Sunderland

Strategic Housing Market Assessment Update

2017

Sunderland City Council

Final Report

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Please note that in this report some of the tables include rounded figures. This can result in some column or row totals not adding up to 100 or to the anticipated row or column 'total' due to the use of rounded decimal figures. We include this description here as it covers all tables and associated textual commentary included. If tables or figures are to be used in-house then we recommend the addition of a similarly worded statement being included as a note to each table used.

Executive Summary

Introduction

The Sunderland 2017 Strategic Housing Market Assessment (SHMA) Update provides the latest available evidence to help to shape the future planning and housing policies of the area. The study will help inform the production of the Council's Local Plan and a Housing Strategy for Sunderland (2017-2022). This research provides an up-to-date analysis of the social, economic, housing and demographic situation across the area.

The 2017 SHMA update has comprised:

- A review of existing (secondary) data;

- A refresh of the 2012 Household Survey data (rebased to 2015 household numbers), which was completed by 4,104 households, representing an 12.3% response rate;

- A review of objectively assessed housing need;

- A consideration of the findings of stakeholder consultation and interviews with estate and lettings agends carried out as part of the March 2016 SHMA update; and

- A consideration of the accommodation needs of students within the City, based on secondary data analysis and discussions with the University of Sunderland and estate and letting agents operating in the area.

The findings from the study provide an up-to-date, robust and defensible evidence base for policy development which conforms to the Government's National Planning Policy Framework (NPPF, 2012) and National Planning Practice Guidance (NPPG), *Housing and economic development needs assessments* (last updated April 2016).

Housing market context

House prices

Median prices in Sunderland have been consistently lower than the median prices for the North East, which in turn have been significantly lower than the median prices for England. Overall, during the eleven-year period prices have increased from £99,950 in 2005 to £112,095 in 2015, an increase of 12.2%. This compares with a median house price increase of 15.7% across the North East region and 30.0% across England as a whole.

During 2016, median prices in Sunderland were £110000 and lower quartile prices were £73,000.

Dwelling stock

Across Sunderland there are a total of 127,393 dwellings and a total of 124,496 households[1]. Overall, the 2012 Household Survey shows that:

- 76.7% of properties are houses, 12.1% are flats/apartments and maisonettes, 10.5% are bungalows, and 0.7% are other types of property including park homes/caravans;

- 9.1% have one bedroom/bedsit, 35.3% have two bedrooms, 41.1% have three bedrooms and 14.5% have four or more bedrooms;

- 15% of properties were built before 1919, a further 16.5% were built between 1919 and 1944, 26% between 1945 and 1964, 26.1% between 1965 and 1984, 12% between 1985 and 2004 and 4.4% have been built since 2005; and

- 59.2% of properties are owner-occupied, 12.9% are private rented/tied accommodation, 27.4% are rented from a social landlord and 0.4% are intermediate tenure.

Demographic drivers

The population of Sunderland was estimated to be 277,700 in 2015[2] and this is projected to increase to 285,900 by 2033[3] under 2014-based ONS Sub-national population projections. Over the next few decades, there will be a marked increase in the number and proportion of residents aged 65 and over. The proportion of the population aged 65 and over is expected to increase from 18.6% in 2015 to around one-quarter (24.7%) in 2033.

Economic drivers

Across Sunderland, there are 44.2% of households receive an income of less than £300 each week, 25.7% receive between £300 and £500 each week and 29.9% receive at least £500 each week.

The 2011 Census data shows that 70.2% of residents in employment work in Sunderland. A further 7.7% work in County Durham, 5.9% work in Gateshead, 5.1% in Newcastle upon Tyne, 4.4% in South Tyneside, 1.6% in Tees Valley and 1.5% in North Tyneside. Beyond the immediate area, 0.9% work in Northumberland, 0.6% in Yorkshire and the Humber, 0.3% in the North West and 1.9% elsewhere in the UK.

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[1] Sunderland City Council data, October 2016
[2] ONS 2014-based Subnational population projections
[3] ONS 2014-based Subnational population projections

Market areas

Analysis of the 2011 Census identifies containment ratios of 79.3% (origin) and 81.5% (destination) which establishes Sunderland as a self-contained housing market area in terms of migration. This is further corroborated with household survey evidence.

Regarding travel to work, 70.2% of Sunderland's labour force both lives and works in the local authority area; and 67.7% of those working in Sunderland live in the local authority area. This also demonstrates high levels of self-containment.

Sunderland exhibits a high degree of self-containment in terms of migration and also in travel to work data, although it is part of wider functional economic area which extends into County Durham.

Evidence would therefore suggest that the Sunderland Local Authority Area can be considered to be an appropriate Housing Market Area for the purposes of Local Plan policy making.

Objectively Assessed Housing Need

The National Planning Policy Framework requires that local planning authorities identify Objectively Assessed Housing Need and that Local Plans translate those needs into land provision targets. Paragraph 159 of the NPPF recognises that the objective assessment of housing need must be one that meets household and population projections, taking account migration and demographic change; meets the need for all types of housing including affordable, and caters for housing demand and the scale of housing supply necessary to meet that demand.

It is proposed that the Objectively Assessed Housing Need for Sunderland over the plan period 2015-2033 is established from a baseline of 570 (using the latest 2014-based SNPP), with an upward adjustment to take account of employment growth to 768 dwellings each year based on the Jobs-led Experian SENS A scenario and an adjustment to take account of the additional dwelling requirements of employees at the International Advanced Manufacturing Park (IAMP).

A further uplift to the baseline demographic requirement to take account of market signals is not recommended.

In conclusion, the Objectively Assessed Need figure of 768 takes account of the need to deliver more affordable and market housing for an increasing number of households and supports economic growth. The full objectively assessed dwelling need over the Plan Period 2015-2033 (18 years) is for at least 13,824 dwellings.

Having established an up-to-date OAN, it is necessary to translate this into a growth target for the purposes of future plan-making. This is referred to as the 'housing requirement'. The housing requirement should, in normal circumstances, reflect the OAN but can be adjusted either upwards or downwards. An OAN could be adjusted downwards due to development constraints or upwards to support economic or other growth ambitions. The OAN is in effect a 'policy off' need for housing over the plan period. Once policy considerations have been applied to the OAN figure, the result is a 'policy on' figure for the housing requirement. The housing requirement figure will be the target against which housing supply will normally be measured.

It is recommended that the Housing Requirement for Sunderland is the Objectively Assessed Need for an average of 768 dwellings each year (or 13,824) over the plan period 2015 to 2033.

Affordable housing

Planning Practice Guidance sets out that plan-makers *"will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market."*[4] A key element of the study is to explore the scale of housing need and the extent to which additional affordable housing is needed.

Affordable housing is defined as either social/affordable rented or intermediate housing which is provided and made available to eligible households (i.e. those who lack their own housing or live in unsuitable housing) who cannot afford to meet their needs through the market. Intermediate affordable housing is housing at prices and rents above those of social rents, but below market prices or rents.[5]

The scale of affordable requirements has been assessed by taking into account the annual need from existing and newly-forming households across Sunderland and comparing this with the supply of affordable (social/affordable rent and intermediate tenure dwellings). The overall gross need for affordable housing is 2,194 dwellings each year. However, there is good capacity across Sunderland which results in an overall net imbalance (shortfall) of 542 affordable dwellings each year over the next 5 years (2016/17 to 2020/21).

In terms of the split between social/affordable rented and intermediate tenure products, the household survey identified tenure preferences of existing and newly-forming households. This suggests a tenure split of 80% affordable (social) rented and 20% intermediate tenure (note that the February 2017 Government White Paper sets out a proposal for 10% of all new development to be intermediate tenure). Analysis of property type preferences suggests that, primarily, delivery of houses is a priority (with 59% stating an expectation of moving to a house), followed by bungalows (21.4%) and flats (19.7%).

Table ES1 Net annual affordable housing imbalance by sub-area, property size and designation 2016/17 to 2020/21				
	General Needs		**Older Person**	
Sub-area	1/2 Bed	3+ Bed	1/2 Bed	**Total**
Sunderland North	72	114	15	**201**
Sunderland South	269	44	77	**391**
Sunderland Central	-105	0	-12	**-117**
Washington	30	-70	16	**-24**
Coalfield	77	29	-15	**91**
Total	**343**	**117**	**81**	**542**

Sources: 2012 Household Survey rebased to 2015; RP CORE Lettings and Sales

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[4] DCLG Planning Practice Guidance, *Housing and economic development needs assessments* (last updated April 2016)
[5] Based on the definition of 'affordable housing' in DCLG National Planning Policy Framework (2012), Annex 2: Glossary

Market demand

Households intending to move in the open market were asked what type and size of property they would like and expect to move to. This could then be compared with the current stock profile to identify any mismatches between availability and aspirations/expectations (Table ES2). Of households moving in the open market, most would like to move to a house (71.8%), 23.4% would like to move to a bungalow (including Sunderland Cottages) and 4.7% to a flat. This compares with 67.1% who expect to move to a house, 22% to a bungalow (including Sunderland Cottages) and 10.9% a flat. A much higher proportion would like to move to a detached house (38.8%) but only 15.4% expect to. In contrast, higher proportions expect to move to a semi-detached house (36.2%) than would prefer to (23.7%).

Future development should focus on delivering to address identified mismatches and reflect household aspirations. Particular consideration should be given to market demand from increasing proportions of older people, which is evidenced by a strong aspirations for bungalows.

Table ES2	Open market dwelling stock and preferences		
	% Profile of new dwelling stock based on:		
Dwelling type/size summary	**Current stock**	**Like**	**Expect**
House 1/2 Beds	17.9	11.8	18.8
House 3 Beds	42.1	35.7	33.3
House 4 or more Beds	18.3	24.3	15.0
Sunderland Cottage	5.7	1.0	1.9
Bungalow	9.5	22.4	20.1
Flat	6.2	4.7	10.9
Other	0.3	0.0	0.0
Total	100.0	100.0	100.0
Base	*87812*	*11615*	*10899*

Source: 2012 Household Survey (rebased to 2015)

Overall dwelling mix

The overall dwelling mix recommendations by market and affordable dwellings are presented in Table ES3. This is based on market and affordable development assuming a 85% market and 15% affordable split.

Table ES3	Suggested dwelling mix by market and affordable dwellings		
Overall dwelling size mix	**Market (%)**	**Affordable (%)**	**Overall (%)**
1/2 Beds	32.1	93.9	41.3
3 Beds	43.0	6.1	37.4
4 Beds	25.0	0.0	21.2
Total	100.0	100.0	100.0
Base	653	115	768

Older people and adaptations

The household survey asked those aged over 65 if they would be interested in moving in the future. The majority of older people (65.7%) want to stay in their own homes with help and support when needed. Around 15.4% would consider buying a property on the open market, 24.3% would consider renting from a housing association, 24.9% would consider renting sheltered accommodation and around 17.3% would consider renting extra care housing. This evidence suggests a need to continue to diversify the range of older persons' housing provision. Additionally, providing a wider range of older persons' accommodation has the potential to free-up larger family accommodation.

1.   Introduction

Background and objectives

1.1   This Strategic Housing Market Assessment (SHMA) 2017 Update for Sunderland City Council (the Council) has been commissioned to provide an up-to-date evidence base to inform the development of the Council's Local Plan and other strategies.

1.2   The SHMA Update satisfies the requirements of the National Planning Policy Framework (NPPF, March 2012) and National Planning Practice Guidance (NPPG), *Housing and economic development needs assessments* (last updated February 2016), which replace previous guidance including the DCLG Strategic Housing Market Assessment Guidance (Version 2, 2007).

1.3   The SHMA Update includes a review of the Housing Market Area definition, Objectively Assessed Housing Need, Housing Market Signals and Duty to Co-operate matters. The SHMA Update takes into account the latest legislative requirements and updated population and employment data.

National Planning Policy Framework (NPPF), National Planning Practice Guidance (NPPG) and other requirements

1.4   The NPPF and NPPG, *Housing and economic development needs assessments*, provide the planning policy context for this SHMA. The key sections which need to be taken into account in the SHMA are now summarised.

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

- Meets household and population projections, taking account of migration and demographic change;

- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to families with children, older people, people with disabilities, service families and people wishing to build their own homes); and

- Caters for housing demand and the scale of housing supply necessary to meet this demand.

1.6   NPPG (paragraph 2) sets out that *'the primary objective of identifying need is to identify the future quantity of housing needed, including a breakdown by type, tenure, and size.'*

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1.7   NPPG (paragraph 8) states that housing needs should be assessed in relation to the relevant functional area i.e. Housing Market Area and this may identify smaller sub-markets with specific features and it may be appropriate to investigate these specifically in order to create a detailed picture of local need. It is also important to recognise that there are 'market segments' i.e. not all housing types have the same appeal to different occupants.

1.8   The NPPF (pargraph 47) makes it clear that local planning authorities should *'use their evidence base to ensure that their Local Plan meets the full objectively assessed needs for market and affordable housing'*. The SHMA Update 2016 will provide robust evidence to help the Council *'plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community'* and will *'identify the size, type tenure and range of housing that is required in particular locations, reflecting local demand'* (NPPF paragraph 50).

1.9   The NPPF and the Localism Act 2011 both introduced the Duty to Co-operate as a replacement for Regional Spatial Strategy (RSS). Section 110 of the Localism Act requires local authorities to co-operate with other local authorities in maximising the effectiveness with which strategic matters within development plan documents are prepared. The provision of housing development is a strategic priority and the Council will have to ensure that they are legally compliant with the Localism Act at Examination. The Duty to Co-operate applies to all local planning authorities, working with neighbouring authorities and other bodies, including Local Enterprise Partnerships, on strategic priorities. It also means collaborating on the evidence critical to understanding the needs of your area, and the wider economic and housing market areas, including through the preparation of a strategic housing market assessment.

1.10   The Housing and Planning Act 2016 has now put in place the legislative structure for the provision of Starter Homes, one of the Government's key policies to help younger households access owner-occupation. Whilst it is subject to further consultation and secondary legislation, the principle is clearly established that forthcoming housing developments will be expected to provide a proportion of Starter Homes, made available to eligible households at a 20% discount from market price up to a maximum house price of £250,000 outside of London and £450,000 within London. In many cases, the provision of Starter Homes will be made in lieu of providing on-site affordable housing, and will therefore have an impact on the ongoing provision of 'traditional' affordable housing (social/affordable rent and intermediate tenures) through the planning system.

1.11   Technical Appendix F provides a checklist of how the SHMA satisfies the requirements of the NPPF and NPPG.

Definitions

1.12   NPPG (paragraph 3) provides a broad definition of need for housing:

'…the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for

the housing demand of the area and identify the scale of housing supply necessary to meet that demand.'

1.13   Affordable housing need is defined in NPPG (paragraph 22) as:

'…the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.'

1.14   Definitions relating to affordable housing are set out in the NPPF:

- **Affordable Housing**: Social rented, Affordable Rented and Intermediate Housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

- **Social Rented** housing is owned by local authorities and private Registered Providers (as defined in Section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

- **Affordable Rented** housing is let by local authorities or private Registered Providers of social housing to households who are eligible for Social Rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

- **Intermediate Housing** is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not Affordable Rented housing. Homes that do not meet the above definition of affordable housing, such as *'low cost market'* housing, may not be considered as affordable housing for planning.

1.15   Note that these definitions are subject to possible change in the forthcoming revisions to NPPF particularly in the light of the requirement to provide **Starter Homes** under the provisions of the Housing and Planning Act 2016[6] and the Housing White Paper (Feb 2017).

Geography

1.16   Map 1.1 illustrates the geographical context of Sunderland City and its neighbouring authorities.

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[6] The Government has consulted on proposals to change the NPPF including changes to the definition of affordable housing tenures (December 2015).

