<table>
<thead>
<tr>
<th>Corporate Priority:</th>
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<tr>
<td>Aim 1: Developing quality environments.</td>
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<td>Aim 2: Building prosperous communities.</td>
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<td>Aim 3: Creating safe and healthy communities</td>
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<td>Aim 4: Creating inclusive and vibrant communities.</td>
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<td>Aim 5: Developing accessible communities.</td>
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REPORT OF HEAD OF REGENERATION AND PLANNING AND HEAD OF ENVIRONMENTAL SERVICES – 10/391

WARDS AFFECTED: ALL

**SUBJECT: HOUSING MONITORING PERFORMANCE APRIL 2009-MARCH 2010**

**RECOMMENDATION (S):**

1. The housing monitoring information contained in Appendix 1 to this report be noted; and
2. Public access to the monitoring information be maintained.
REASON FOR RECOMMENDATION (S):

To ensure that Members and the public are fully informed of progress with housing development, issues arising and measures being taken to address those issues.

HIGHLIGHTED RISKS:

If current issues and trends in housing are not identified, strategies may, as a result, fail to acknowledge new issues and address them quickly and appropriately.

If issues are not identified, the Local Development Framework (and housing policies therein) would not be based on up to date information and thus may not deliver on important issues; e.g. Brownfield development and affordability.

1. INTRODUCTION

1.1 The Council’s Planning and Housing Services are responsible for facilitating the delivery of housing in accordance with a range of strategies and plans. To assess performance, a number of key indicators are monitored on an ongoing basis. Housing Monitoring Reports are prepared for the consideration of the relevant Cabinet Member on a regular basis. An annual report is also made to the Planning and Development Committee and the Housing, Land and Property Portfolio Individual Cabinet Member Meeting.

1.2 This is the annual report setting out updated information on the delivery of housing in the Borough for the period April 2009 to March 2010.

2. CORPORATE OBJECTIVES AND THE COMMUNITY PLAN

2.1 The monitoring of housing is particularly relevant to the following aims:

- Aim 1 Developing quality environments.
- Aim 2 Building prosperous communities.
- Aim 3 Creating safe and healthy communities.
- Aim 4 Creating inclusive and vibrant communities.
- Aim 5 Developing accessible communities.
- It is also particularly relevant to ‘Ensuring affordable and decent homes’ which is one of the Council’s top priorities.

3. BACKGROUND AND ISSUES

3.1 The procedures for collecting, monitoring and disseminating housing information were agreed by Cabinet in October 2003. The current issues (and situation with the housing market) are set out in the appended Housing Annual Report for April 2009 - March 2010.
3.2 This housing monitoring report is part of the Council’s Performance Management System and information obtained will be used to inform progress against national and local indicators and targets.

4. **CONSULTATION**

4.1 Consultation has been undertaken between planning and housing officers and a copy of the updated information for this period will also be placed on the Council’s website and made available in paper form on request.

5. **ASSESSMENT**

5.1 In summary, the report reflects the continued negative effect that the current economic situation has had on developer activity and housing development, and the significant impact this has had on the Council’s ability to meet its targets.

5.2 During the year 2009/10, a gross total of 241 dwellings were completed in the Borough. The overall performance continued to fall significantly below the RSS target of 560 homes, as house building activity continued to reduce. Of the gross completions (April 2009 to March 2010), all dwellings were on Brownfield sites. Whilst Brownfield targets are currently being met, this is likely to become more difficult over time as a result of the higher levels of development required by the Regional Spatial Strategy targets, the Government’s removal of the ability to include windfall development in housing trajectories and the resultant need to allocate more Greenfield sites for development.

5.3 During the year, there were a total number of 12 affordable housing completions (this includes seven mortgage rescue properties). The figure is well below the number required to tackle the affordable housing shortage in the Borough. However, completions of affordable housing is likely to increase substantially over the next two years as there are approximately 140 affordable housing units, which have or will start on site during the calendar year 2010 and are due for completion in either 2010/11 or 2011/12. Further details of this are within Paragraph 7 of Appendix 1.

5.4 Housing completions nationally have declined every quarter since Q1 2008 and in Q3 2009 were at their lowest level since 2002. New completions are likely to be lower in the medium term, which will challenge policy targets on supply.

5.5 Since 2007, private completions nationally have fallen from 152,470 homes to 116,250 in 2008 and 92,430 in 2009. Starts have dropped even more dramatically, from 150,420 in 2007 to 85,850 in 2008 and 51,800 for the first three quarters of 2009. This implies that completions will remain depressed during 2010. Figures show fewer house building starts in 2009 than at any time since records began, as house builders have reduced their new site developments to an absolute minimum and are selling from stock to generate income.
5.6 The housing market downturn began in earnest in autumn 2007. Initially, a lack of mortgages caused sales to decline but demand also began to fall as the economy slowed and fears grew of substantial house price falls. Prices in the UK started to fall in spring 2008 and by a year later had dropped by over a fifth, according to the Halifax price index. The decline in mortgage lending was equally dramatic.

