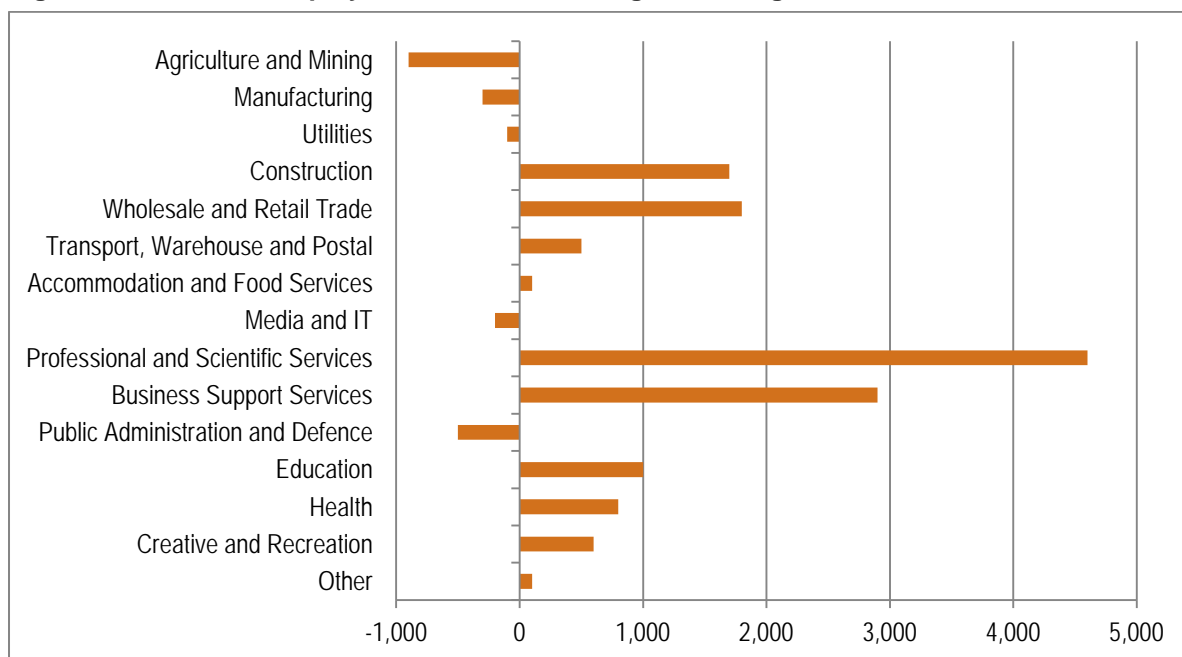
Source: Oxford Economics, 2017

Balancing Homes and Jobs

15.13   In calculating the OAN we have only examined the jobs growth for the 2016-25 period taking the MYE for 2015 and the SNPP for 2016. This shows a reduced employment growth for the shorter period of 461 jobs per annum

15.14   The use of these figures were tested against the completions data for the last year which broadly coincide with the need linked to the SNPP. Furthermore we have also examined the impact the recent employment growth has had on local employment. Our analysis clearly highlights a considerable growth in employment in the two years since 2014.

15.15   In our modelling of housing need going forward we have taken a long term average of second jobs taken from the annual population survey. This is despite the fact that longer term trends show this increasing. We also assumed that there was no change in unemployment post 2016.

15.16   While some commuting changes are likely to occur (and has occurred) there is no robust data available to show how this will happen. We have therefore assumed continuation of the 2011 commuting ratio which is a broad balance. Any assumed changes to this could impact the OAN in Harrogate and neighbouring authorities however this should be considered through the duty to cooperate.

15.17   Applying the commuting ratio and double jobbing rates to the job growth of 8,766 jobs for the remained of the plan period delivers a growth in resident labour supply of 8,233.

15.18   Assuming that HFR are once again suppressed in the economic scenario then returning them back to pre-recession levels results in an uplift by 67dpa taking the OAN increase to 669 dpa.

Market Signals and Affordable Housing Need

15.19   Within the HEDNA a range of market signals were examined. These identified Harrogate being in a comparably worse situation for most signals that its comparators. Of particular note was the fact that lower quartile house prices in the District stood at ten times lower quartile earnings.

15.20   The HEDNA assesses the extent of households who require financial support to meet their housing needs and thus would be eligible for affordable housing, identifying an annual net need of 198 such households across the district (2014-35).