Map 1.1   Sunderland City Context
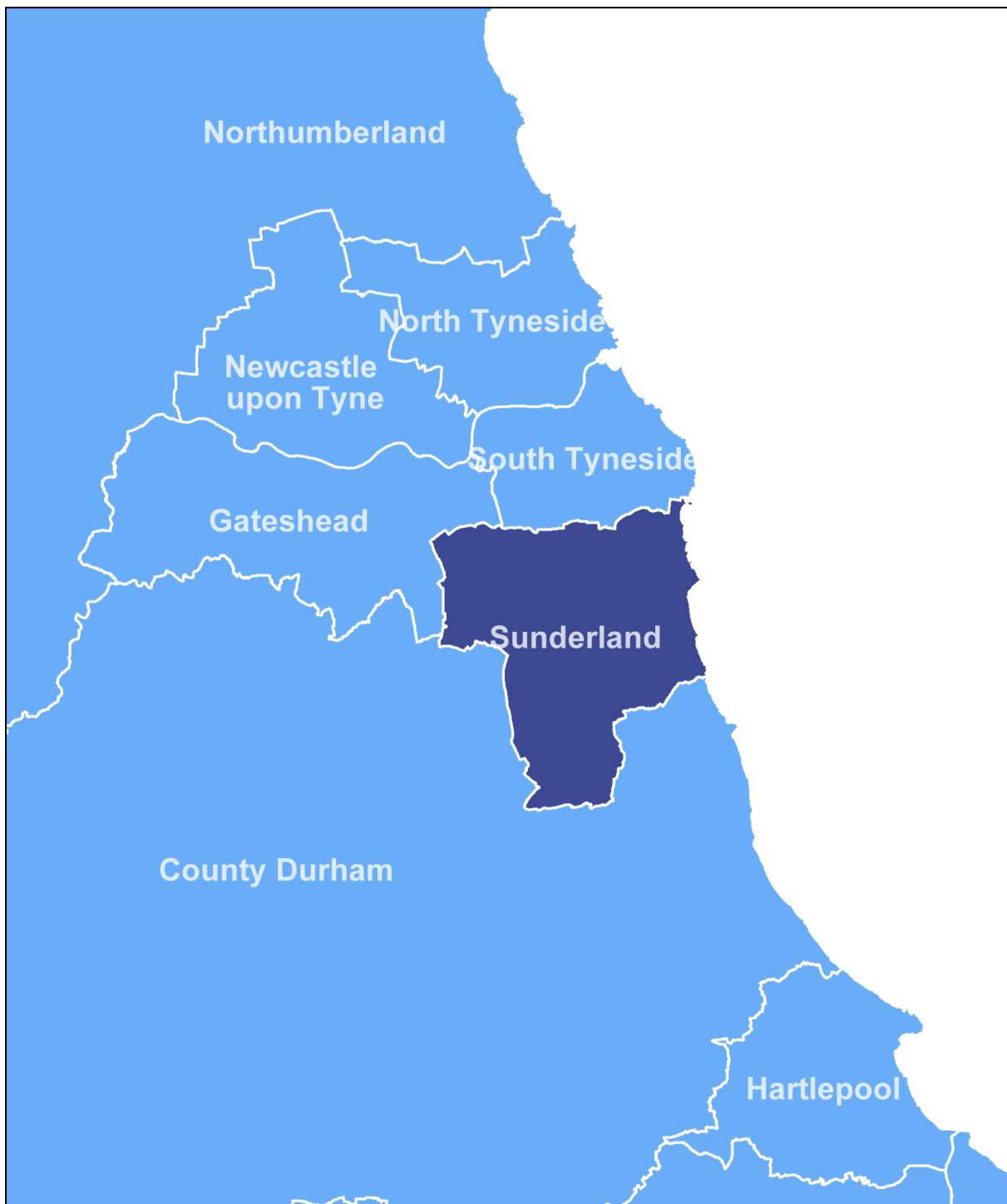
1.17   The City of Sunderland is located within Tyne and Wear in the North East of England region. The resident population of Sunderland City in 2015 was 277,700[7]. The City is bounded to the north by South Tyneside; to the northwest by Gateshead; and to the west and south by County Durham. The local authority area includes the City of Sunderland and the settlements of Washington and Houghton-le-Spring.

1.18   Household Survey data has been presented for the following six sub-areas, as illustrated in Map 1.2:

- Coalfield Communities,

- Inner Urban Area,

- Northern Coastal,

- Northern Suburbs,

- Southern Suburbs, and

- Washington.

1.19   Affordable housing needs analysis has been prepared for Planning Policy Areas which are shown in Map 1.3

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[7] 2014-based Sub national Population Projections, ONS

Map 1.2   Sunderland City Sub-Areas
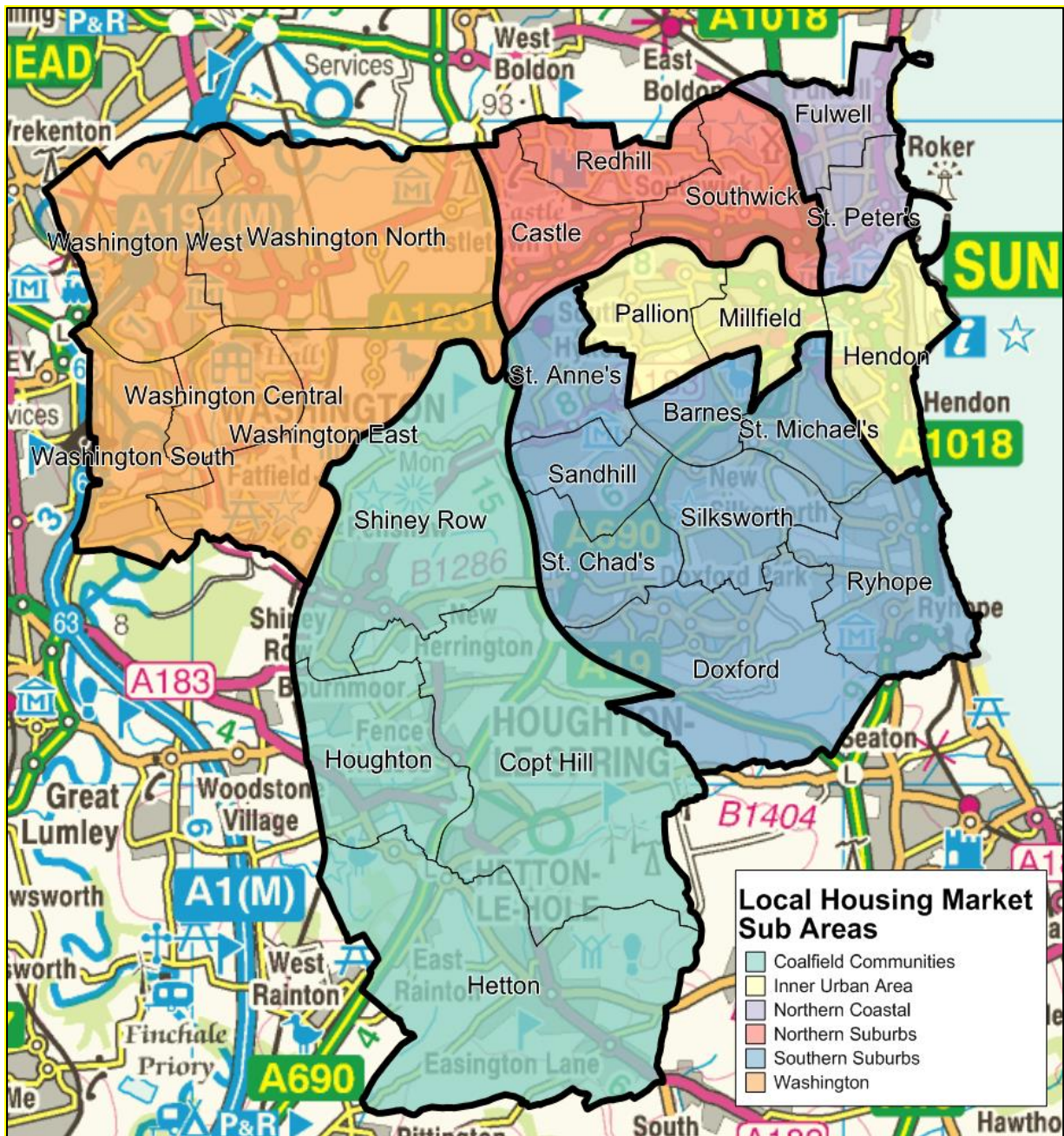
Map 1.3   Sunderland City Planning Policy areas
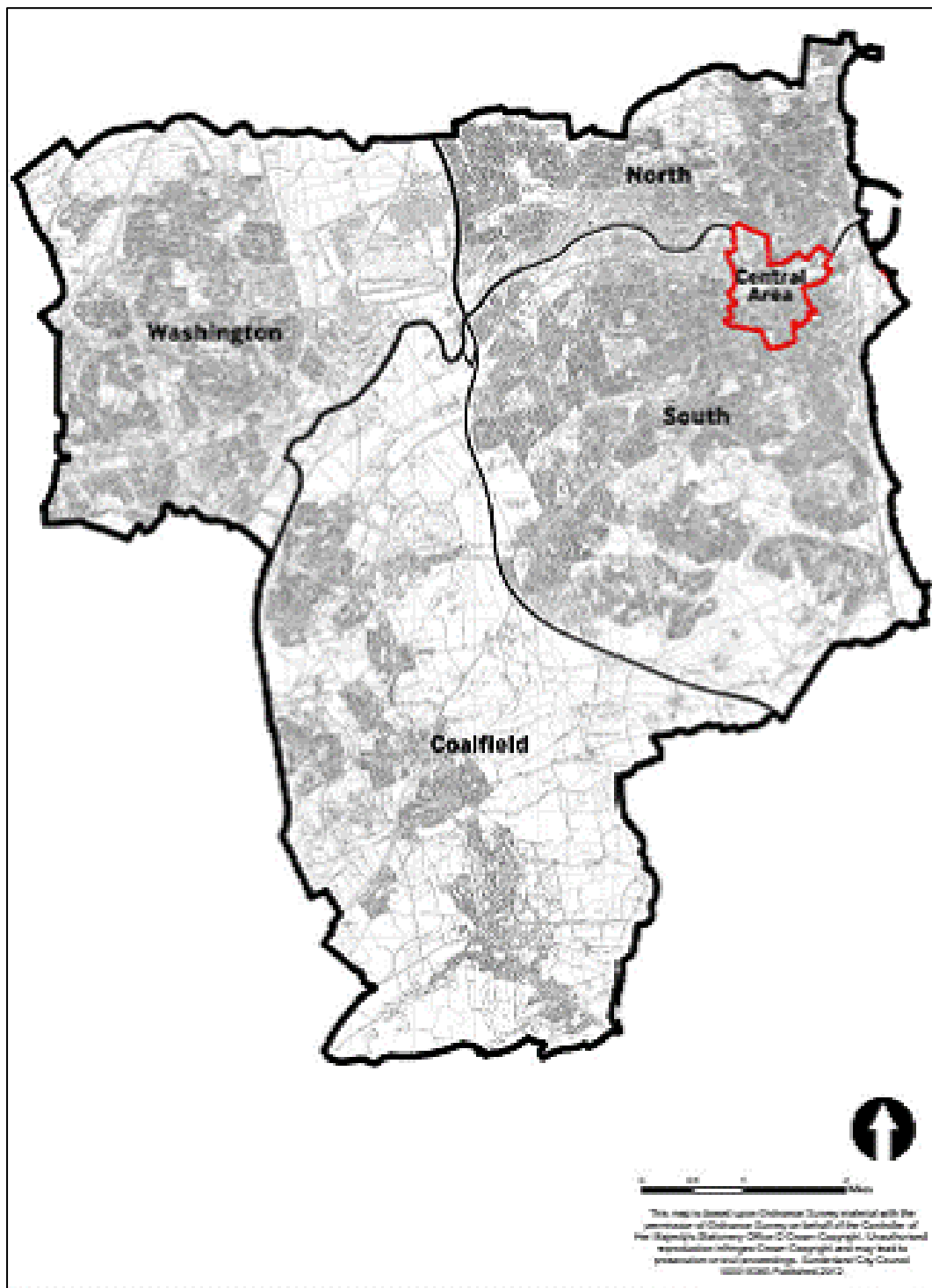
Source: City of Sunderland Council

Research methodology

1.20   Regarding the methodological approach to assessing housing need, NPPG (paragraph 5) states that, *'there is no one methodology approach or use of a particular dataset(s) that will provide a definitive assessment of development need. But the use of this standard methodology set out in this guidance is strongly recommended because it will ensure that the assessment findings are transparently prepared. Local planning authorities may consider departing from the methodology, but they should explain why their particular local circumstances have led them to adopt a different approach where this is the case. The assessment should be thorough but proportionate, building where possible on existing information sources outlined within the guidance.'*

1.21   To deliver the SHMA March 2017 Update, a multi-method approach was adopted, which comprised:

- A review of relevant secondary data including the 2011 Census, house price data, private rental data, Housing Association CORE lettings data, CLG Statistics and Housing Register information;

- A consideration of research by Edge Analytics[8] regarding objectively assessed housing need;

- A review of primary data obtained through a sample survey of households across the Sunderland City Council area. This Household Survey was undertaken in 2012 to prepare the SHMA 2012, with a total of 33,350 households contacted and 4,104 questionnaires returned, representing a 12.3% response rate overall and the number of questionnaires returned well in excess of the 1,500 specified in former Government guidance. The 2012 Household Survey data has been used in this Update, but re-weighted based on 2015 household numbers[9] to bring it in line with up-to-date secondary data;

- A review of primary data obtained through an online survey of key stakeholders including Local Authority Housing and Planning representatives, Registered Providers, Estate Agents, Lettings Agents, Developers and Supporting People representatives;

- A review of interviews with estate and lettings agents; and

- A consideration of the accommodation needs of students within the City, based on secondary data analysis and discussions with the University of Sunderland and estate and letting agents operating in the area

1.22   Further information on the research methodology is presented at Appendix A.

Presentation of data

1.23   Data presented in this report is based on the 2012 Household Survey carried out as part of the Strategic Housing Market Assessment 2012 and re-based to

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[8] Sunderland Updating the Demographic Evidence Edge Analytics, October 2016
[9] Council Tax 2015, occupied dwellings data

the 2015 household numbers so that it is in-line with up-to-date secondary data.

1.24   It is important to note that survey responses have been weighted to correct for response bias and then grossed up to reflect the total number of households and this process is explained in Appendix A. The 4,104 responses are therefore weighted and grossed up to 121,555[10] occupied dwellings. All survey information presented in this report is for weighted and grossed responses which are rounded up where appropriate.

Report structure

1.25   The Sunderland SHMA Update 2016 report is structured as follows:

- **Chapter 2** reviews the national and regional policy context within which the research needs to be positioned;

- **Chapter 3** considers the definition of the Housing Market Area;

- **Chapter 4** presents a review of the housing market in Sunderland;

- **Chapter 5** considers housing market signals;

- **Chapter 6** establishes the Objectively Assessed Housing Need for housing over the plan period;

- **Chapter 7** considers the need for all types of housing; and

- **Chapter 8** concludes the report with a summary of findings from the update and a consideration of strategic issues.

1.26   The report includes technical appendices, which provides detailed material that underpins the core outputs of the SHMA. The technical appendix material includes:

- Research methodology (Appendix A);

- Policy review (Appendix B);

- Affordable housing need calculations (Appendix C);

- Dwelling mix analysis (Appendix D);

- Monitoring and updating (Appendix E); and

- Conformity to NPPF and NPPG checklist (Appendix F).

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[10] Council Tax 2015

2. Policy and strategic review

National policy

2.1 The purpose of this chapter is to set out the policy and strategic context for housing delivery in Sunderland.

2.2 Under the previous Coalition Government, the five years 2010-2015 saw a radical and sustained programme of reform of welfare, housing and planning policy, set within the context of national austerity and an economic policy of deficit reduction and public spending cuts. These reforms championed localism, decentralisation and economic growth.

2.3 Since the election of a majority Conservative Government in May 2015 further welfare reforms have been accompanied by policies seeking to increase the rate of housebuilding and promoting home ownership as the tenure of choice. The passing of the Housing and Planning Act 2016 has put in place the legislation for some of the Government's key policies, including the delivery of Starter Homes and restrictions on lifetime tenancies.

2.4 However, the outcome of the EU referendum in June 2016 and subsequent leadership changes within Government are influencing the further evolution of national planning and housing policies under Prime Minister Theresa May. This includes the publication in February 2017 of the Government's Housing White Paper, *Fixing our broken housing market*.

2.5 A detailed national policy review is presented at Technical Appendix B which includes a summary of the Government's White Paper (February 2017).

Local strategic priorities

2.6 In the absence of regional planning bodies and their associated strategies and targets, local strategies and plans have become increasingly important. The need for Local Plans and Housing Strategies to have evidence-based priorities, and demonstrate how they support economic growth and reflect the economic priorities of the Local Enterprise Partnership (LEP), is increasingly important.

Local Enterprise Partnership and the North East Combined Authority

2.7 The Local Growth White Paper (October 2010) set out the Government's vision for empowering locally-driven economic growth, encouraging business investment and promoting economic development. The paper highlighted a series of measures aimed at stimulating growth including the Regional Growth Fund.