5.7 Since spring 2009, there have been signs of partial recovery in the housing market. Prices started to grow again and by January 2010 they had risen by 10% from the spring 2009 trough, though prices remain 15% below their August 2007 peak, according to the Halifax. A lack of properties being put on the market and a 90% rise in mortgage lending over the past year were identified as the main drivers behind this recovery in house prices. However, it should be noted that mortgage lending was temporarily boosted in December by buyers trying to complete transactions before stamp duty returned to its previous level. Although consumer confidence remains weak, the recent pick up in prices might encourage more properties to be put up for sale, further reducing the upward pressure on prices. Recent figures show that house prices fell back in February 2010, reversing some of the gains of late 2009. However, it is too early to conclude that this is the beginning of a downward trend.

5.8 The concern about the likely weakness of the recovery in house building over the next few years is brought out strongly in recent construction forecasts, especially when they are compared to target house building levels. Recent forecasts suggest that in terms of completions, 2010 will be the worst because although more houses are now being started they take time to build. Builders are facing land shortages, growing costs, rising production delays, and greater risks (e.g. general housing market conditions, interest rates and other finance matters, regulatory hurdles).

5.9 The new coalition Government has begun a programme of major structural changes to the planning system, including the abolition of the regional tier of planning. A recent Ministerial letter stated that Regional Spatial Strategies will be “quickly” abolished and decision making powers on housing and planning will pass to local councils. How this will manifest itself is yet to become clear, and for the purposes of consistency, the Housing Monitoring Report continues to base projections against extant Regional targets. Future iterations of the report will reflect any changes in the policy framework.

6. IMPLICATIONS

(a) Policy

6.1 The monitoring information will be useful in considering the future review of Council strategies and policies, in particular the Local Development Framework (LDF).
(b) Legal

6.2 The Town and County Planning Act places a duty on Local Planning Authorities to monitor the social, economic and environmental characteristics of their area. There is a specific duty to prepare an Annual Monitoring Report (AMR) for the Local Development Framework and the information in this report will be an important input to the AMR.

(c) Environmental and Sustainable Development

6.3 Information gained through continuous monitoring will help officers work towards sustainable housing development by informing future housing policy on issues including the re-use of Brownfield land, reducing car dependency (parking standards) and the density of development (i.e. the more efficient use of land).

(d) Others

6.4 I have considered whether the following implications arise from this report and am satisfied that there is no identified implication that will arise from this decision:


7. ACTION PLAN

7.1 The following actions were previously resolved and remain relevant.

Key objective: Maintain up-to-date information systems.
Target: Ongoing, but at least annually.

Key Objective: Report to Cabinet Member on a regular basis.
Target: Report every year.

Key Objective: Disseminate monitoring information.
Target: Place information on Council’s website and make available in paper form on request.

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Background Papers:
The documents referred to in the report.
15 June 2010
Appendix 1 of Report
Support for Good Development
Planning and Building Standards
April 2010

A great place to live, work & play
1.0 Purpose

1.1 The purpose of this report is to provide the annual update on housing progress in the Scarborough Borough Local Plan area (that is the Borough outside the North York Moors National Park) for the period April 2009 to the end of March 2010.

2.0 Trends

2.1 The report covers the housing allocation, which is set by the Regional Spatial Strategy (RSS), and covers the period 2004 to 2026. The allocation sees acceleration in housing numbers to:

- 2004/05 to 2007/08 = 430 dwellings a year
- 2008/09 to 2025/26 = 560 dwellings a year

The overall requirement is 11,800 dwellings for the period 2004 to 2026.

2.2 During the period April 2004 to March 2010, the average rate of housing development was 359 dwellings a year. Between April 2004 and March 2008, the rate of housing development in Scarborough averaged 434 dwellings a year, due to the continuing high level of windfall development. Whilst the overall performance from April 2004 to March 2008 followed or exceeded the RSS allocation, during 2008/09 the performance fell significantly below the RSS target for the first time and continued to do so during 2009/10, as house building activity continued to reduce. This decrease was impacted by the effects of the national economic downturn, and the overall performance remains weak.

2.3 The Government set an ambitious housing supply target of building three million extra new homes in England by 2020. With the strong Government policy push to increase housing supply, there has been a rising trend in the number of English housing completions since 2001. However, the downturn beginning in late 2007 has halted this trend. The indications are that new housing completions are likely to be significantly lower than the 2007 peak for some years to come.
2.4 The current position is as follows:

- The RSS allocation to March 2010 = 2840 dwellings [calculated as 430 dwellings per year for 2004/08 and 560 dwellings per year for 2008/10. This takes into account the accelerated level of housing the Borough has been allocated by the adopted RSS]
- Actual net completions to March 2010 = 2143 dwellings

2.5 Annual housing completions in England in the year to December 2009 were down 17% compared with the year to December 2008. In the year to Q4 2009 only London and the North East saw an increase in housing completions. Every other region saw a fall in housing completions over the year, with Yorkshire and the Humber showing a fall of 23% (Q4 2008 – Q4 2009).