15.21   Planning Practice Guidance sets out that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments; and an increase in the total housing figures included in the local plan should be considered where it could help to deliver the required number of affordable homes. To deliver the affordable housing need of 198 homes pa with an average delivery of affordable housing of 30% would require 660 homes per annum.

15.22   Compared to the economic driven analysis this is lower and therefore does not warrant an additional uplift on this basis.

15.23   The market signals evidence highlights notable market signals and affordability pressures in the District. In line with the guidance this would normally warrant an uplift to the starting-point figure. However as the economic led figure is already double the starting point then a further uplift would be unnecessary.

## Conclusions on Objectively-Assessed Housing Need (OAN)

15.24   The HEDNA provides a consistent, objective (policy-off) assessment of need for housing (OAN) following the approach prescribed by Government in Planning Practice Guidance on *Housing & Economic Development Needs Assessments* ('the PPG'). [14] This requires that housing need is assessed leaving aside factors related to land availability, infrastructure and capacity; and that an approach is followed where projections based on past population and demographic trends are

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[14] http://planningguidance.communities.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/

considered first, with adjustments made (where necessary) for higher migration to support economic growth, and/or to address affordability issues, responding to analysis of market signals and evidence of the need for affordable housing.

15.25   The HEDNA brings this analysis together and draws conclusions on overall objectively-assessed housing need (OAN). The conclusions on OAN are based on taking the demographic need based on past trends (over the last 10 years), which indicate a need for 360 dpa. These were then adjusted (+50) to respond to deteriorating household formation rates in younger age groups.

15.26   This has then been compared with the economic-driven scenarios for housing need, with an additional upward adjustment of 200 dpa made to ensure sufficient workforce is available to support economic growth. This reflects an assumed increase in net in-migration to increase the resident workforce. Recognising that much of the additional resident workforce will be within the younger age groups a further upwards adjustment (+59) is made to the OAN to improve the household formation rates in this group. **On this basis the HEDNA identifies an objectively assessed need for 669 dwelling per annum (dpa).**

Figure 77: Harrogate OAN for Housing, 2014-35
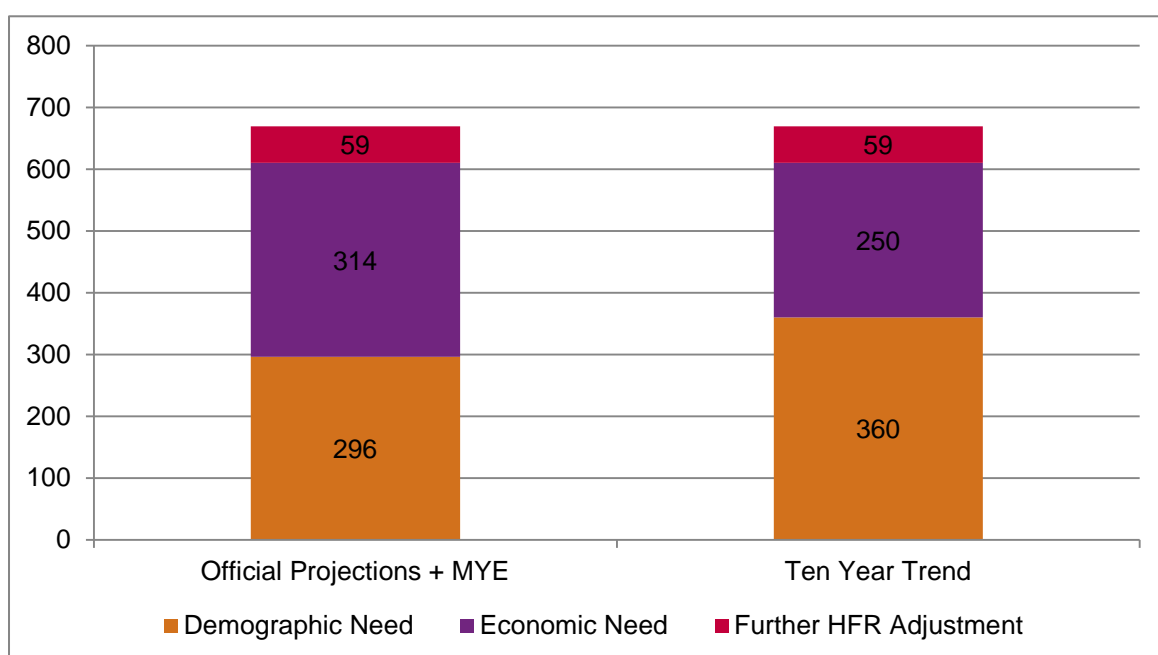
15.27   We recognise that there is notable affordable housing need and market signals constraints in Harrogate but such is the likely increase in economic growth this issue becomes largely redundant. The PPG suggests that where this is the case an uplift should be applied to the demographic starting point (296 dpa). Given the OAN is 126% higher than the starting point this was deemed unnecessary.