2.8 Local enterprise partnerships (LEPs) are partnerships between local authorities and businesses. They decide what the priorities should be for investment in roads, buildings and facilities in the relevant area. The Homes

and Communities Agency (HCA) is supporting LEPs that identify housing, land and regeneration as growth priorities

2.9 Sunderland forms part of the North East Local Enterprise Partnership (LEP). The North East LEP comprises the seven council areas of Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland. Whilst the LEP has no statutory land use planning powers, it is responsible for determining local economic priorities and undertaking activities to drive economic growth and local job creation.

2.10 The North East LEP is working *'to make the North East a place where more businesses invest, grow and prosper, to deliver more and better jobs for everyone.'* The LEP is responsible for driving the delivery of the **North East's Strategic Economic Plan**, which is broken down into six key themes:

- Innovation;

- Business support and access to finance;

- Skills;

- Economic assets and infrastructure;

- Employability and inclusion; and

- Transport and connectivity.

2.11 The North East LEP has secured a total of £379.6m of investment for the Region from Central Government's growth deals over the period 2015-21. The Growth Deal supports capital projects across the North East through smart, strategic and focused investment of public and private sector funding – with the ultimate goal to deliver more and better jobs for the North East. The majority of an allocation of £49.7m made as part of the latest round of Local Growth Fund funding will be used as investment for the Internaional Advanced Manufacturing Park (IAMP).

2.12 In tandem with the creation of the North East LEP, the seven authorities have also created the North East Combined Authority, a new legal body that has statutory status. This brings together the seven councils with the following joint objective:

'Our ambition is to create the best possible conditions for growth in jobs, investment and living standards, to make the North East an excellent location for business, to prioritise and deliver high quality infrastructure and to enable residents to raise their skill levels and to benefit from economic growth long into the future.'

'To deliver these aims we have united to speak with one voice to Government, business, investors and partners.'

2.13 On 23rd October 2015 the Chancellor of the Exchequer visited the North East to confirm the 'devolution deal'. Building on earlier Growth Deals, the Devolution Agreement was proposed to give the area more freedom to tailor services to local needs, support local businesses and create jobs. However, discussions regarding North East devolution are on hold, following a Government announcement on 8 September that the region's deal has been withdrawn.

2.14   While the current devolution talks have been brought to an end, the North East Combined Authority will continue its work in a number of areas, including the Health and Social Care Commission and projects relating to Transport, Employability and Inclusion and Economic Development and Regeneration[11].

Sunderland Strategy

2.15   The **Sunderland Strategy (2008 to 2025)** 'Sunderland… for a better future', sets out the vision of the Sunderland Partnership for the City up to 2025. The Strategy provides a framework for Partnership members, including the City Council, to work together to improve the quality of life in the City by 2025. The vision is about *'creating a better future for everyone in Sunderland. Sunderland will be a welcoming, internationally recognised City where people have the opportunity to fulfil their aspirations for a healthy, safe and prosperous future.'*

2.16   The Strategy has five aims:

- Aim 1: To create an enterprising and productive global city with a strong and diverse economy providing jobs and careers for generations to come. A city where everyone has the opportunity to contribute to and benefit from the regional economy, to fulfil their potential to be skilled, motivated and wealth creating without losing the special characteristic of Sunderland's balanced way of life;

- Aim 2: To create a city where everyone can be supported to make healthy life and lifestyle choices - a city that provides excellent health and social care services for all who need them. Everyone in Sunderland will have the opportunity to live long, healthy, happy and independent lives;

- Aim 3: To make Sunderland a place where everyone feels welcome and can be part of a safe and inclusive community, where people will feel secure and can enjoy life without worrying about becoming a victim of crime;

- Aim 4: To create a place with a thriving learning culture where everyone can be involved in learning in a cohesive and inclusive city that is committed to social justice, equality and prosperity; where creativity flourishes and where individuals can have all they need to thrive in the global economy; and

- Aim 5: To ensure that Sunderland becomes a clean, green city with a strong culture of sustainability, protecting and nurturing both its built heritage and future development and ensuring that both the built and natural environments will be welcoming, accessible, attractive and of high quality.

2.17   The Partnership and Strategy see housing as one of four cross-cutting priorities, along with sustainability, creating inclusive communities, and culture. The following strategic priorities for housing have been established:

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[11] http://www.northeastca.gov.uk/devolution

- Improve the choice of type, location and price of housing within attractive residential environments to meet 21st Century aspirations and demands, helping to reverse the trend of outward migration;

- Improve the quantity and quality of housing and ensure that sustainable communities are created;

- Provide accommodation and support which meets the needs of Sunderland's large and increasingly diverse population; and

- Ensure that vulnerable people (e.g. those at risk of homelessness) have access to safe, appropriate accommodation and support.

Sunderland Local Plan

2.18   The current Unitary Development Plan (UDP) for Sunderland was adopted in 1998 and was partially amended in 2007 by UDP Alteration No. 2 which covers the Central Sunderland area. The UDP and Alteration form the statutory development plan for the City, setting out the Council's policies and proposals for the use and development of land and buildings across the City.

2.19   The Council is currently preparing a new Local Plan for the area. The Local Plan is being brought forward as two separate documents: a Core Strategy and an Allocations Plan. The Core Strategy explains how the City will change up to 2033, setting out the spatial vision and aims and the strategic policies required to deliver the vision. The Allocations Plan will be prepared to provide site-specific details.

2.20   The **Draft Core Strategy and Development Management Policies Plan** was subject to public consultation between August and October 2013. The Draft Core Strategy outlined 12 strategic policies including housing provision. Spatial objective four of the Draft Core Strategy was to *'provide enough land to meet the City's housing requirement and ensure a range and choice of housing types and tenures including increased provision of affordable and executive homes.'*

2.21   The Draft Strategy's proposed housing policies were:

- Providing the Right Homes for the City: Policy CS4.1 - The City Council will seek to ensure that Sunderland will become a more sustainable City, with a strong sense of place, by having an appropriate mix of good quality housing of all types, sizes and tenures to meet the needs of it's existing and future communities.

- Existing Housing: Policy CS4.2 - The City Council will seek to manage the existing housing stock to ensure an appropriate supply of dwellings by:

  - Bringing empty properties back into use and supporting programmes of improvement, renewal and replacement to regenerate the City's housing stock, in partnership with Gentoo and other Registered Providers; and

  - Preventing over concentrations of Houses in Multiple Occupation and the loss of family housing, either through conversion, sub division, change of use or redevelopment. The City Council will declare Article 4 Directions where necessary.

- New Housing: Policy CS4.3 - To ensure that new housing development meets future needs, the City Council will:

    - Require provision of 10% affordable housing on all housing developments proposing a minimum of 15 dwellings or on sites of 0.5ha or more;

    - Support the development of executive dwellings as part of housing schemes and also as stand alone developments;

    - Increase the choice of accommodation for older households to enable independent living; including the provision of bungalows, retirement villages and extra care housing;

    - Support the development of student accommodation in appropriate and accessible locations where there is an identified need;

    - Support the development of accommodation for people with disabilities, enabling a choice of tenure and independent living;

    - Seek the incorporation of new housing into mixed use schemes where appropriate; and

    - Provide some 14 new stop-over pitches for Gypsies and Travellers and 43 new plots for Travelling Showpeople between 2012 and 2018.

2.22   Due to updated evidence and new development opportunities, the Council decided to revisit the growth options for the city and published a **Growth Options** document for consultation between May and July 2016. Taking account of the feedback received, a new **Local Plan Core Strategy** is being developed and will be subject to public consultation in draft form prior to submission and examination.

Concluding comments

2.23   The main purpose of this chapter has been to consider the general policy and strategic context within which this research needs to be positioned. The previous Coalition Government had established its housing and planning priorities within the context of local decision making and accountability, reduced capital expenditure on housing, fundamental changes to welfare, a changing role for social rented housing, and a need for future housing investment to support economic growth. Likewise, the Conservative Government's legislative programme has so far prioritised measures to increase access to home ownership, further reduce welfare spending and control immigration.

2.24   The importance of having robust and up-to-date information to help inform decision making at local authority level is evermore essential. In a challenging economic climate, this SHMA Update provides the Council with an excellent range of material to inform policy debate and the Local Plan process, help influence strategic responses, and shape local and sub-regional strategic housing priorities to inform future investment decisions.

3. Defining the Housing Market Area

Introduction

3.1   National Planning Practice Guidance (NPPG), *Housing and economic development needs assessments* (paragraph 8) states that housing needs should be assessed in relation to the relevant functional area i.e. Housing Market Area.

3.2   NPPG (paragraph 10) defines a Housing Market Area as, *'a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap.'*

3.3   NPPG (paragraph 11) suggests that Housing Market Areas can be broadly defined by using three different sources of information as follows:

- House prices and rates of change in house prices;

- Household migration and search patterns; and

- Contextual data (for example travel to work area boundaries, retail and school catchment areas).

3.4   In line with NPPG, this SHMA Update reviews relevant data to establish the extent of the Sunderland Housing Market Area. Firstly, this chapter considers existing analysis on housing market areas, and then analyses house price, migration and commuting data.

The Geography of Housing Market Areas

3.5   In 2010, the DCLG published *Geography of Housing Market Areas* which was commissioned by the National Housing and Planning Advice Unit (NHPAU). This national study was undertaken by a multi-university team and sought to construct a consistent geography of Housing Market Areas for England. This research viewed housing markets as a layered system characterised as:

- Strategic framework Housing Market Areas defined by long distance commuting flows and the long-term spatial framework within which housing markets operate (based on 77.5% commuting self containment);

- Local Housing Market Areas defined by migration patterns (based on 50% migration self-containment); and

- Sub-markets defined in terms of neighbourhood and/or house type price premiums.

3.6   This work therefore suggests that there are two principal 'layers' of housing markets: wider strategic functional housing markets which tend to be multi-City and smaller local Housing Market Areas. The research produced the first theoretically-based and rigorously-defended Housing Market Area boundaries for England, drawing upon commuting, migration and house price data.

3.7   The key outputs from the research were sets of 'gold standard' strategic and local Housing Market Area definitions. They were termed 'gold standard'

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because their boundaries are defined to the maximum possible level, being based on ward-level migration and commuting data from the 2001 census. A set of single tier HMAs were also devised based on a 72.5% commuting and 55% migration self-containment. 'Silver standard' outputs have also been prepared which are based on local authority boundaries.

3.8   The 'gold standard' analysis suggests that Sunderland is located within the 'Newcastle' strategic framework HMA which extends across Tyne and Wear, Northumberland and County Durham (Map 3.1). Local Housing Market Area analysis identifies four market areas: Sunderland North; Sunderland South Centre; Seaham and Washington (Map 3.2).

Map 3.1   Strategic Housing Market Area (Newcastle)
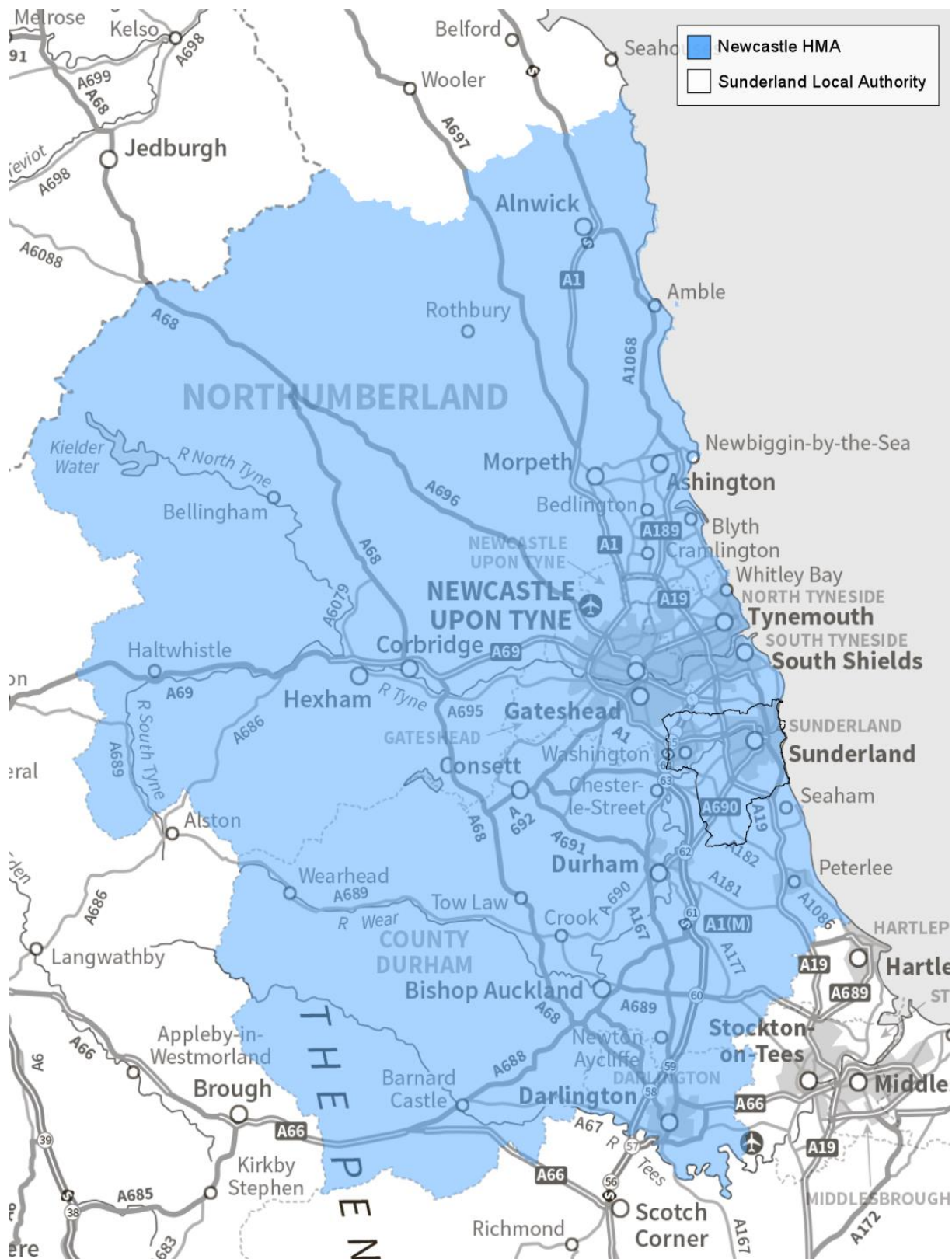
Source: Geography of Housing Markets, NHPAU 2010

Map 3.2   Local Housing Market Areas
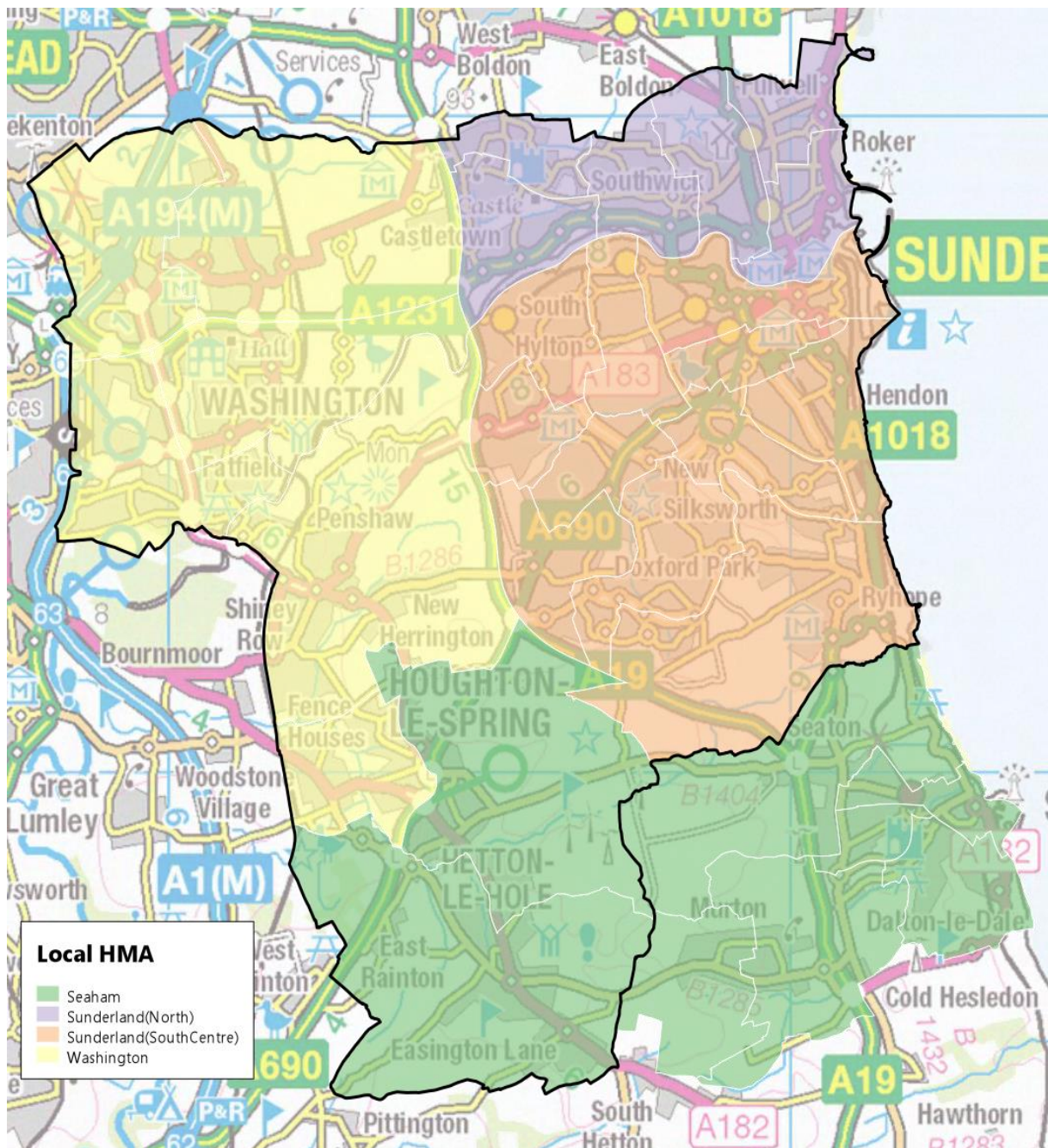
Source: Geography of Housing Markets, NHPAU 2010

House prices and rates of change in house prices

3.9   NPPG (paragraph 11) states that,

'Housing market areas can be identified by assessing patterns in the relationship between housing demand and supply across different locations. This analysis uses house prices to provide a 'market-based' reflection of housing market area boundaries. It enables the identification of areas which have clearly different price levels compared to surrounding areas. The findings provide information about differences across the area in terms of the price people pay for similar housing, market 'hotspots', low demand areas and volatility.'