2.6 The Government’s housing policy for England is very much centred on the view that home-ownership is the preferred tenure choice. However, it is questionable whether the private house building industry has the capacity to deliver all these ambitious growth schemes during such difficult economic circumstances. In addition, figures show a sharp change in the trends in home-ownership, and renting in recent years as the smallest tenure, private renting, is the most rapidly growing. This suggests perhaps, that private renters now expect to rent for longer before being in a position to buy – a trend probably related to recent changes in economic conditions (raising a deposit will remain a significant barrier to house purchase as it has been throughout 2009). This suggests major housing affordability problems for first-time buyers. The changing market conditions and consumer behaviour may make private rental sector stock more attractive in the future.

2.7 The clear implication is that older generations will occupy more and more space in a limited housing stock, a trend typified by retired couples living alone in large family homes. Meanwhile, first-time buyers will find it harder to enter the market, unless they can unlock the equity of property-owning parents or access other forms of funding. Even those who do are likely to purchase less and less space over time.

3.0 Completions/Demolitions

3.1 During the year 2009/10, a gross total of 241 dwellings were completed in the Borough, consisting of:

- 135 dwellings from conversions
- 106 new build dwellings

3.2 This was offset by:

- 18 dwellings lost by conversions to other uses or enlarged residential units
8 dwellings already existed prior to being converted to extra residential units
6 dwellings were demolished

3.3 This gave a net:

- Increase in dwellings from April 2009 to March 2010 of 209 dwellings

4.0 Windfall

4.1 During the year 2009/10, Scarborough Borough saw windfall development only, so the windfall rate this year was 100%.

5.0 Density of Development

*Note: The figures for density are for completed schemes only (i.e. where all plots are complete)*

5.1 An overall density of development of 121 dwellings per hectare was achieved this year. The previously stated national minimum target was 30 dwellings per hectare. The density of dwellings created from conversions was 123.6 dwellings per hectare and the density of new build dwellings was 109.27 dwellings per hectare.

5.2 The measure for the AMR and for RSS monitoring is a breakdown of the number of dwellings developed at one of the following rates:

i) Less than 30 dwellings per hectare (dph);
ii) Between 30 and 50 dph;
iii) More than 50 dph.

The split for 2009/10 was as follows:

- 7 dwellings (3.1%) developed on schemes of less than 30dph;
- 8 dwellings (3.5%) developed on schemes of between 30dph and 50dph; and
- 212 dwellings (93.4%) developed on schemes of more than 50dph.

6.0 Greenfield/Brownfield Split

6.1 Of the gross completions (April 2009 to March 2010), all dwellings were on Brownfield sites. For the year 2009/10 the Brownfield figure is therefore: \((241 / 241) \times 100\) = 100%.

6.2 This figure remains above the Government target of 60% and the RSS target of 65%. The Authority’s long-term performance with achieving Brownfield development remains excellent with the cumulative rate from April 2004 to date at 85%. Notwithstanding this, it is possible that the proportion of Brownfield development will fall in upcoming years.
owing to the increased RSS housing allocation combined with the Government’s restriction on including windfall sites in housing projections and the subsequent requirement to allocate significant areas for housing. These allocations are likely to be made up of significant areas of Greenfield land.

7.0 Affordable Housing

7.1 During the year, there were a total number of 12 affordable housing completions, none of which were completed through the planning application process. The fact that no affordable housing completions came through the planning application process was a reflection of the downturn of the housing market over the last two years, which had resulted in a number of housing developments being on hold until market conditions improved. In addition, the economic downturn has had a major impact on the viability of affordable housing on new development. Whilst the Council has a range of targets for the provision of affordable housing dependant on the size and location of the site in question, the delivery of this target is subject to viability being tested through an open book appraisal. The prevailing market conditions have seriously jeopardised the viability of delivering high levels of affordable housing on new development.

7.2 The Council has taken a number of steps to mitigate the impact of the economic downturn in developing affordable homes in the Borough. This has included the on-going review of its own landholdings in order to assess their suitability for affordable housing schemes, the work of the Council’s Rural Housing Enabler (RHE) in identifying and bringing forward new sites, and the development of strong relationships with a number of Registered Social Landlords (RSLs) in the Borough.

7.3 This proactive approach is now beginning to have a positive effect, which will have a significant impact on affordable housing completions over the next two years. In the region of 140 new affordable homes have already started or will start on site in 2010 across the whole Borough, of which the majority are being delivered by RSLs on Council owned sites or sites identified through the Rural Housing Enabler.

7.4 The review of our own land holdings has already resulted in affordable housing development commencing on two sites in Whitby, which will deliver 23 new affordable homes in 2010/11. In addition, development has commenced on a former Council owned site in Fylingthorpe, for 10 homes (outside the Local Plan area – so we can’t count this in our ‘RSS’ statistics), and work will commence on other Council owned sites in Barrowcliffe and Filey, which will deliver a further 21 homes. The review has identified a number of other Council owned sites in Scarborough, which are currently subject to consultation.