Need for Different Types of Homes

15.28   The HEDNA identifies a range of factors which influence the need for different types of homes. This includes demographic trends, and in particular a growing older population; market dynamics and affordability; Government's ambitions and initiatives to boost home-ownership and self/custom-build development; as well as growth in student numbers and accommodation.

Need for Different Types and Sizes of Homes

15.29   The modelling outputs provide an estimate of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision.   The mix of affordable housing sought through development at a District-wide level should be as follows:

- 1-bed properties: 30-35%
- 2-bed properties: 40-45%
- 3-bed properties: 15-20%
- 4-bed properties: 5-10%

15.30   The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

15.31   The provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of affordable home ownership housing is suggested:

- 1-bed properties: 15-20%
- 2-bed properties: 45-50%
- 3-bed properties: 25-30%
- 4-bed properties: 5-10%

15.32   In the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile. The following mix of market housing is suggested:

- 1-bed properties: 0-5%
- 2-bed properties: 30-35%
- 3-bed properties: 40-45%
- 4-bed properties: 20-25%

15.33   In both cases the figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

15.34   The need for affordable housing of different sizes will vary by area (at a more localised level) area and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

15.35   Generally we have identified that the mix in the urbanised sub-areas should be skewed towards smaller 1 and 2 bedroom properties with a commensurate reduction in 4 and 4+ bedroom properties. In the rural areas the district wide mix should be more closely adhered to.

15.36   In both cases however it does not necessarily follow that such prescriptive figures should be included in the plan making process. Similarly the Council may also wish to consider the below evidence when considering the supply within different sub-areas of the district.

Older Persons Housing Need

15.37   The HEDNA indicates that the number of residents aged over 65 across the district is projected to increase by 54% over the period to 2035. As a result of a growing older population and increasing life expectancy, the analysis projects an increase in people with mobility problems of around 73% by 2035 and an increase of over 84% in persons with dementia. Some of these households will require adaptations to properties to meet their changing needs whilst others may require more specialist accommodation or support. There is clear evidence of need for properties which are capable of accommodating people's changing needs.

15.38   Based principally on the expected growth in population of older persons, the report estimates a need for additional specialist C3 dwellings for older persons in Harrogate over the 2014-35 period of between 51 -54 dpa. This forms part of the HEDNA's conclusions on the objectively assessed housing need (OAN). A 60:40 split between market and affordable (rented) housing provision is expected.

Table 58:   Need for Specialist Housing for Older People, 2014-35

	Change in population aged 75+	Specialist housing need (@ 170 units per 1,000)	Per annum need (2014-35)
2014-based SNPP	6,261	1,064	51
Job-led projection	6,703	1,140	54

15.39   A need is identified for between 409 and 591 wheelchair adapted homes (2014-35), equivalent to between 5.0 – 7.2% of new housing provision.

15.40   Decisions about the appropriate mix of specialist housing should take account of the current stock, other local needs evidence as appropriate, and policies regarding accommodation and care for older persons. The Council should liaise with the County Council as appropriate in this respect.

15.41   GL Hearn recommends that councils should give consideration to how best to deliver the identified specialist housing need, including, for instance, the potential to identify sites in accessible locations for specialist housing or to require provision of specialist housing for older people as part of larger strategic development schemes.

Need for Registered Care Provision

15.42   Registered care provision falls within a C2 use class, with households who live in care homes counted as part of the institutional rather than the household population. As such provision of residential care is treated in the analysis of housing need separately in the HEDNA from that for C3 dwellings (and is separate to the C3 housing OAN).

15.43   The official population projections indicate a net need for between 13,29 and 1,415 C2 bed spaces for older persons in the HMA over the 2014-35 period (63 and 67 per annum). The assessment, however, should be treated as indicative, and does not seek to set policies for how older persons with care needs should be accommodated.