3.10   Figure 3.1 shows how median house prices in Sunderland have changed over the period 2000 to 2015, compared with the region and England.

3.11   Median prices in Sunderland have been consistently lower than the median prices for the North East, which in turn has been significantly lower than the median prices for England. Overall, during the eleven-year period prices have increased from £99,950 in 2005 to £112,095 in 2015, an increase of 12.2%. This compares with a median house price increase of 15.7% across the North East region and 30.0% across England as a whole.

3.12   During 2015, median prices in Sunderland were £112,095 and lower quartile prices were £76,000. The distribution of median house prices in the City during 2015 is illustrated in Map 3.3 and indicates relatively lower prices in wards including Hendon, Millfield, Redhill and Washington North; and relatively higher prices in St Michaels, Washington East, Washington South, Doxford and Fulwell and Houghton wards.

Figure 3.1   Median house price trends 2000 to 2015: Sunderland, the North East and England
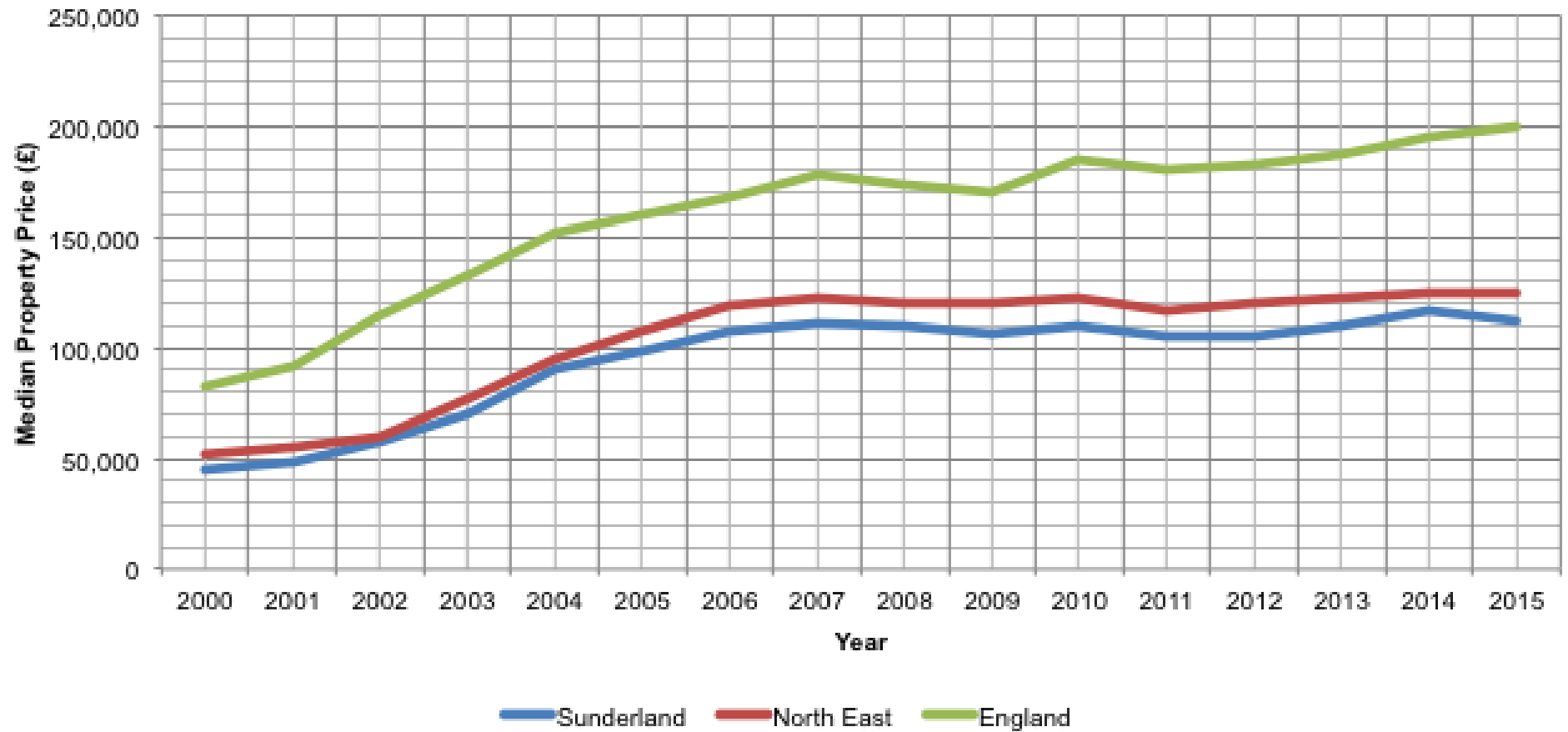
Source: Data produced by Land Registry © Crown copyright 2016

Map 3.3 Median house prices 2015 by ward
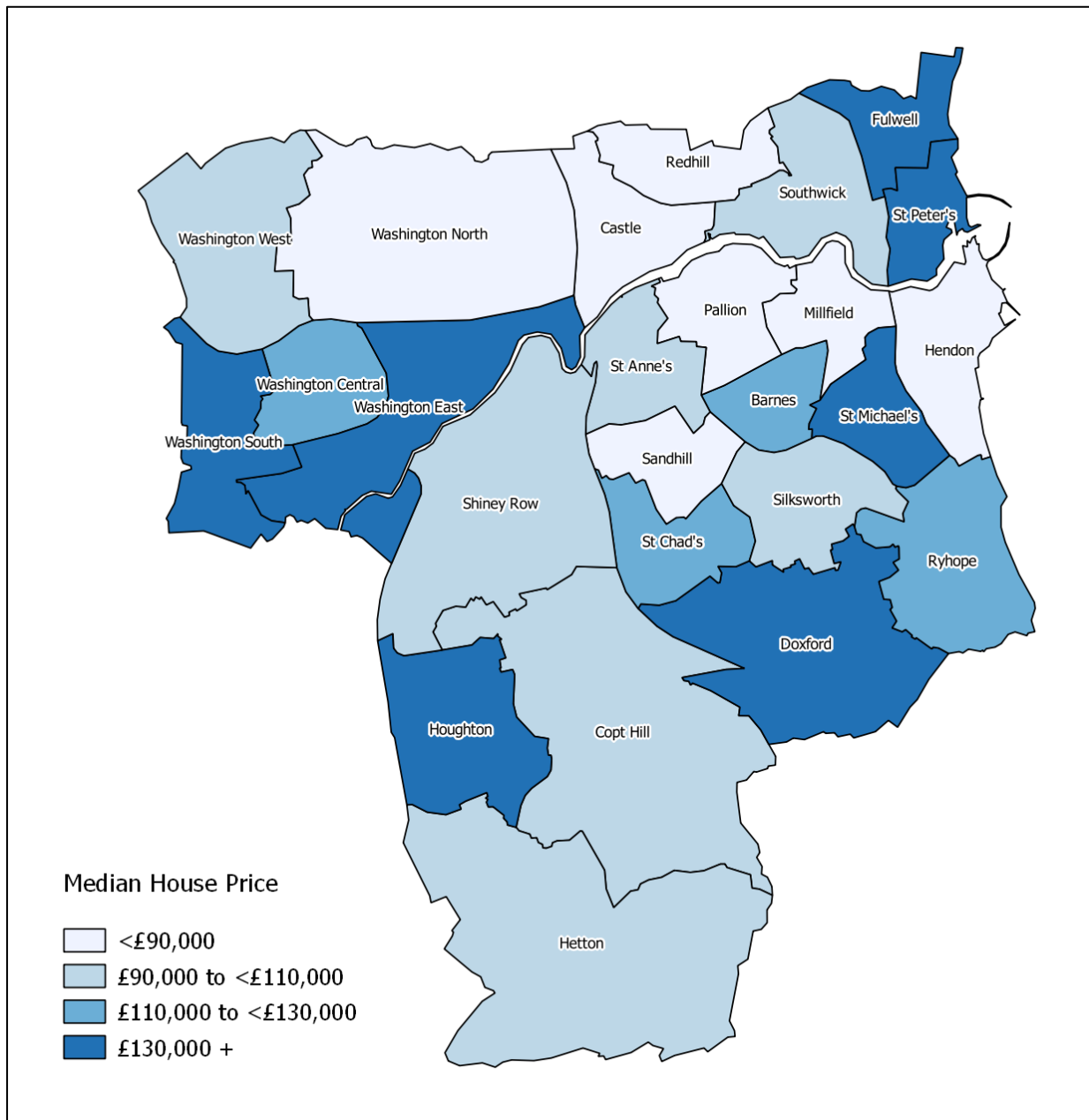
Source: Data produced by Land Registry © Crown copyright 2016

3.13 Table 3.1 summarises lower quartile, median and upper quartile prices by sub-area during 2016 based on Land Registry address-level data. This shows significant variation across Sunderland, with the lowest prices in the Inner Urban Area and Northern Suburbs and the highest prices in the Northern Coastal sub-area.

Table 3.1   House prices in Sunderland 2016 by sub-area

Sub-Area	Price (£)		
	Lower Quartile (25%)	Median (£)	Upper Quartile (£)
Coalfield Communities	69,000	115,000	165,000
Inner Urban Area	53,495	75,000	116,000
Northern Coastal	110,000	141,000	175,950
Northern Suburbs	60,000	75,000	102,000
Southern Suburbs	83,000	117,500	165,000
Washington	83,750	119,998	185,000
Sunderland Total	**73,000**	**110,000**	**160,000**

Source: Data produced by Land Registry © Crown copyright 2017

Relative affordability

3.14   The relative affordability of open market dwellings in Sunderland is compared with the other Local Authorities in the region in Table 3.2 and Table 3.3.

3.15   Table 3.2 presents lower quartile house prices, lower quartile gross earnings of full-time workers and a ratio of lower quartile earnings to house prices. In terms of relative affordability, Sunderland is one of the more affordable authorities in the region, with a lower quartile house price to income ratio of 4.2, i.e. lower quartile house prices are 4.2 times the lower quartile gross earnings, compared with a ratio of 4.3 in the North East region as a whole.

Table 3.2   Relative affordability of lower quartile (LQ) prices 2015 by local authority (residence based)

Local Authority	Lower Quartile House Price	LQ Gross Earnings per week	LQ Income to House Price ratio
Newcastle upon Tyne	£105,000	£18,492	5.7
North Tyneside	£103,000	£19,396	5.3
Northumberland	£95,000	£18,029	5.3
Redcar and Cleveland	£85,300	£16,964	5.0
Gateshead	£87,500	£17,784	4.9
Stockton-on-Tees	£89,000	£18,380	4.8
North East	£80,000	£18,400	4.3
South Tyneside	£82,000	£19,186	4.3
Sunderland	**£76,000**	**£18,000**	**4.2**
Darlington	£80,000	£19,272	4.2
Middlesbrough	£69,000	£17,481	3.9
County Durham	£62,000	£18,451	3.4
Hartlepool	£65,000	£20,335	3.2

Source: Data produced by Land Registry © Crown copyright 2016; Annual Survey of Hours and Earnings 2015

3.16   Table 3.3 sets out relative affordability by local authority based on median house prices and median gross incomes. On this basis, Sunderland is also one of the most affordable local authorities in the North East, with a median income to house price ratio of 4.6. This compares with a regional ratio of 5.0.

Table 3.3 Relative affordability of median prices 2015 by local authority (residence based)			
Local Authority	**Median House Price**	**Median Gross Income per week**	**Median Income to House Price ratio**
Northumberland	£149,725	£25,122	6.0
North Tyneside	£150,000	£25,680	5.8
Newcastle upon Tyne	£147,500	£26,431	5.6
South Tyneside	£122,500	£24,469	5.0
Redcar and Cleveland	£124,950	£25,035	5.0
Gateshead	£124,250	£24,986	5.0
North East	£125,000	£25,218	5.0
Darlington	£124,950	£25,428	4.9
Stockton-on-Tees	£129,995	£26,620	4.9
Middlesbrough	£117,500	£24,548	4.8
Sunderland	**£112,095**	**£24,513**	**4.6**
Hartlepool	£108,000	£26,189	4.1
County Durham	£100,000	£24,741	4.0

Source: Data produced by Land Registry © Crown copyright 2016; Annual Survey of Hours and Earnings 2015

Migration and self containment

3.17   Data reported in the 2011 Census provides evidence from which the degree of self-containment of Sunderland City can be derived. PAS guidance recommends that migration data are tested against the NPPG criterion for self-containment, that at least 70% of all migration excluding long-distance migration should be contained within the HMA. A suitable test are two migration containment ratios:

• **Supply Side (origin):** moves within the area divided by all moves whose origin is in the area, excluding long-distance moves; and

• **Demand site (destination):** moves within the area divided by all moves whose destination is in the area, excluding long-distance migration.

3.18   Table 3.4 presents relevant data for Sunderland and Table 3.5 summaries the self-containment ratios derived from the data. Table 3.4 illustrates that 75.7% of all residents moving in the year preceding the Census originated from within Sunderland. Table 3.4 also summarises the origins of moving residents based on 2011 Census data. Of the 23,795 moving residents, 24.3% originated from outside of Sunderland with 7.6% overall from Tyne and Wear (particularly from South Tyneside, Gateshead and Newcastle upon Tyne), 6.4% from County

Durham, 1.5% from Tees Valley, 0.8% from Northumberland, 1.4% from the North West, 0.6% from Leeds, 0.2% from Sheffield, 1.2% from elsewhere in Yorkshire and the Humber and 4.5% from elsewhere in the UK. Overall, 26.3% of all in-migrant households originated from County Durham and 10.5% from South Tyneside.

3.19 Table 3.5 summaries the containment ratios which apply to the origin and destination of moving residents. In line with NPPG guidance, this excludes long-distance migration (which is taken as moves from outside the three Northern regions of the North East, North West and Yorkshire and the Humber). The origin self-containment ratio is 79.3% and the destination is 81.5%. Therefore, on the basis of migration, Sunderland is a self-contained housing market area.