7.5 There are also a number of sites, which have recently been granted planning approval with an element of affordable housing on site, and
should see development commencing within the next 12 months. The most significant of these is High Mill Farm in Scalby, where outline permission is to be granted for a total development of almost 500 homes. The first phase has a 50% affordable housing element, which will produce 62 new affordable homes. Other sites which have been recently granted full planning permission include:

- Highfield Road, Whitby: 8 affordable units @ 20% (outline permission had been granted prior to the current policy)
- Main Street, Speeton, 5 affordable units @ 50%
- Hind House Farm, Reighton: 4 units @ 45%
- Lythe/Sandsend: Off site provision for 6 affordable homes (the affordable homes are within the National Park area)

7.6 In terms of the future delivery of affordable housing in the Borough over the forthcoming 12 months, there are a number of steps being taken to ensure that delivery is maximised as follows:

- Complete SBC land review
- Investigate bringing other land forward: LDF, other public bodies
- Continuation of RHE programme
- Ensuring Middle Deepdale is brought forward
- Working with developers to bring forward sites: Housing Market Partnership

7.7 Evidence suggests that the high level of housing demand is placing pressure on housing markets across the UK, as a result of new household formation and net migration gains, is likely to continue in the future. Between 1981 and 2007, the UK experienced an 8.2% increase in total population. Net increase through migration (both domestic and international) accounted for over half of the population increase in the UK in 2007. The UK Government’s projections suggest that the total number of households across the UK will increase from 25.8 million in 2006 to 33 million in 2031 (a 28% increase). Many of these will be single-person households which could add further to affordability issues and market pressure.

7.8 The credit crunch has led to higher deposits, effectively pricing out many prospective homeowners who could readily afford the repayment on mortgages even if they were at a high loan to value ratio. The average first-time buyer’s property now costs over four times the average wage, and even saving the deposit is impossible for many. Figures on property renting are rising as many people decide to put off buying a house until their 30’s. The average age for a first-time buyer is now 38, which reveals the effect of a shortage of property and affordable mortgages on offer. A significant future challenge is the ability of the private rented sector to provide a longer-term housing solution for those who have been unable to access the market as first-time buyers.
7.9 A recent survey from a housing campaign group has revealed that the high UK house prices have caused two-thirds of those interviewed (18-30-year-olds), to delay getting married and having children. Nearly 40% of first-time buyers aged under 30 now depend on help from family or friends to get them started on the housing ladder. The proportion of private renters aged between 30 and 44 who can afford to buy a starter home has fallen from 48% to 21% over the past ten years. At the same time, there has been an increasing demand for social housing from an ageing and growing population and from families unable to keep up with rising house prices.

7.10 First-time buyers can find it just as hard to get on the housing ladder in rural areas as they do in towns and cities. Indeed the problem is often exacerbated by a more limited supply of suitable land. Almost a fifth of England’s population lives in rural settlements. Many rural areas face a significant shortage of affordable housing. While there are regional differences, in Great Britain more than 50% of local authorities with the highest house price to income ratio are in rural areas. Moreover, only 12% of homes in rural areas are social housing for rent, compared to 21% in urban areas. Despite higher average incomes than urban households, almost 32% of rural households have incomes of less than 60% of the English median*.

7.11 The National Housing Federation predicts the number of over 65s living in rural England will hit 3.23m by 2020, a rise of 907,900 (39%) from 2008. Across England, pensioners will make up one in four of the rural population (24%) by 2020, as the proportion of older people living in rural areas increases at a significantly faster rate than in urban areas.

7.12 One recommendation of the Barker Review was to improve the affordability of housing overall in the UK and regionally. Although this increased supply would be largely for homeownership, the report also argued for an increase in social housing provision. With the current problems surrounding the UK mortgage market, social housing is seen to play a critical role in delivering affordable housing. A lack of purchasing powers and job losses means that the demand for social and private rented housing is likely to increase in the short-term future.

* describes the value which is the middle one in a set of values arranged in order of size
7.13 The Government recognises the need to provide social housing for those unable to afford to rent or buy a home of their own, and estimates there will be a newly-arising need for at least 40,000 new social rented properties per annum. This estimate is based on the methodology used by Kate Barker in her 2004 Review of Housing Supply. The number of households waiting for social housing has risen from 1 million to 1.6 million over the last ten years, both as the number of households has grown and as more families have found they cannot afford a home (although not all these are in urgent housing need). Nationally, provision of new social housing has increased by 50% in 2007-08 since 2004-05. However, it remains significantly lower than the 40,000 households which make up newly arising need each year.