Employment Land Requirements

15.44   In accordance with PPG, the assessment of employment land required in the district has been assessed in a number of ways: A labour demand approach based on calculating the employment land required to support forecast jobs growth; and a forecast based on past completions trend data. As the OAN for housing included an adjustment to support economic growth, we have not considered a labour supply scenario for considering employment land needs.

Labour Demand Scenario

15.45   The labour demand scenario considers the quantum of employment land required based on the economic growth scenario (based on the adjusted OE forecast). The labour demand scenario identifies a need for 28.2 ha of employment land over the period 2014-35.

Past Completions Trend Scenario

15.46   This scenario is based on data for completions of B class floorspace in the District over the period from 2006 to 2016 based on the Council's planning application data. This period is bisected by the global recession in 2008 and therefore provides an assessment of take-up in both buoyant, and less buoyant, economic conditions. The past completions trend scenario identifies a need for 49.8 ha of employment land over the period 2014-35 (this includes 5.5 ha for employment related sui generis uses).

Future Employment Land Need

15.47   The labour demand forecast projects loss in manufacturing jobs, hence showing a loss of approximately 5 ha in future B1c/B2 land requirements. Contrary to this, when the completions trend is applied to future projection, it results in a 6 ha net growth in B1c/B2. For these use classes the completions trends tend to provide a more robust approach to estimating future land needs than the forecast based on job losses.

15.48   Similarly, there is a significant difference between the B1a/b projections: 12.3 ha for the labour demand forecast and 3.6 ha from the past completions trend. However, commercial floorspace analysis and consultation suggested that B1a/b deliveries have been constrained in the last few years, hence the more conservative projection based on past completions. We have therefore considered the labour demand forecast to be a more positive and arguably more robust approach.

15.49   On a "policy off" basis, to support this level of jobs growth over the plan period we consider projections from both the labour demand and past completions forecasts in order to provide the most robust overall figure for land requirements over the period to 2035. As set out below, the overall employment land requirement has been estimated at 54.8 ha. We have considered the following land requirements by use class:

Table 59:   Employment Land Need 2014-2035

Use Class	Land Required (ha)
B1a/b	12.3
B1c	3.6
B2	9.5
B8	24.0
Sui Generis	5.5
Total	54.8

Employment Land Supply

15.50   The main employment locations within the district have been assessed. In total 43 sites were assessed, totalling an area of 899 ha. The assessments considered:

- The nature and intensity of use of the employment site;
- Road access, including access by HGVs and servicing of existing businesses;
- Access to local services/amenities for employees;
- Physical constraints to the development and use of this site;
- Nature of any bad neighbour or adjacency issues;
- The age and quality of existing buildings; and
- Public transport accessibility and adequacy of parking provision.

15.51   In total there is 62.6 ha of available land in the district identified as suitable for employment use.

Table 60:   Available Land Supply by Sub-Area (hectares)

Sub-Area	Suitable for Employment Use	Mixed Use and/or Long Term
Harrogate & Surround	11.6	49.8
Knaresborough & Surroundings	0.5	2.5
Ripon & Boroughbridge	20.1	179.3
Eastern Rural	29.6	294.2
Rural West	0.8	
Total	**62.6**	**525.7**

15.52   The analysis shows that, with the exception of the Eastern Rural sub-area, the district's available employment land supply is predominantly made up of small infill and expansion opportunities at existing employment areas.

15.53   There is a lack of large available sites in the district. There is a particular lack of such sites in and around Harrogate or in and around Knaresborough which are the areas with the largest demand for employment uses. In Harrogate, Land east of Lady Lane provides 49.8 ha of land to the south of Cardale Park Business Park which has the potential for mixed use and/or long term development could support such development. In Knaresborough there is limited provision within the identified supply.

15.54   In addition, the supply assessment also identifies a very limited supply of employment sites within Harrogate town centre. There is considerable demand for new purpose built or high quality refurbished office space within Harrogate town centre which exceeds the supply. There is a lack of any suitable town centre sites identified within the supply assessment. The Council should support proposals for new office space within the town centre, and should protect exiting quality office space in the town centre from change of use to alternative uses. Furthermore the Council should seek to intervene with its own assets to ensure the long-term economic sustainability of Harrogate Town Centre is maintained.