Table 3.4 Flows of residents (all moves)	Supply Side (Origin)			Demand Side (Destination)		
	All Moves		Excluding Long Distance Moves %	All Moves		Excluding Long Distance Moves %
Origin/ Destination	Number	%		Number	%	
Sunderland	18,021	75.7	79.3	18,021	77.8	81.5
County Durham	1516	6.4	6.7	1,440	6.2	6.5
South Tyneside	605	2.5	2.7	532	2.3	2.4
Gateshead	528	2.2	2.3	425	1.8	1.9
Newcastle upon Tyne	531	2.2	2.3	301	1.3	1.4
Northumberland	180	0.8	0.8	203	0.9	0.9
North Tyneside	163	0.7	0.7	166	0.7	0.8
Leeds	154	0.6	0.7	79	0.3	0.4
Stockton-on-Tees	125	0.5	0.6	112	0.5	0.5
Middlesbrough	109	0.5	0.5	48	0.2	0.2
Hartlepool	53	0.2	0.2	38	0.2	0.2
Sheffield	46	0.2	0.2	47	0.2	0.2
Darlington	41	0.2	0.2	41	0.2	0.2
Redcar and Cleveland	22	0.1	0.1	59	0.3	0.3
North West	329	1.4	1.4	303	1.3	1.4
Elsewhere Y&H	297	1.2	1.3	328	1.4	1.5
Elsewhere UK	1,075	4.5		1,066	4.6	
Total	23,795	100	100	23,171	100	100
Base (excluding long-distance moves)			22,720			22,105

Source: 2011 Census

Table 3.5	Containment ratios		
Origin	Moves within the area	Moves originating in the area (excluding long-distance migration)	Containment Ratio
	18,021	22,720	**79.3%**
Destination	Moves within the area	Moves whose destination is in the area (excluding long-distance migration)	Containment Ratio
	18,021	22,105	**81.5%**

Source: 2011 Census

3.20 Furthermore, data from the Household Survey indicated that around 30,997 households had moved home in the preceding five years. Of these households, 84.4% originated within Sunderland and 15.6% originated from outside the area: 9.5% were from elsewhere in the North East and 6.1% were long-distance migrants

Characteristics of in-migrant households

3.21 The household survey identified around 4,835 households who had moved into Sunderland in the preceding five years. Information relating to in-migrant households includes:

- A majority (67.1%) moved into a house, including semi-detached (25.2%), terraced (21.8%), detached (12.8%) and Sunderland cottages (7.3%); and a further 18.3% moved into a flat/apartment and 14.7% to a bungalow. Overall 27.6% moved into detached and semi-detached houses with three or four bedrooms and 14.5% into two bedroom flats;

- 57.6% moved into smaller properties with one or two bedrooms and 42.3% moved into properties with three or more bedrooms;

- 31.9% moved into owner occupied properties; 50.8% into private renting; and 17.3% moved into affordable (social rented/intermediate tenure) dwellings;

- Overall, 32.3% of migrant households moved to Southern Suburbs sub-area, 22.2% into Washington, 21.8% into Coalfield Communities, 9.5% into Northern Suburbs, 8.5% into the Inner Urban Area and 5.7% into Northern Coastal;

- Couples (under 65) accounted for 27.1% of in-migrant households, 20.6% were singles under 65, 19.4% were couples with children, 22.3% were singles and couples 65 and over, 5.6% were lone parents and 5.1% were other household types;

- 90.4% of in-migrant Household Reference People (Heads of Household) were aged 16-64 and 9.6% were aged 65 or over;

- The majority of Heads of Household of in-migrant households were in employment (60.7%) with a further 17.6% retired, 10.2% permanently sick/disabled, 7.1% looking after the home or caring for someone and 4.4% unemployed;

- 28% of households had a weekly income of less than £300, 32.3% had an income of between £300 and £500 each week and 39.7% had an income of at least £500 each week;

- 55.2% of in-migrant Heads of Household in employment worked in Sunderland. The remaining 44.8% worked outside of the local authority area, with 12.7% working in Newcastle upon Tyne, 12.7% working in Gateshead, 4.2% in North Tyneside, 2.7% in County Durham, 1.4% in South Tyneside, 1.4% in Tees Valley, 2.7% elsewhere in the North East and 7% outside the North East;

- The main reasons for moving were to be closer to family/friends to give/receive support (13.1%), to be closer to work/new job (12.3%) and marriage/living together (10.8%).

3.22   In summary, the Household Survey found that 15.6% of households moving in the past five years originated from outside Sunderland. Most moved into the private housing sector, with around 50.8% moving into private rented accommodation and 31.9% into owner occupation. Family, friends and work were key migration drivers. 90.4% of in-migrant households had a Household Reference Person aged under 65 and 9.6% were aged 65 and over; overall 60.7% were in employment and 60.3% had an income (of Household Reference Person and partner) of less than £500 each week.

Residential mobility within Sunderland City

3.23   The Household Survey identified that the vast majority (84.4%) of households moving within the preceding five years had moved within Sunderland (around 26,161 households).

3.24   Households moving within Sunderland were doing so for a variety of reasons. Those most frequently reported were wanting a larger property (20.1%), being forced to move (11.9%), divorce/separation/family stress (9.8%) and wanting their own home/to live independently (8.7%).

3.25   Table 3.6 reviews the tenure choices of households moving within Sunderland. There is limited movement between tenures, with 81.1% of social renters (or affordable housing residents), 60.7% of owner-occupiers and 60.3% of private renters remaining in the same tenure when they moved. 27.2% of private renters moved into affordable accommodation and 16.8% of social renters moved into private rented accommodation. Respondents who had previously lived with family and friends (i.e. newly forming households) tended to move into all major tenures: private renting (36.5%), social renting (32.3%) and owner occupation (31.2%).

Table 3.6	Residential mobility – movement between different tenures (%)					
	Previous Tenure					
Current Tenure	**Owned**	**Social/Affordable Rented**	**Private Rented**	**Previously living with family/friends**	**Other**	**Total**
Owned	60.7	2.1	11.0	31.2	0.0	**27.1**
Social/Affordable	15.4	81.1	27.2	32.3	28.8	**36.8**
Private Rented	23.9	16.8	60.3	36.5	71.2	**35.7**
Other	0.0	0.0	1.5	0.0	0.0	**0.4**
Total	100.0	100.0	100.0	100.0	100.0	**100.0**
Base	*7100*	*5484*	*7070*	*4602*	*250*	*24506*

Source: 2012 Household Survey (rebased to 2015)

3.26   Table 3.7 considers the profile of dwellings being moved into by households moving within Sunderland. Households are moving into a variety of dwelling types and sizes, most notably to: two (48.2%) and three (28.2%) bedroom dwellings; semi-detached houses (27.4%), flats/apartments (22.7%) and terraced houses (21.9%).

Table 3.7	Residential mobility – profile of properties moved into by type and size								
	Property type (%)								
No. Bedrooms	**Detached house**	**Semi-detached house\town house**	**Terraced house**	**Sunderland Cottage**	**Bungalow**	**Maisonette**	**Flat/ Apartment***	**Other**	**Total**
One/Bedsit	0.0	0.0	0.9	1.4	5.0	0.0	8.1	0.1	**15.5**
Two	1.3	12.8	8.9	4.2	6.4	0.4	13.8	0.2	**48.2**
Three	2.8	12.0	10.6	0.4	1.2	0.3	0.7	0.1	**28.2**
Four	3.0	2.1	1.1	0.0	0.2	0.0	0.0	0.0	**6.4**
Five or more	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.4	**1.7**
Total	**7.5**	**27.4**	**21.9**	**6.1**	**12.8**	**0.7**	**22.7**	**0.9**	**100.0**
Base (valid responses)		*24,384*							

Source: 2012 Household Survey (rebased to 2015)

*includes Houses in Multiple Occupation

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Households planning to move

3.27 The 2012 Household Survey found that around 23,500 households planned to move in the next five years. Table 3.8 summarises the moving intentions of households based on the first preference they stated. Overall, 80.6% of households intend on remaining in Sunderland and 19.4% intend to move out.

3.28 Of households intending to remain in Sunderland, the Southern Suburbs and Washington were particularly mentioned as first choice destinations. Of the 19.4% of households planning to move out, 1.6% were planning to move to Newcastle upon Tyne, 0.9% to Gateshead, 0.4% to North Tyneside, 1.2% to South Tyneside, 0.5% to Easington/Seaham, 1.3% to Durham City, 2.8% to elsewhere in County Durham and 0.2% to elsewhere in Tyne and Wear. 2.5% plan to move elsewhere in the North East, 5.3% elsewhere in the UK, and 2.5% out of the UK.

3.29 The main reasons why households plan to move out of the Sunderland City area were to move to a better neighbourhood or more pleasant area (19.2%), to be closer to work/new job (15.3%), wanting a larger property (13.9%) and wanting to buy a home (9.9%).

Table 3.8	First choice destination of households planning to move in next five years
Destination	**% stating as first preference**
Within Sunderland	
Coalfield	9.4
Inner Urban Area	10.8
Northern Coastal	10.4
Northern Suburbs	8.2
Southern Suburbs	26.9
Washington	14.9
Total within Sunderland	**80.6**
Outside Sunderland	
Newcastle	1.6
Gateshead	0.9
North Tyneside	0.4
South Tyneside	1.2
Easington/Seaham	0.5
Durham City	1.3
Elsewhere in Co. Durham	2.8
Tyne and Wear	0.2
Elsewhere in NE	2.5
Elsewhere in UK	5.3
Outside UK	2.5
Total outside Sunderland	**19.6**
Base (Valid responses)	*22,286*

Source: 2012 Household Survey (rebased to 2015)

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Commuting patterns

3.30   The 2011 Census provides an analysis of travel to work patterns and the extent to which residents in Sunderland travel to other areas together with details of how many people commute into the City area.

3.31   The 2011 Census identified 121,511 workers aged 16-74 years living in Sunderland and 126,157 workers (16-74 years) travelling to jobs in Sunderland. This indicates that the number of workers living in the City is exceeded by the number of jobs, hence a net in-commute.

3.32   Table 3.9 presents this data and indicates that 70.2% of employed people who live in Sunderland work in Sunderland; a further 7.7% work in County Durham, 5.9% in Gateshead, 5.1% in Newcastle upon Tyne and 11.1% work elsewhere. While 67.7% of workers in Sunderland live in the City, 12.4% commute in from County Durham, 6.9% from South Tyneside and 13.0% commute into Sunderland from elsewhere.

Table 3.9	Sunderland 2011 Census commuting flows: workers (aged 16-74)		
Where do people who live in Sunderland work?			
Live	Work	Number	%
Sunderland	Sunderland	85,354	70.2%
	County Durham	9,383	7.7%
	Gateshead	7,127	5.9%
	Newcastle upon Tyne	6,146	5.1%
	Other	13,501	11.1%
Total workers		121,511	100.0
Where to people who work in Sunderland live?			
Live	Work	Number	%
Sunderland	Sunderland	85,354	67.7%
County Durham		15,672	12.4%
South Tyneside		8,726	6.9%
Other		16,405	13.0%
Total jobs		126,157	100.0

Source 2011 Census and Edge Analytics Tables 1 and 2

3.33   In terms of defining market areas, NPPG does not suggest an appropriate self-containment figure. However, the ONS provides a definition of Travel to Work areas as:

'The current criterion for defining TTWs is that generally at least 75% of an area's resident workforce in the area and at least 75% of the people who work in

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the area also live in the area…however, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted'[12]

3.34   On this basis, it can be concluded that Sunderland can be considered to be self-contained in terms of travel to work, although it is part of wider functional economic area which extends into County Durham.

Concluding comments

3.35   The purpose of this chapter has been to consider the general housing market context of Sunderland and its inter-relationships with other areas. By reviewing house prices, migration and travel to work patterns, a picture of the market dynamics of Sunderland City emerges.

3.36   An analysis of 2011 Census migration data suggests that the origin self-containment ratio is 79.3% and the destination ratio is 81.5%. In addition, 70.2% of employed residents work within the City and 67.7% of the Sunderland workforce live within the City. Therefore, Sunderland exhibits a high degree of self-containment in terms of migration and also in travel to work data, although it is part of wider functional economic area which extends into County Durham.

3.37   The 2012 Household Survey found that of those who had moved home in the preceding five years, 84.4% originated within Sunderland. It also found that 80.6% of households planning to move in the next five years intend on remaining in Sunderland.

3.38   Evidence would therefore suggest that the Sunderland Local Authority Area can be considered to be an appropriate Housing Market Area for the purposes of Local Plan policy making.

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[12]https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/commutingtoworkchangestotraveltoworkareas/2001to2011

4.   Housing market review

Introduction

4.1   The purpose of this chapter is to explore the housing market dynamics of Sunderland, including a review of housing stock and the three main tenures (owner occupation, private rental and affordable housing).

4.2   This chapter identifies the key market drivers operating in Sunderland City. It analyses the cost of alternative housing options.

Estimates of current dwellings in terms of size, type, condition, tenure

4.3   This study assumes a total of 127,393 dwellings in Sunderland City of which 2,756 are vacant (empty or unoccupied for over 6 months), resulting in a total of 124,496 households living in dwellings. The overall vacancy rate is around 2.2%[13]. This compares with a vacancy rate of 2.6% across England[14].

Table 4.1 Dwelling stock and occupancy by sub-area			
Sub-area	Total Dwellings	Total Vacant (empty/ unoccupied)	Vacant %
Coalfield Communities	21891	520	2.4
Inner Urban Area	16308	633	3.9
Northern Coastal	10233	268	2.6
Northern Suburbs	15567	248	1.6
Southern Suburbs	38575	750	1.9
Washington	24678	337	1.4
(ward unknown)	141	-	-
Total	**127,393**	**2,756**	**2.2%**

Source: Council data, October 2016

Property size and type

4.4   Table 4.2 reviews the profile of occupied dwelling stock by size and type across Sunderland. Overall, the vast majority (76.7%) of properties are houses, 12.1% are flats/apartments and maisonettes, 10.5% are bungalows, and 0.7% are other types of property including park homes/caravans. Of all occupied properties, 9.1% have one bedroom/bedsit, 35.3% have two bedrooms, 41.1% have three bedrooms and 14.5% have four or more bedrooms.

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[13] Sunderland City Council data, October 2016. Note data reported elsewhere is based on CLG statistics which can differ from snapshot data collected through Council Tax
[14] 2015 CLG Dwelling and Vacancy data

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Table 4.2   Property type and size of occupied dwellings across Sunderland

Property Type	No. Bedrooms (Table %)					Total	Base (Valid response)
	One/ Bedsit	Two	Three	Four	Five or more		
Detached house	0.0	0.9	3.6	6.0	1.1	**11.6**	*14025*
Semi-detached house/ Town house	0.0	11.9	21.6	3.6	0.8	**37.9**	*45718*
Terraced house	0.4	7.2	12.8	2.1	0.4	**22.9**	*27551*
Sunderland Cottage	0.5	3.0	0.8	0.0	0.0	**4.3**	*5157*
Bungalow	3.1	5.5	1.5	0.3	0.0	**10.5**	*12697*
Maisonette	0.0	0.2	0.1	0.0	0.0	**0.4**	*474*
Flat / Apartment*	4.9	6.3	0.5	0.0	0.0	**11.7**	*14077*
Caravan/ Park Home	0.0	0.1	0.0	0.0	0.0	**0.1**	*130*
Other	0.1	0.2	0.2	0.1	0.1	**0.6**	*713*
Total	**9.1**	**35.3**	**41.1**	**12.1**	**2.4**	**100.0**	*120542*
Base (Valid response)	*10989*	*42507*	*49576*	*14548*	*2922*	*120542*	

Source: 2012 Household Survey (rebased to 2015) and excludes missing data

*includes Houses in Multiple Occupancy

4.5   How property type varies by sub-area is illustrated in Figure 4.1 and variations in number of bedrooms by sub-area in Figure 4.2. Notable sub-area variations include the relatively higher proportion of detached properties in Washington and the Coalfield Communities; higher proportions of semi-detached houses in Northern Coastal, Northern Suburbs and Southern Suburbs; higher proportions of Sunderland Cottages in the Inner Urban and Northern Coastal sub-areas; and higher proportions of larger properties with four or more bedrooms in Washington.