7.14 Housing for an ageing population

There is significant growth in the older population in Scarborough. The 2008 mid year population estimates generally show the population to be ‘ageing’ nationally and this is apparent within the Yorkshire & The Humber region, the North Yorkshire County and locally. Over half of the population (52.4%) within Scarborough is aged 45 or over and 31% of the population is aged 60 or over. Scarborough continues to have higher proportions of those aged over 45 and over 60 when compared to the other districts in North Yorkshire. This continuing trend indicates a potential future need for specialist accommodation. The rate of growth of the elderly population (age 60 and over) in the town continues to outpace that of both the younger and middle-aged populations and this may constrain Scarborough’s continuing economic diversification plans. It is important that the right mix of housing - both intermediate and affordable - is provided to attract all age groups to Scarborough.

7.15 Nationally, older people will make up 48% of all new growth in households to 2024 and a substantial majority of new households in many regions will be over 65. The largest number of new older households will be in the South East. The number of pensioners, living in the North, will increase by 35.5% over the next decade – but communities will struggle to support the ageing population boom unless more affordable homes are built, the National Housing Federation has warned.

7.16 New housing and its surrounding infrastructure should reflect this demographic change. Houses need to be easily accessible and supported by the right infrastructure, so that people have access to health, housing, transport and care services. Planning is vital and PPS3 now requires Regional Spatial Strategies and Local Development Frameworks to consider demographic trends in terms of the housing requirements of older people. An increased focus on the implications of an ageing society will lead to more attractive options to downsize for older people currently living in larger homes that are difficult for them to manage. In turn this will contribute to improving their
health while increasing the supply of larger housing on to the market to meet the needs of new families.

8.0 Car Parking Standard

8.1 The achieved overall car parking standard for new build development and conversions for this year equated to 0.3 spaces per dwelling. The previous national maximum standard of 1.50 spaces per dwelling has been removed from PPS3. However, the Borough Council will examine these standards when reviewing policy in the LDF.

8.2 The figure is an average for all developments and has been achieved following numerous residential developments within central urban areas, particularly Scarborough, which has, in line with national guidance, provided little or no off-street parking. In 2009/10, a significant number (56%) of completed dwellings were conversions rather than new builds. These conversions are usually small-scale schemes where little or no off-street parking facilities are proposed.

9.0 Size and Type of Dwellings

9.1 Information is gathered on the size and type of dwellings completed. During the period April 2009 to March 2010, completed schemes consisted of the following types of dwellings:

<table>
<thead>
<tr>
<th>Detached</th>
<th>Semi-detached</th>
<th>Terraced</th>
<th>Flat</th>
</tr>
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<tbody>
<tr>
<td>13</td>
<td>6</td>
<td>15</td>
<td>193</td>
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</table>

<table>
<thead>
<tr>
<th>Bedrooms</th>
<th>Houses / Bungalow</th>
<th>Flats</th>
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<th>Percentage (this year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0</td>
<td>70</td>
<td>70</td>
<td>31%</td>
</tr>
<tr>
<td>2</td>
<td>20</td>
<td>108</td>
<td>128</td>
<td>56.3%</td>
</tr>
<tr>
<td>3</td>
<td>10</td>
<td>15</td>
<td>25</td>
<td>11%</td>
</tr>
<tr>
<td>4+</td>
<td>4</td>
<td>0</td>
<td>4</td>
<td>1.7%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>193</td>
<td>227</td>
<td>100%</td>
</tr>
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Note: The figures in these tables will not tally with the gross completions as the information refers to fully completed schemes only.

9.2 Completions in 2009/10 continued to provide a high percentage of smaller properties, with 87% of developments being one or two bedroom properties. In the previous year, 91% of properties completed were one or two bedroom properties. In 2009/10, 85% of all properties developed were flats (see Appendix A, Graph 5). The lower end of the private market has been adequately catered for with small starter unit type dwellings, but the need for a wider mix of dwelling types to meet demand is continuing to be reviewed through the LDF, informed by the findings of the Housing Market Assessment (HMA). Due to the housing market downturn, in the near future, nearly all firms said that they would
be concentrating more on houses, where market demand is now stronger, and less on flats, where it is weaker.

10.0 Grants of Planning Permission

10.1 An additional 161 new build dwellings (200 gross) were granted permission during the period April 2009 to March 2010. Of these, 7 units were through outline consents.

10.2 An additional 48 dwellings through conversions (57 gross) were granted permission during the same period.

10.3 A number of permissions expired or were superseded during this period resulting in the loss of 70 available units. A further 2 planning applications were granted for the loss of 2 residential units to other uses, or lost by multiple houses/flats being combined.

10.4 The house building industry has recently stabilised following a period of extreme difficulty which brought several companies to near collapse due to the speed of the housing market downturn and the high levels of debt in the sector. With house prices and transactions starting to rise again, conditions have started to improve for house builders. Consequently, house builders are cautiously beginning to recommence construction on sites previously mothballed and open new outlets. Applications to build new homes across the UK during the three months December 2009 to February 2010 were up 66% compared to the same period last year. Statistics for the three months to the end of February 2010 also show, that the recovery is largely driven by the private sector, which was most affected by the recession.