Figure 4.1   Property type by sub-area
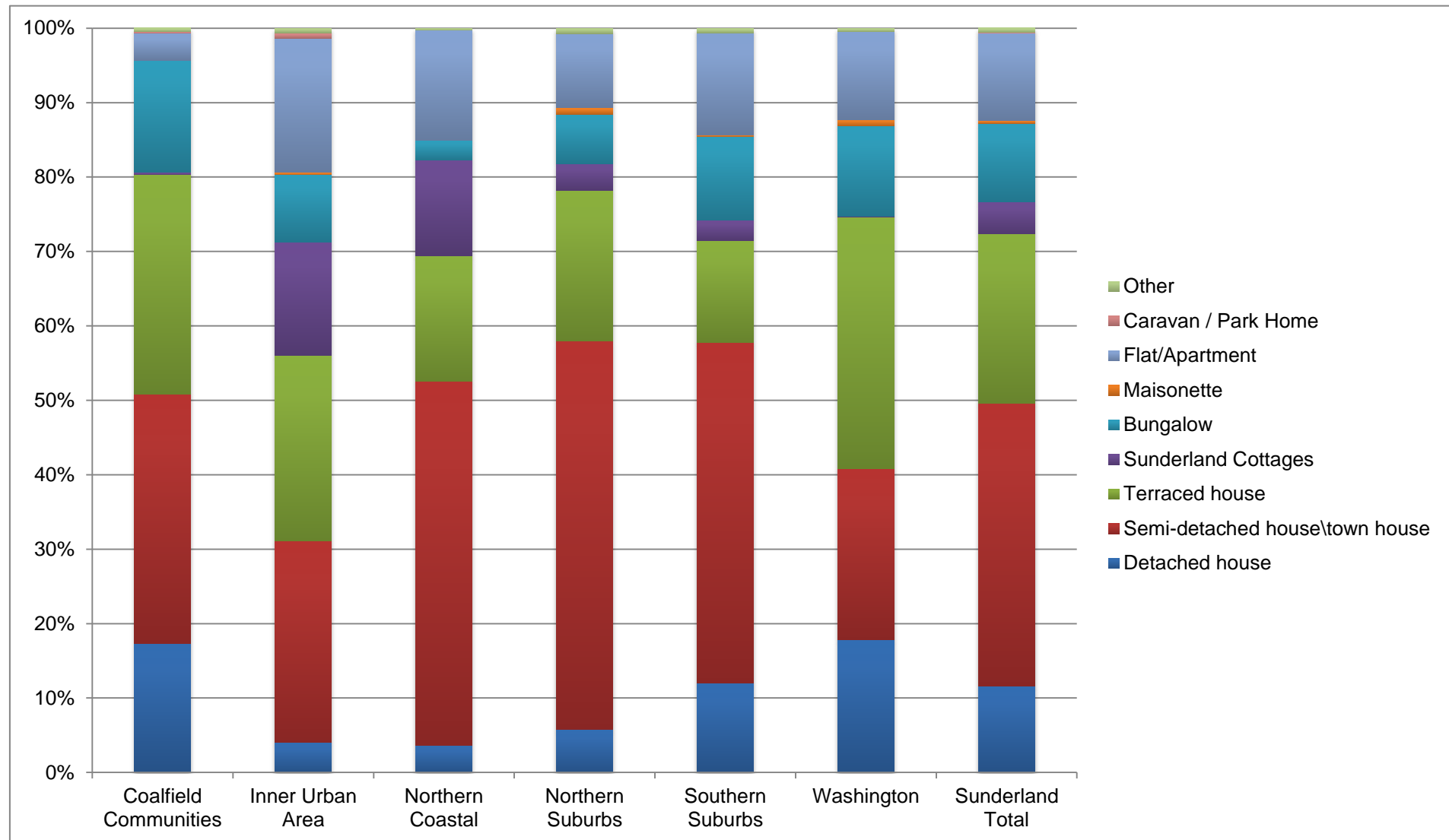
Source: 2012 Household Survey (rebased to 2015)

Figure 4.2   Property size by sub-area
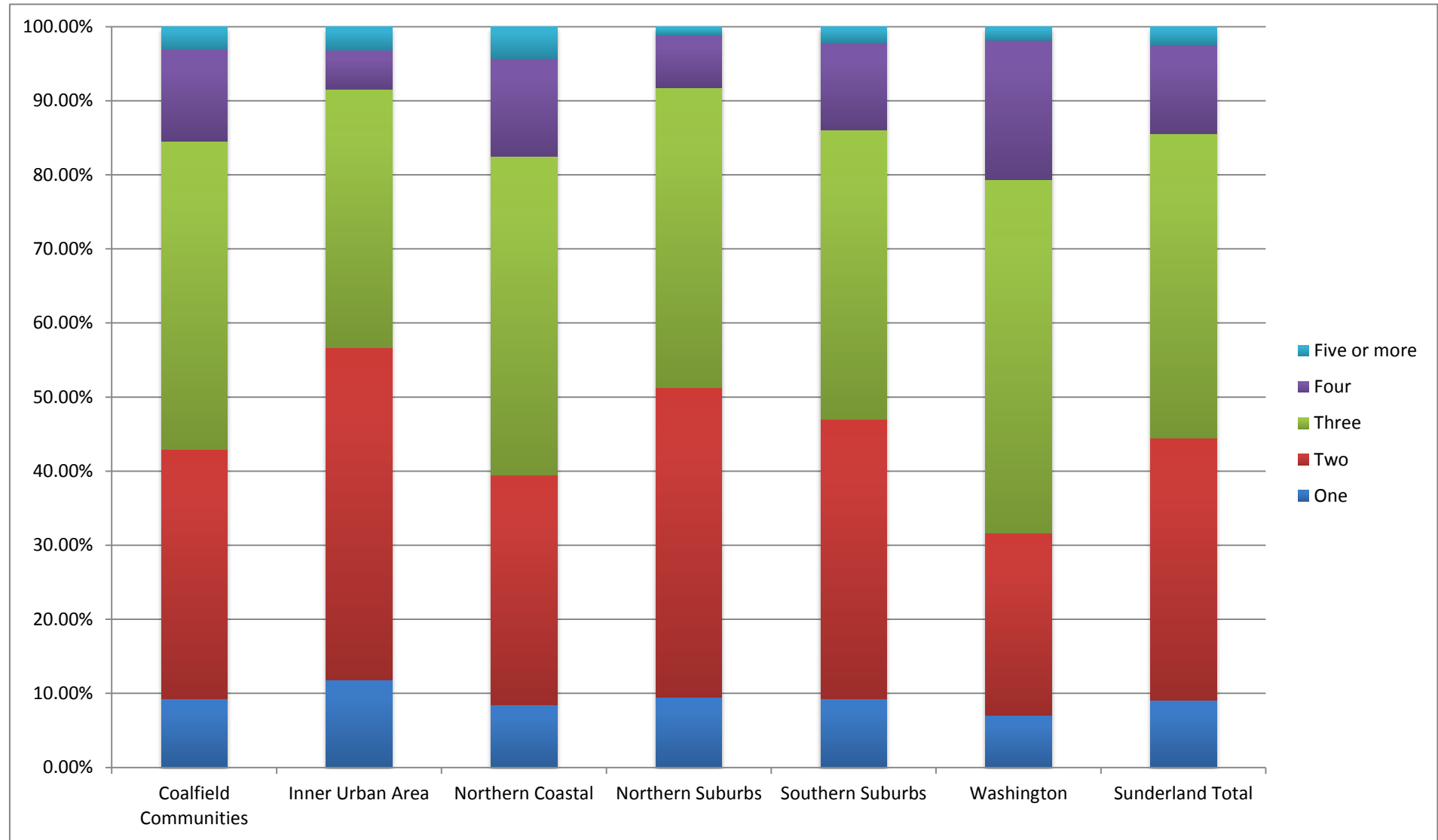
Source: 2012 Household Survey (rebased to 2015)

Property condition

4.6   The 2012 Household Survey reviewed the extent to which households were satisfied with the state of repair of their dwellings. Overall 78.2% of respondents expressed satisfaction (37.0% were very satisfied and 41.2% were satisfied); 12.4% were neither satisfied nor dissatisfied; a total of 9.4% expressed degrees of dissatisfaction, of whom 7.7% were dissatisfied and 1.8% were very dissatisfied.

4.7   Table 4.3 explores how the level of dissatisfaction varied by dwelling tenure, age and type.

4.8   Data indicates that households in the Inner Urban Area (15.8%) and Northern Suburbs (12.0%) were more likely to express dissatisfaction. Levels of dissatisfaction varied significantly between tenures. Dissatisfaction was highest amongst those in private rental properties (21.3%). This compares with dissatisfaction levels of 11.3% in affordable accommodation and 5.6% in owner occupied properties.

4.9   In terms of property type and age, dissatisfaction was highest amongst respondents living in Sunderland Cottages (20.9%), caravans/park homes (15.7%), flats/apartments (12.7%) and terraced houses (12.1%) and amongst residents in properties built pre-1919 (13.2%) and 1919-1944 (10.1%).

4.10   An independent study of private sector stock condition in Sunderland City was conducted in 2014 by David Adamson and Partners Ltd[15] on behalf of the City Council. This found that there were 14,079 dwellings (15.7% of stock) in the private sector that failed the requirements of the Decent Homes Standard with estimated improvement costs of £75.9m net. The 2014 Survey found that within the Decent Homes Standard:

- 2,493 dwellings (2.8%) exhibit Category 1 hazards within the Housing Health and Rating System (HHSRS);

- 8,582 dwellings (9.5%) are in disrepair and at risk of future deterioration; and

- 4,793 occupied dwellings (5.7%) fail to provide a reasonable degree of thermal comfort.

4.11   The 2014 Private Sector House Condition Survey found that poor housing conditions vary across the housing stock, but particular issues were identified in the following:

- The private rented sector – 3,174 dwellings non-decent (21.2%);

- Purpose built flats – 1,848 dwellings non-decent (37.1%);

- Dwellings constructed pre-1919 – 4,884 dwellings non-decent (21.4%); and

- Dwellings constructed between 1919 and 1945 – 3,520 dwellings non-decent (26.4%).

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[15] David Adamson & Partners Ltd, Private Sector House Condition Survey 2014, November 2014

Table 4.3	Dissatisfaction with state of repair by sub-area, property tenure, age and type		

Sub-Area	No. Dissatisfied	% Dissatisfied	Base
Coalfield Communities	1841	8.8	20857
Inner Urban Area	2358	15.8	14954
Northern Suburbs	1786	12.0	14900
Northern Coastal	446	4.6	9698
Southern Suburbs	3282	8.8	37275
Washington	1424	6.0	23871
Tenure	**No. Dissatisfied**	**% Dissatisfied**	**Base**
Owner Occupied	4058	5.6	72619
Private Rented	3322	21.3	15624
Social / Affordable Rented	3757	11.3	33312
Property Type	**No. Dissatisfied**	**% Dissatisfied**	**Base**
Detached house	538	3.8	14026
Semi-detached house / Town House	3609	7.9	45851
Terraced house	3348	12.1	27596
Sunderland Cottage	1078	20.9	5157
Bungalow	719	5.7	12721
Maisonette	0	0.0	474
Flat/Apartment	1797	12.7	14149
Caravan / Park Home	24	15.7	153
Other	25	3.5	712
Property Age	**No. Dissatisfied**	**% Dissatisfied**	**Base**
Pre 1919	2193	13.2	16670
1919 to 1944	1859	10.1	18374
1945 to 1964	2369	8.2	28881
1965 to 1984	2239	7.7	28950
1985 to 2004	432	3.2	13306
2005 onwards	75	1.5	4907
Overall Total	**11,137**	**9.2%**	**121,555**

Source: 2012 Household Survey (rebased to 2015)

Note: There were some missing cases in the dataset so the actual base for this table is 11,137 responses out of 121,555 valid responses which represents 9.2% of all households

Property tenure

4.12   The tenure profile of the Sunderland City area is summarised in Figure 4.3. Variations in broad tenure groups by sub-area are summarised in Figure 4.4. Overall, based on survey evidence, 59.7% of occupied dwellings are owner-occupied, 12.8% are private rented (including tied accommodation), 27.0% are

rented from a social housing provider and 0.4% are intermediate tenure dwellings.

Figure 4.3   Sunderland City: tenure profile of occupied dwellings
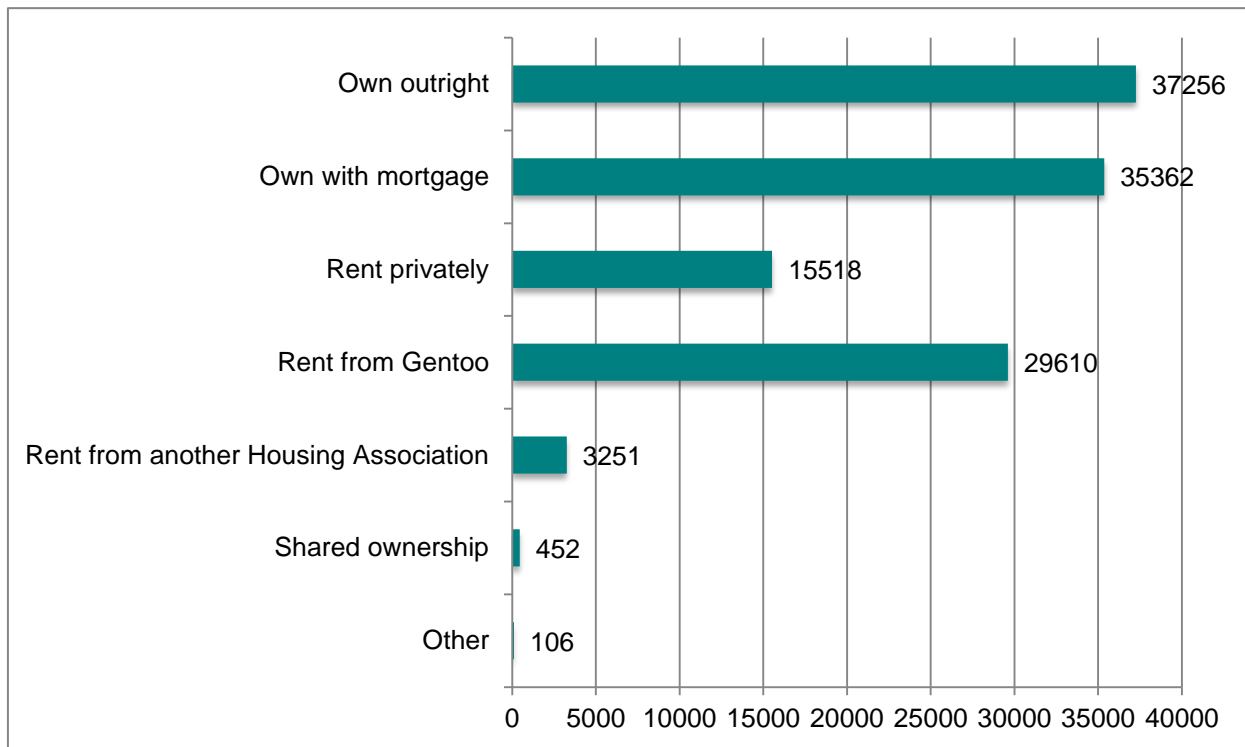
Source: 2012 Household Survey (rebased to 2015)

4.13   Tenure profile varies across Sunderland (Figure 6.4). The proportion of owner occupied dwellings is highest in the Northern Coastal sub-area (77.0%); private renting in the Inner Urban sub-area (26.3%); and affordable accommodation in the Northern Suburbs (41.6%).