10.5 Completion levels are stabilising and are expected to start to increase as forward sales are now increasing. House builders have recently reported rising prices though this is partly due to a change of mix, away from flats towards houses. Companies are now selectively starting to buy land again – those with cash in the bank are more actively buying land than those still heavily in debt. House builders have also shifted production away from flats towards family houses, partly due to difficulties in obtaining high loan to value mortgages for flats.

10.6 House builders remain cautious about the outlook for the future due to concerns over the wider economy and the ongoing lack of mortgage finance particularly at higher loan to value levels. Persimmon, for example, remains cautious saying in its November interim management statement that, whilst it is increasing investment in new site openings and making some selective land purchase, close control of cash generation continues. Volumes are therefore likely to remain well below their levels at the peak of the market for some time.

10.7 Records for Scarborough support this as, generally, most completions were on sites that were already started and nearing completion in the
last reported period, with very few ‘new starts’ or completions on new sites. The number of planning applications also continued to fall, resulting in fewer planning permissions than in previous years. The significant decrease in housing starts and completions could result in the number of housing completions falling yet further behind the RSS targets in the coming years. The RSS requirement is for 560 dwellings to be built each year, but the actual number of planning permissions for residential developments granted in 2009/10 was for just 209 units.

### 11.0 Availability

11.1 There are now a total of 1415 dwellings with planning permission (1123 new build and 292 conversions).

11.2 At least an additional 1213 dwellings can be accommodated on the remaining Local Plan allocated sites. These sites are:

- Ha1 and Ha2 – Middle Deepdale, Scarborough (1,200 potential dwellings);
- Ha12 – Burlyn Road, Hunmanby (13 potential dwellings).

In simple terms, this equates (in addition to properties with planning permission) to 5 years supply. A Strategic Housing Land Availability Assessment (SHLAA) was completed during 2008/09 and reviewed and updated in March 2010. The results of the SHLAA support this analysis and demonstrate both a five year and longer term housing supply to meet RSS requirements.

11.3 SHLAA is required under PPS3, which specifies a need for Local Planning Authorities to identify 15 years of land, with five years of it deliverable. In addition, local authorities were asked to manage land supply more proactively to ensure viability in changing market conditions. Even so, the supply/release of suitable land for the right forms of housing by local authorities continues to be a challenge. The requirement to take account of changing market conditions and viability has been particularly challenging given the rapid deterioration in market conditions.

11.4 Due to the housing market downturn, there is a lack of debt finance for large, strategic sites or apartment schemes, which means that many developers are forced to focus on small sites that can be divided into phases of a handful of houses, which can then be sold, raising cash for the next phase. This not only implies lower rates of delivery, it also suggests lower densities. Moreover, this form of development will only be appropriate or viable on a fraction of the sites currently consented through the planning system, given the recent policy focus on more intensive urban locations.

11.5 Firms, for example, are building more closely to demand and focusing on cash flows in order to keep debt down. There is a greater preference
than in the past for smaller sites, because these are quicker to build out and less demanding of capital investment. In the near future, nearly all firms said that they would be concentrating more on houses, where market demand is now stronger, and less on flats, where it is weaker. This is in contrast to experience in the last boom, when the share of flats in total outputs rose significantly. Both the shock of the crisis and uncertain prospects for the future have made firms more cost conscious.

11.6 Land values have fallen by 50% in just two years, albeit with a very low level of activity. Few private landowners will choose to sell at this level whilst the memory of higher values lingers on, and there is little sign that there will be any rapid increase in prices. Savills predicts that it will be at least 2020 before bulk land values return to peak 2007 levels. In such a scenario, it would take some time for expectations to correct. The likely outcome of low land values will be a shortage of supply from private sources, underlining the essential role of publicly owned sites.

12.0 House Prices

Note: Each house price indicator is compiled on a different basis. Nationwide and Halifax's indices are based on mortgage offers approved by them. CLG and the Land Registry are based on completions data so record later in the house buying process than Halifax and Nationwide and are thus slower to pick up new trends. The Land Registry data is the most comprehensive available as it includes all property sales including cash-buyers whereas CLG excludes cash-buyers. Seasonal variations can occur because certain indices such as Halifax’s, Nationwide’s and the Land Registry’s are seasonally adjusted whereas others such as CLG’s are not.

12.1 Information on house prices in the Borough has been collated and compared to the national, regional and county figures and also broken down further to contrast the trends in house prices within the Whitby, Filey and Scarborough areas. The number of ‘no sales’ in the reporting period is higher than in previous years and this again reflects the national slowdown in property sales. It should be noted that, owing to the smaller number of sales, the figures may not be 100% accurate and greater fluctuations can be witnessed on a bi-annual basis.