Figure 4.4   Sunderland tenure profile by sub-area
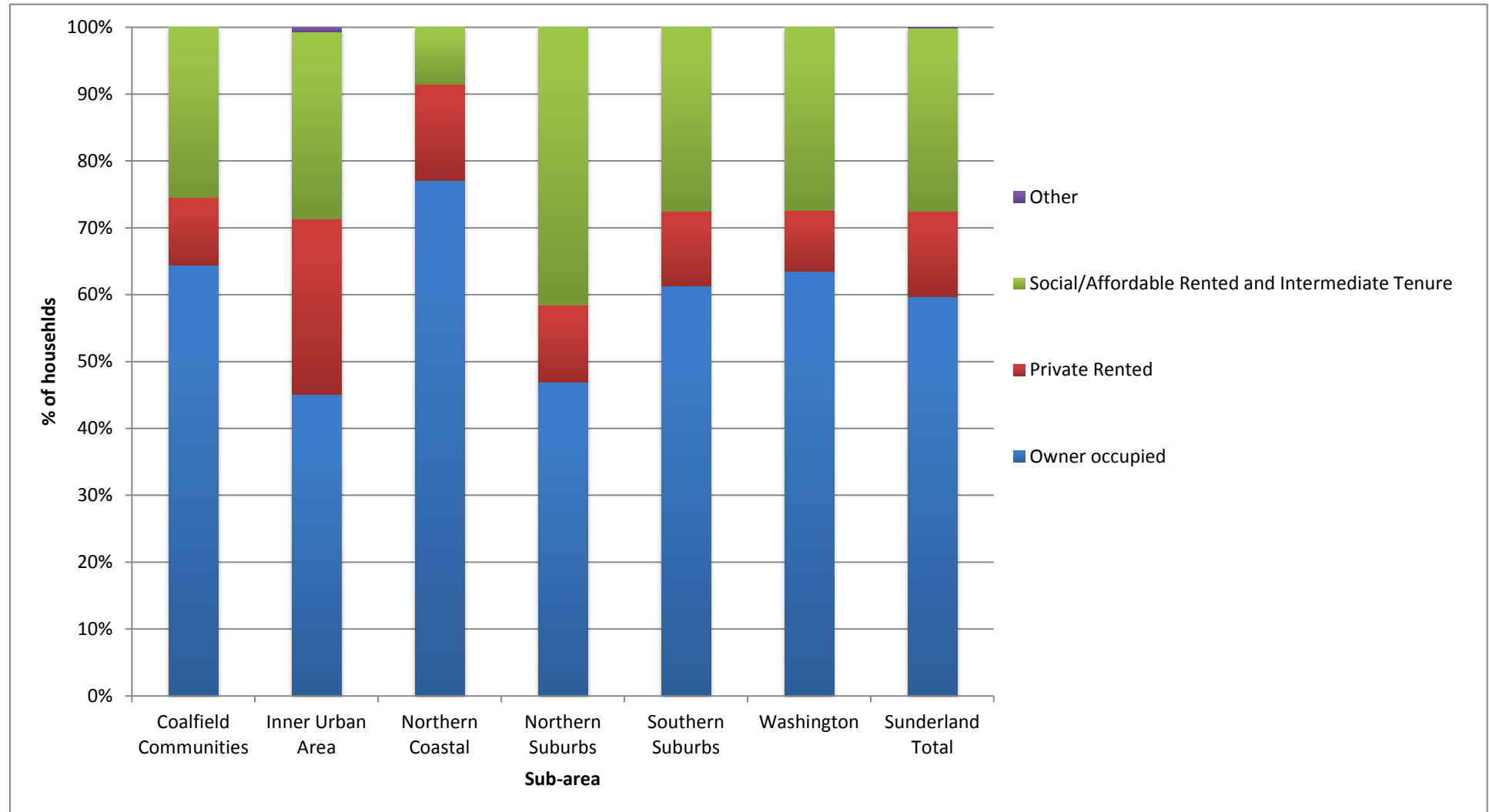
Source: 2012 Household Survey (rebased to 2015)

Tenure characteristics

Owner-occupied market

4.14 59.7% (72,618) of households across Sunderland are owner occupiers. 30.6% of all households (37,256) own outright and 29.1% of all households (35,362) have a mortgage.

4.15 The Household Survey provides the following information on owner occupied stock:

- Most owner-occupied properties are houses, with 43.0% semi-detached, 24.5% terraced and 16.4% detached; a further 7.3% are bungalows, 4.8% are Sunderland Cottages, 3.5% are flats/apartments and 0.5% other property types;

- 49.7% of properties have three bedrooms, 26.7% have two bedrooms 21.8% have four or more bedrooms, and 1.8% have one bedroom/bedsit;

- Around 17.6% of owner-occupied stock was built pre-1919, 39.8% was built between 1919 and 1964; 25.6% was built between 1965 and 1984 and 16.9% has been built since 1985;

- 85.0% of owner-occupier households are satisfied or very satisfied with the quality of their accommodation, 9.3% are neither satisfied nor dissatisfied and 5.8% expressed degrees of dissatisfaction.

4.16 Over the period 2000 to 2015, lower quartile and median house prices across Sunderland have increased significantly, as summarised in Table 4.4.

4.17 It is interesting to note that in 2000, a household income of £7,971 was required for a lower quartile price to be affordable; by 2015 this had increased to £19,543. In comparison, an income of £11,571 was required for a median priced property to be affordable in 2000 compared with £28,824 in 2015.

Table 4.4	Lower Quartile and median price and income required to be affordable			
	House Price (£)		**Income to be affordable***	
Sunderland	2000	2015	2000	2015
Lower Quartile	31,000	76,000	£7,971	£19,543
Median	45,000	112,095	£11,571	£28,824

Source: Data produced by Land Registry © Crown copyright 2016

*Assuming a 10% deposit and 3.5x income multiple is required for mortgage

4.18 A range of socio-economic and demographic information on residents has been obtained from the Household Survey. Some interesting observations relating to owner-occupiers include:

- In terms of household type, 29.3% of owner occupiers are couples with children, 39.6% are older (65 or over) singles and couples, 12.5% are

couples (under 65 with no children), 8.9% are singles, 5.0% are lone parents and 4.8% are other household types;

- The majority of Household Reference People (Heads of Household) living in owner occupied dwellings are in employment (57.4%) and a further 34.6% are wholly retired from work. The proportion retired is considerably higher for outright owners (61.2%);

- Incomes amongst owner occupiers tend to be high, with 44.0% receiving at least £500 each week. That said, incomes amongst outright owners tend to be lower than for mortgaged owners, with 41.0% receiving less than £300 each week compared with 21.5% of mortgaged owners. This reflects the different age profile and economic status of outright owners;

- In terms of length of residency, 46.8% of owner occupiers have lived in the same property for 20 years or more (and the figure is 69.1% for outright owners).

Views of estate agents

4.19   For the 2015 SHMA, views were sought about current market activity from a range of estate and letting agents working across Sunderland. Interviews were carried out with Thomas Watson, Pattinsons, Michael Hodgson and Your Move.

4.20   The period 2014-15 has seen positive trends in both the rental and sales markets within the Sunderland area. Agents identified that the last year had been more positive for the area and believed that a boost in confidence in the housing market and the economy was driving the demand within the sales market. However, all agents recognised that the rental market is significantly more active and carries the majority of demand within the area.

4.21   The overall housing market was described as very price sensitive and agents were concerned that job security and the overall economy easily affected confidence levels in the housing market and were therefore cautious when predicting how the market may perform in the future.

4.22   Housing demand is very mixed within the area. Agents indicated that no clear demographic was driving the market, although families and investors tend to be particularly active. Although the market has performed better over the last year, agents were very clear that they would struggle to sell any properties valued at over £250,000 as they believed this was not in-line with the general income levels obtained within Sunderland. Agents indicated that 'all properties' are in demand in the area in both the rental and sales markets and that the area boasts a very mixed demographic who are seeking a range of different properties. However, agents felt that due to lower income levels and the high population of students in the area, properties at the lower end of the market tend to perform better within the rental market. Family homes are in highest demand across the sales market. Many agents indicated that there are a high percentage of people who are in receipt of housing benefit in the area. Agents believe this poses a challenge for the private rented sector as most stated they did not support benefit-household applications due to bad experiences in the past. Furthermore, many mortgage agreements will now not allow landlords to let properties to benefit recipients or asylum seekers.

4.23 Many people seeking property having strong ties to and/or have grown up in the area and most work locally. Agents believe this allows them a good understanding of the geographic make up of the area and they believe that most people within the sales market have a good idea of what area they are seeking properties in. There is a strong employment base in Sunderland. Nissan has what it describes as its 'European Home' in Sunderland, ASDA has three distribution centres and N-Power has a UK based call centre in the area. The high level of industry offers employment to locals and has increasingly attracted relocators on fixed term and temporary contracts over recent years. Agents believe this has contributed to the strength of the rental market in Sunderland whilst presenting it as lucrative investment opportunity for investors.

4.24 Agents noted that the sales market had picked up over the last year and predicted that it is likely the investor market will continue to do so. Agents were more cautious when predicting the future of the general housing market in the area as they believed too many variables would influence this. They were concerned that some of the activity currently happening within the homeowner market is due to a backlog of those who have been waiting for the housing market to pick up before moving or selling their property. Agents also felt that a potential area of concern is the older persons market and believe this is not effectively catered for at present.

4.25 All agents advised that the sales market in Sunderland had picked up over the last year but they believed this was focused in 2 key areas; investors and local families who are already on the property ladder and wish to move to a bigger property.

4.26 The consensus is that demand in the area is present however; the housing market is very price sensitive. Agents believe that investors looking for higher rental yields and difficulties in obtaining mortgages are the main reasons for this.

4.27 Agents strongly believed that when compared to the surrounding areas of Newcastle and Durham, the area offered value for money and affordability for homeowners and investors. Agents believed the 'value for money' offered had a big impact on people's decisions to buy in Sunderland. Furthermore, they indicated that the lower income levels in the area meant that homeowners are often unable to move out of the area as they would not be able to afford suitable sized family homes in nearby areas where property prices are much higher.

4.28 All agents recognised that the types of properties highest in demand were 2/3 bed family homes. Larger properties have also been desirable, particularly to investors. Investors have been known to purchase family homes and convert them to offer more bedrooms to accommodate students. Gardens and parking are considered desirable.

4.29 Families are more active within the sales market than the rental market in Sunderland although this tends to be more towards the middle end of the market rather than at the lower end.

4.30 New build properties are considered very desirable and agents usually receive a lot of interest in any new build properties that come on to the market. Good family homes with 2/3+ beds can sell within a matter of months however, agents indicated that people are still cautious and are often seeking a bigger property to accommodate their growing family. As a result, many do not intend to move

again until their children grow up and are therefore influenced by other factors such as; transportation links, schooling, local infrastructure and area image and reputation when considering a new property. Agents believed this often proved a challenge and 'the smallest thing can put buyers off'.

4.31   The first time buyer market is still struggling despite strong demand. Most first time buyers are from Sunderland and have grown up in the area. Agents believe that a combination of difficulties in obtaining mortgages and lower income levels within the area continued to stall the first time buyer market leaving many living at home in order to save or in rented accommodation. Agents were concerned that many properties that would be suitable for first time buyers were often bought by investors and turned into student accommodation. They believed this left many struggling for properties and further felt that first time buyers get 'trapped' in rented accommodation, as they are unable to save whilst paying rental prices in the area.

4.32   The older persons market has experienced some activity over the last year. Agents believe this is partly due to many wanting to capitalise on the gradual economic recovery and considered some of the activity a backlog of those who may have wanted to move over recent years however, had decided not to sell due to a drop in house prices. Agents believed that the gradual economic recovery had encouraged many elderly homeowners to sell their larger properties and seek smaller properties, mainly bungalows. Agents highlighted that they felt this may had offered a boost to the family market as it had provided larger family homes thus catering to current demand trends. Agents were concerned that an ageing demographic may cause problems within the housing market, as they did not feel there was enough suitable property for this demographic in the future.

4.33   Despite the sales market being price sensitive, agents highlighted that for the right property, it can move very quickly. Good quality family homes can often sell in a matter of months of coming on the market whilst investor properties can sell even quicker. Agents did indicate that this can be very variable and less desirable properties can take much longer to sell.

Private rented sector

4.34   The Coalition Government's Housing Strategy, published in November 2011[16], set out the Government's plans to boost housing supply. It recognised an increasingly important role for the private rented sector, both in meeting people's housing needs and in supporting economic growth by enabling people to move to take up jobs elsewhere and to respond to changing circumstances.

4.35   The private rented sector is growing; the Census figures for 2011 confirmed that the sector accounted for 18.1% of housing stock in England, an increase of 31.2% from 13.8% in 2001. More recent 2014-15 English Housing Survey data reports 19% of households rent privately. Increasing house prices pre-2007 and the struggling sales market when the down turn came are both factors that have

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[16] *Laying the Foundations*; A Housing Strategy for England, 2011

underpinned the growth of the rental market for both 'active choice' renters and 'frustrated would-be' homeowners. Tenure reform and less accessible social rented housing are contributing factors in the ongoing growth of the private rented sector.

4.36   The private rented sector now clearly plays a vital role in meeting housing needs as well as providing an alternative to homeownership. Local authorities have an important role in ensuring that the private rented sector meets both these requirements. Balancing good quality supply with demand will help to stabilise rents and encouraging good quality management will improve the reputation of the sector and encourage longer term lets and lower turnover. However, this is a challenging task where existing partners need to be encouraged to participate and new partners and investors need to be identified.

4.37   According to the 2012 household survey (rebased to 2015), the private rented sector accommodates around 12.8% (15,517) of households across Sunderland[17]. Of these households, 10,691 rent unfurnished properties, 4,189 rent furnished accommodation and 637 rent with their job (tied accommodation). Table 4.5 summarises the number of private rented dwellings by sub-area and indicates that 27.0% of all private rented dwellings are in the Southern Suburbs and 25.4% in the Inner Urban Area.

4.38   Most private rented properties (62.0%) are houses (of which 25.7% are terraced, 18.4% are semi-detached, 10.1% are Sunderland Cottages and 7.8% are detached); a further 29.3% are flats/maisonettes, 7.8% are bungalows and 0.9% are other property types. 12.9% of privately rented properties have one bedroom/bedsit, 54.1% have two bedrooms, 28.2% have three bedrooms and 4.8% have four or more bedrooms.

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[17] The 2014 private sector stock condition survey reported a similar number of private rented dwellings (14,978)

Table 4.5	Profile of private rented sector in Sunderland							
	Tenure						**Total**	
	Rented Privately (furnished)		**Rented Privately (unfurnished)**		**Tied accommodation**			
Sub-Area	Count	% of PRS	Count	% of PRS	Count	% of PRS	Count	% of PRS
Coalfield Communities	537	3.5	1424	9.2	140	0.9	**2101**	**13.5%**
Inner Urban Area	1271	8.2	551	16.4	115	0.7	**3937**	**25.4%**
Northern Suburbs	439	2.8	959	6.2	0	0	**1398**	**9.0%**
Northern Suburbs	288	1.9	1345	8.7	77	0.5	**1710**	**11.0%**
Southern Suburbs	1155	7.4	2727	17.6	305	2.0	**4187**	**27.0%**
Washington	499	3.2	1684	10.9	0	0	**2183**	**14.1%**
Total	**4189**	**27.0%**	**10690**	**68.9%**	**637**	**4.1%**	**15516**	**100.0%**

Source: 2012 Household Survey (rebased to 2015)

4.39   In terms of private rented sector prices, Table 4.6 presents Zoopla data for the City for 2010-2015. This indicates that median rents have been relatively stable during the six-year period, generally at around £477-494 per month. Lower quartile rents have generally been around £425-446 pcm, but in 2015 the lower quartile rent was at a low of £399 pcm.

Table 4.6	Private sector rental prices in Sunderland 2010-2015			
	Price per calendar month (£)			
Year	Lower quartile	Mean	Median	No. Rentals
2010	446	731	494	860
2011	446	530	494	1,810
2012	425	504	477	4,059
2013	425	513	494	2,246
2014	425	596	494	3,977
2015	399	529	477	4,584

Source: Zoopla 2016

4.40   The distribution of median rents (2015) across the City by ward is shown in Map 4.1. This indicates that the rental costs are highest in the Washington area (particularly Washington West and Washington East wards) and in the coastal areas (particularly Fulwell).

4.41   The characteristics of tenants are diverse and in particular the private rented sector in Sunderland accommodates singles under 60 (26.4%), lone parents (18.6%), couples (no children) (16.0%) and couples with children (15.6%).

4.42   43.4% of private renting households have lived in their accommodation for less than two years. In terms of income, 56.7% of privately renting households receive less than £300 gross each week, 26.0% receive between £300 and £500 each week and 17.5% receive at least £500 each week, indicating that the private rented sector tends to accommodate lower income households. 50.9% of Household Reference People (Heads of Household) living in private rented accommodation are employed, 11.4% are wholly retired from work, 14.2% are permanently sick/disabled, 13.6% are unemployed and 7.1% are carers or looking after the home.