12.2 Beginning in the autumn of 2007, the national housing market experienced the most dramatic fall in nominal prices since records began, although the nature of the fall varies from location to location and between different types of property within the same location. According to the Department for Communities and Local Government's (DCLG) House Price Index (based on completions), the average UK house price in April 2009 was £189,215, a 13% drop from April 2008. At the peak in autumn 2007, the average house price in the UK was around £223,000. The Nationwide House Price Index recorded 16 consecutive months of negative growth for the UK as a whole, with
prices dropping by a total of 20.6%. The Halifax House Price Index, once again a UK-wide measure, peaked earlier and has not seen such unbroken downwards trends, but nevertheless the peak-to-trough fall was of similar magnitude at 21.9%. DCLG’s House Price Index suggests that regions, that have experienced the greatest house price increases, are facing the biggest decreases in house prices. This is a far larger and steeper fall than that which took place during the last major downturn, when prices fell 12.4% in nominal terms between July 1989 and February 1993.

12.3 The situation has improved markedly over the course of 2009. Prices in particular have staged a noticeable rebound, with the Nationwide index for 2009 showing nine months of increases out of the 12. The Halifax index shows a more modest, but still positive annual figure of 3.6%, after eight months of increasing prices during 2009. The official transaction data from the Land Registry, which tends to lag the mortgage approval-based indices, now also shows prices rising over the year by 2.5%.

March 2010 – Nationally and regionally
Both indices (Nationwide and Halifax) fell back in February 2010, reversing some of the gains of late 2009. The drop was caused by the end of stamp duty relief, the cold weather and more properties being put up for sale. However, it is too early to conclude that this is the beginning of a downward trend. According to the Land Registry’s House Price Index, the data for March 2010 reveals an annual increase of 7.5%, which points towards a strengthening in the housing market. This is the fifth month in a row in which the annual movement has been positive. The monthly house price change is again negative this month, at -0.6%. This brings the average house price in England and Wales to £164,288, which is a decrease from last month’s figure of £164,455. Property transactions averaged 58,775 sales per month in the months October 2009 to January 2010. In the same period the year before, the figure was lower at 36,264. Transaction volumes, while not at 2006 levels, are increasing slowly.

All 10 regions in England and Wales experienced increases in their average property values over the last 12 months. The region with the highest annual price change is London with an increase of 13%. Yorkshire and The Humber experienced an annual price change of 2.6% with the average house price now being £126,898.

Five county and unitary authorities exhibited no monthly price movement. North Yorkshire experienced a monthly price change of 0.6% and the average house price for North Yorkshire now is £178,115. This is an increase compared to last month’s figure of £175,899.
Q3 2009 – Nationally, regionally and locally
Prices remain considerably lower than the national average with £219,832 being the UK average and £169,314 the Borough average (Q3 2009). While the annual change in house prices for the UK showed an increase (+7%), the annual change in house prices for the Borough showed a decrease (-1.9%). Regionally, the annual house price change also increased (+6.7%) but the average house price for Yorkshire and The Humber (£161,707) still remains below the Borough average house price (£169,314) for Q3 2009.

On a more localised level, between December 2008 and December 2009 the areas of Scarborough and Filey have experienced a decrease in average overall house prices with Filey showing the steepest fall (average in Dec 2009 of £132,167 compared to £244,063 in Dec 2008). The Whitby area experienced an increase in overall house prices with an average in December 2009 of £185,998 compared to £172,744 in December 2008. The lowest average house prices are now in the Filey area.

12.4 The low supply of quality properties on the market nationally was regarded as a key issue when prices were rising throughout the second half of 2009. Figures from the Land Registry for properties in England and Wales - which lag behind other data but are considered the most comprehensive - showed that prices had risen for eight months in a row until the start of February.

12.5 Nationally transactions also increased for most of 2009, reaching 174,767 in the third quarter, the highest number recorded for over a year. However, this remains remarkably low by historic standards – the average number of homes changing hands per quarter over the 10 years to the end of 2007 was just under 300,000. The apparent recovery in pricing needs to be viewed against this background.

12.6 The market is approaching a pivotal point in terms of supply and demand. There is nearly always a time-lag in spring as the number of properties for sale initially increases as fresh stock comes to market, and then falls back again as sales pick up. Lack of property for sale and the consequent restriction in choice, especially in popular areas, have been supporting prices during the recession and the early stages of the recovery.

12.7 Currently average national asking prices are still 6% higher than a year ago.

12.8 The recent stabilisation in prices largely reflects an acute shortage of available properties, with many homeowners either trapped in negative equity or reluctant to sell for fear of locking in the losses of the past two years. A small number of cash-rich buyers have supported prices, but the supply of these funds is limited. A lasting recovery in house prices would only be possible if there is a sustained pickup in demand.
12.9 Conditions in the mortgage market began to ease over the course of 2009. While there are increasing numbers of products available in this area, they remain significantly more expensive. Lenders have also introduced more stringent affordability criteria, reducing the income multiples they are prepared to consider.

12.10 The average deposit has been increasing for some time as a result of higher prices, but the current first-time buyer figure of over £33,000 is a sudden jump from 2007, when the figure stood at around £13,000. As a consequence of the large deposits now required, many first-time buyers are unable to access the market as expected and are having to change their life plans.

12.11 The problems in the mortgage market and the difficult situation facing first-time buyers indicate that effective demand could remain relatively low for several years. As the building industry is disproportionately dependent on first-time buyers and buy-to-let investors, this could act as a dampener on new housing volumes.

12.12 The state of the economy also remains a key factor in people's decisions about whether to move home. There is huge uncertainty over mortgage finance, interest rate hikes and over people's job certainty.
Appendix A - Graphs and Tables
### Table 1 Housing Completions and Availability (April 2004-March 2010)

<table>
<thead>
<tr>
<th>Period</th>
<th>Gross New Build</th>
<th>Gross Conversions</th>
<th>Gross Greenfield</th>
<th>Gross Total</th>
<th>Demolitions</th>
<th>Losses to Other Uses and Smaller Units of Dwellings</th>
<th>Original Units Prior to Conversion to Greater Number of Res Units</th>
<th>Net Completions</th>
<th>Cumulative Net Completions</th>
<th>Cumulative RSS Housing Requirement</th>
<th>Cumulative RSS Housing Requirement</th>
<th>Cumulative Annual or Under Supply</th>
<th>Cumulative Supply</th>
<th>Cumulative Greenfield</th>
<th>Cumulative Brownfield</th>
<th>%age Brownfield</th>
<th>%age Affordable New Build</th>
<th>%age Affordable Conversions</th>
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<tr>
<td>4/04 - 3/05</td>
<td>275</td>
<td>202</td>
<td>171</td>
<td>306</td>
<td>477</td>
<td>13</td>
<td>8</td>
<td>16</td>
<td>440</td>
<td>430</td>
<td>430</td>
<td>10</td>
<td>10</td>
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<td>59</td>
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<td>44</td>
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- **Total Affordable Units (2004 to date) = ** 127
- **Affordable Percentage (2004 to date) = ** 5.43%
- **Brownfield Percentage (2004 to date) = ** 85.12%
Graph 1 Performance against RSS Requirement 2004 - 2026

Performance Against RSS Requirement

- Actual: 2,143
- Target: 2,840

Cumulative Net Completions

End of Year (March)
Graph 2 Gross Completions

Gross Completions

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<td>4/06 - 3/07</td>
<td>650</td>
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<td>4/07 - 3/08</td>
<td>320</td>
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<td>4/08 - 3/09</td>
<td>250</td>
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<td>4/09 - 3/10</td>
<td>180</td>
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</table>
Graph 3 Brownfield/Greenfield Completions

Brownfield/Greenfield Completions

Number of Units

Brownfield
Greenfield

Time Periods:
- 4/04 - 3/05
- 4/05 - 3/06
- 4/06 - 3/07
- 4/07 - 3/08
- 4/08 - 3/09
- 4/09 - 3/10
Graph 4 Affordable Units

Affordable Units/Per Year

No. of Units

Period

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<th>Available</th>
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Graph 5  Number of Bedrooms in Completed Dwellings

Number of Bedrooms in Completed Dwellings

- Percentage of completed developments

- Monitoring period: 2004-05 to 2009-10

- Graph shows the distribution of bedrooms in completed dwellings across different monitoring periods.

- Categories: 4+ Bedrooms, 3 Bedrooms, 2 Bedrooms, 1 Bedroom.
Graph 6: Completed Dwellings by Type

Completed Dwellings by Type

- **Flat**
- **Terraced**
- **Semi-detached**
- **Detached**

Monitoring period: 2006-07 to 2009-10

Percentage of completed dwellings
Appendix B of Report
## Risk Matrix

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<tr>
<th>Risk Ref</th>
<th>Date</th>
<th>Risk</th>
<th>Consequences</th>
<th>Mitigation</th>
<th>Current Risk Score</th>
<th>Target Score</th>
<th>Service Unit Manager/Responsible Officer</th>
<th>Action Plan</th>
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<td>Strategies may become out of date and not deliver the Council’s priorities.</td>
<td>Current issues and trends in housing not identified and Strategies may as a result, fail to acknowledge new issues and address them quickly and appropriately.</td>
<td>Maintain up-to-date information systems  Work with other services on data collection</td>
<td>C3</td>
<td>B1</td>
<td>Forward Planning</td>
<td>Continual monitoring and analysis of housing information to inform and update relevant Council Strategies.</td>
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<tr>
<td>2</td>
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<td>Local development Framework may not deliver Council’s priorities.</td>
<td>Local Development Framework (Housing Policy) not based on up to date information and thus may not deliver on important issues; e.g. Brownfield development and affordability.</td>
<td>Prepare Housing Monitoring Report each year</td>
<td>C4</td>
<td>B1</td>
<td>Forward Planning</td>
<td>Continual monitoring and analysis of housing information to inform preparation of Local Development Framework.</td>
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