Map 4.1   Median rents 2015 by ward
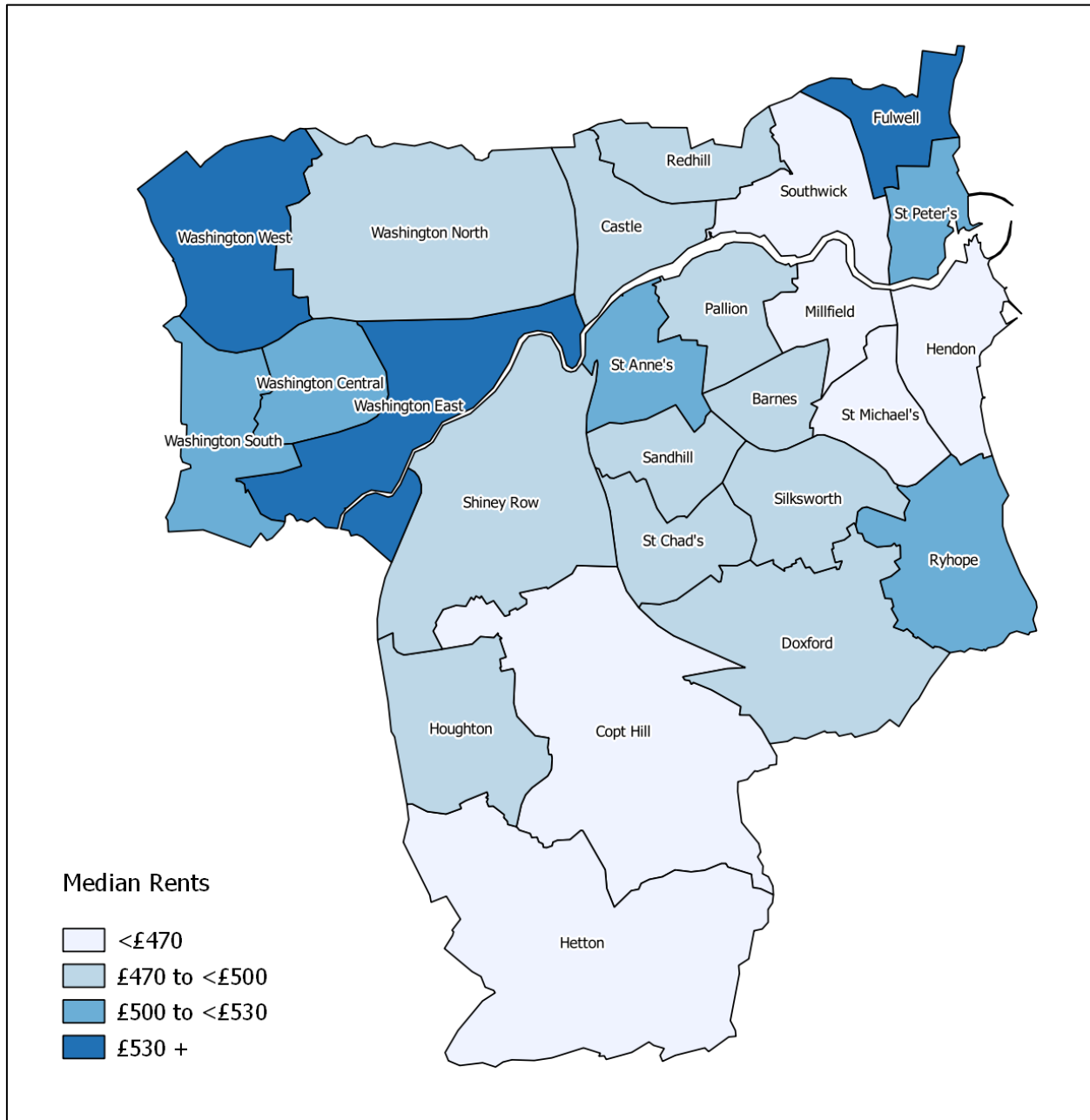
Source: Zoopla 2016

Estate agent views on the private rented sector

4.43   Agents commented that demand within the rental market was consistently high in Sunderland and suggest that this will continue to grow.

4.44   Properties most sought after were very mixed however, agents were able to identify that; young professionals, small families and students are generally the most active within the rental market. Agents believed the high levels of rental demand were as a result of the low-income levels in the area. They highlighted that as a result, most people were unable to obtain mortgages and those that could were often only able to afford small properties that were not a suitable size for their families. Thus, many now live in rented accommodation, as they simply

cannot afford to buy whilst skilled professionals are often on temporary or fixed term contracts and therefore seek rented accommodation during this time. The highest demand within the rental market is believed to come from students. The 2012 SHMA estimated that there are 11,000 students in Sunderland of which 43.4% live in private rented accommodation. The number of students has fallen slightly to 10,709 in October 2016 according to latest data collected by the Council.

4.45   Older people are thought to be the least active in the rental market with most preferring to stay in their own property. However, agents did highlight that demand from the elderly demographic that were beginning to consider downsizing their home in order to free up equity was increasing. They believed this was a positive trend and felt this would encourage activity within the sales market if it continued.

4.46   There is very little demand for, or availability of, high-end rental properties in the area. Agents believed this was largely due to the location of the main employers within Sunderland and suggested that Executives tend to seek properties in the surrounding areas of Newcastle, Durham or Gateshead and commute to the area.

4.47   All agents recognised that tenants now seek to stay in the properties longer than they would 3-5 years ago and are much more specific about what they are looking for. Agents indicated that most leases are for a minimum of 6-12 months however; they recognised that many are now staying in rented accommodation indefinitely. Some aim to use this time to save for deposits whilst others have decided to rent in order to accommodate their growing family, as they cannot afford to buy a bigger property in the current economic climate. Concerns were raised by agents that many people were at risk of becoming 'trapped' in the rental market in Sunderland. They believed that cultural changes amongst the younger generations who are now thought to hold a positive image of rental properties combined with a lack of finances could create problems in the future if people do not wish to, or cannot afford, to buy property.

4.48   All agents felt that renters are now much savvier than they were previously. Many believe that because they are staying in properties longer, they are much more concerned about the aesthetic nature of the property than they have been in the past and are far more aware of their rights.

4.49   Agents believe that the standard of properties on offer in the area is very mixed and were concerned that the high levels of demand within the lower end of private rented sector were attracting a number of 'rogue' landlords and letting agents who were keen to capitalise on low level demand in the area and were offering substandard properties to cater to this.

4.50   The rental market in the area is considered fast paced and those seeking property must act quickly if they see a property that is of interest. The average letting time tends to be no more than a week for a good property and most receive several applications. Landlords generally operate on a first come first served basis, however, checks are carried out on all tenants and this can affect or slow down the application process. Most properties take no longer than one month to rent and any delays are usually as a result of administration hold ups or rental prices being too high.

4.51   Agents stated that the areas close to the A19 are attractive to professionals and families due to good transportation links and good schools.

4.52   The properties in demand within the rental market are mixed. Large properties with 3+ beds or 2+ bed flats were most popular for students. Agents highlighted that little preference was placed on whether these properties were terraced, semi or detached properties however, large kitchens and outdoor space were considered particularly desirable. Young professionals prefer more modern flats/apartments or smaller terraced properties usually with no more than 2 bedrooms. Families usually seek 2 or 3 bed semi detached properties that offer parking and gardens however; many are prepared to consider terraced properties due to budgetary constraints.

4.53   Students are most likely to request furnished properties and this is also common amongst tenants who relocate to the area. Families often have furniture already and usually seek properties that are unfurnished or offer white goods. Agents advised they encouraged landlords to be flexible with this as it often will be at the tenant's request. They did however, advise that often furnished properties now do not command any additional rental yield but highlighted landlords are still happy to furnish properties due to the overall higher rental yields that landlords are able to achieve from those that request furnished accommodation, e.g. students.

4.54   Average market rental levels in Sunderland include:

*   1/2 bed flat or apartment – £350 - £650

*   2 bed semi/terraced - £450 - £650

*   3 bed semi-detached house (parking and gardens) - £500 - £750

*   student homes - £325pppm (including bills)

4.55   Investors are the main landlords in Sunderland. They typically have a portfolio of properties yet agents were keen to stress the amount of properties owned within the portfolios can vary greatly. The area is now very attractive to investors from further afield who are aware of the demand for rental properties in the area and aim to capitalise on this. Agents indicated that Southern investors tend to own larger portfolios and believed this was due to properties being significantly cheaper than those available within the market in the South.

4.56   Some investors seek smaller terraced housing in need of general cosmetic work that fall under the level of stamp duty, which they let to professionals/ smaller families. However, most investors focus on larger homes aimed at the student market as these present them with considerably higher yields. Students pay on average £325pppm and as a result, a 3 bed home would command a rental yield of £975 verses a family who will pay up to £750. Most landlords prefer to manage properties themselves, as they do not wish to pay management fees to agents.

Stakeholder views on the private rented sector

4.57   The online stakeholder survey/stakeholder interviews obtained the views of 25 representatives from Local Authorities, voluntary agencies, residents groups,

Registered Providers, planning consultants and developers. They were invited to answer a range of questions relating to the housing market in Sunderland.

4.58   The majority of stakeholders who commented on the issue of the size of the private rented sector in Sunderland felt that it was about the right size, or slightly too big. One respondent commented on a particular over-supply of flats/apartments. The significance of the student rented sector was also noted and several stakeholders felt that there was a need for the provision of student accommodation to be carefully managed in the City. One problem that was highlighted, associated with student accommodation, was that of high value properties in areas like Roker being converted into student housing and therefore removed from the market. Relocating student accommodation towards the City Centre is considered a more favourable approach, supporting the economy and maintaining the owner-occupied housing market.

4.59   Respondents indicated that the private rented sector in Sunderland was characterised by older properties, terraced housing, flats/apartments and ex-social housing. Whilst the general focus of the private rented sector is considered to be poorer housing in deprived areas, there was also an acknowledgement of the higher-value end of the market. Typical locations for private rented properties include Ashbrooke, Barnes, Hendon, Hetton, Houghton, Millfield, Pallion, Roker, Washington and Southwick. Young families, lone parents, single people, minority ethnic groups, students (including those from overseas) and those on low incomes were all mentioned as household types that seek private rented accommodation. In addition to these typically poor households who seek private rented housing if they cannot obtain public sector housing, one respondent also noted that some professional people chose the private rented sector because it means that they can be more mobile, relocating more easily for employment.

4.60   When asked about the role of buy-to-let within the local market a range of views were expressed by stakeholders, with no overall consensus of opinion emerging. One respondent considers that it distorts the market; another suggested that it does have a role but more control over bad landlords is needed.

4.61   When asked about the impact of changes in the economy and welfare on the sector, the overall view was that more people are looking for private rented accommodation as they cannot afford a mortgage due to increased house prices. This has increased the demand for private rented accommodation. One respondent considered that there is now slightly lower demand, and that rents have stagnated for some time.

4.62   Stakeholders were asked whether Landlord Accreditation Schemes have been successful in Sunderland. Of those who responded, the general view was that these have been partially successful so far. It was suggested that the capping of Housing Benefit has resulted in landlords setting their rents at the cap level or just above for low-income groups. However, it has made little difference to rent levels for middle income groups, and it was noted that more vulnerable people will not be able to rent better quality private rented sector properties. The need to manage the student rental market was raised as a current issue. One respondent suggested that if the bulk of student lets was moved from city-centre private rented properties into purpose-built student accommodation then this would free up open-market private rented homes to the market for other groups.

The vast majority of those who responded to the question about stock condition considered there to be problems with the quality of private rented properties in some areas of Sunderland, with too many houses being sub-standard.

4.63   Stakeholders did not provide much information on movement between tenures. Some movement between private rented and social rented accommodation was noted, and movement of older people out of private rented into purpose-built older peoples' accommodation.

4.64   In terms of key strategic messages about the sector to be identified in the SHMA, stakeholders identified the following:

- Assess the supply of student and HMO accommodation and minimise the risk of overprovision;

- Increase the supply of good quality housing;

- Focus on delivering housing for the young, young families on low incomes and excluded people;

- There are areas where selective intervention is required based on the findings of the private sector stock condition survey, which include Hetton Downs, Hendon, Millfield, Southwick, Pallion, pockets in the Coalfield area and Washington Sulgrave; and

- Increasing private rented provision for high earners.

Affordable sector

4.65   There are around 33,310 households who live in an affordable (social rented or shared ownership) property across Sunderland City, accounting for 27.4% of all occupied dwellings.

4.66   Houses account for 57.1% of occupied affordable dwelling stock, 23.0% are flats/maisonettes and 19.0% are bungalows. Affordable dwellings tend to have one/bedsit (23.4%), two (45.7%) or three (28.5%) bedrooms, with a further 2.5% having four or more bedrooms.

4.67   43.7% of households living in affordable dwellings are older singles and couples, a further 17.7% are singles under 60, 8.4% are lone parents (children under 18), 7.5% are couples with children under 18, 10.5% are couples/lone parents with adult children, 5.6% are couples with no children and 6.6% are other household types.

4.68   27.9% of Household Reference People living in affordable housing are in employment. A further 34.6% are wholly retired from work, 21.3% are permanently sick/disabled, 7.6% are unemployed, 7.4% look after the home/are caring for someone and 0.7% are in full-time education/training.

4.69   Incomes are generally low, with 79.6% receiving an income of less than £300 gross each week and 54.8% receiving less than £200 gross each week.

Stakeholder views on affordable housing

4.70   The online survey of key stakeholders asked several questions relating to the provision of affordable housing in Sunderland. Below is a summary of the findings.

4.71   Few stakeholders commented on whether the Decent Homes Standard had been met within the City's affordable housing stock, but those who did said that this standard had been achieved amongst their stock. The stakeholder survey included a range of affordable housing providers from across the City, comprising a mix of general needs and older people stock, assured rent, shared ownership, elderly leasehold and sheltered housing.

4.72   Popular areas identified by stakeholders were Roker, Silksworth, Tunstall, Ryhope, Doxford Park and Hylton Castle. Less popular areas named by respondents were Coalfields and flats in the East End. Two-bedroom apartments and bungalows were noted as being sought after. Low demand was considered to be a problem in relation to older sheltered housing schemes and an over-supply of new Extra Care properties. Studio accommodation and first-floor flats were also considered harder to let. Higher rates of turnover were noted in relation to single-person accommodation and flats, with lower turnover in family accommodation. No significant problems in terms of turnover were identified.

4.73   No major problems relating to anti-social behaviour were identified by stakeholders. High levels of customer satisfaction were reported by respondents working within the affordable housing sector.

4.74   The provision of family housing and single-story bungalow accommodation for older people was identified as the priority for new affordable housing development in Sunderland.

4.75   Of those stakeholders who stated that they are currently developing affordable housing within Sunderland, this included social rental properties, based on affordable rents and managed by a Registered Provider; affordable housing delivered within market developments, including affordable rent properties and discounted sale units and 'move on' properties (shared accommodation) for young people leaving supported accommodation.

4.76   In terms of key messages for the SHMA in respect of affordable housing, stakeholders identified the following:

• The need for an adopted Local Plan/Core Strategy;

• The need for an increase in delivery; and

• The need for planning policy implementation to be sufficiently flexible to reflect economic viability - otherwise it will limit delivery.

Executive housing

4.77   Although it is difficult to define executive housing, distinctive features include:

• High property values linked to desirable locations, with high incomes/equity required to support the purchase; and

• High quality construction including exterior and interior fittings.

4.78   This SHMA has sought to investigate the requirements for executive housing through a review of existing provision, stakeholder discussions and analysis of household survey evidence. Overall, in Sunderland, executive housing provision could have a role in response to the need for diversification and expansion of the sub-regional economy and in contributing towards achieving wider population and economic growth objectives for the Region.

4.79   The Household Survey can be used to explore the housing options being considered by higher income groups (with a weekly income of at least £950). Although the executive housing market is a niche market, reviewing the housing aspirations of high income groups is an appropriate way of investigating the potential demand for executive housing.

4.80   The household survey identifies 6,280 households with an income of at least £950 each week. Of these households, 31.3% are intending to move in the next five years. Of this group of high income households, a majority (90.8%) stated a first preference location within Sunderland. The most popular sub-areas identified were the Southern Suburbs (20.6%) and Washington (18.1%) with a further 18% stating the Inner Urban Area.

4.81   In terms of dwelling preferences, likes and expectations are summarised in Table 4.7. This indicates strongest aspiration towards detached with three or more bedrooms and bungalows. In reality, however, more households expect to move to semi-detached houses, although those aspiring towards bungalows expect to move to them.

Table 4.7	High income household dwelling aspirations and expectations					
Like/aspiration						
	Property type (Table %)					
No. Beds	**Detached house**	**Semi-detached house**	**Terraced house**	**Flat/ Apartment**	**Bungalow**	**Total**
One	0.0	0.0	0.0	0.0	0.0	**0.0**
Two	4.2	0.0	0.0	1.8	7.7	**13.6**
Three	11.7	4.1	0.0	0.0	4.9	**20.6**
Four	50.2	0.0	2.0	0.0	0.0	**52.2**
Five or more	11.5	0.0	2.0	0.0	0.0	**13.5**
Total	**77.6**	**4.1**	**4.0**	**1.8**	**12.5**	**100.0**
Expectation						
	Property type (Table %)					
No. Beds	**Detached house**	**Semi-detached house**	**Terraced house**	**Flat/ Apartment**	**Bungalow**	**Total**
One	0.0	0.0	0.0	0.0	0.0	**0.0**
Two	0.0	2.3	0.0	4.3	7.7	**14.3**
Three	15.2	13.1	0.0	0.0	4.3	**32.6**
Four	37.4	8.7	2.2	0.0	0.0	**48.4**
Five or more	2.4	2.3	0.0	0.0	0.0	**4.7**
Total	**55.0**	**26.4**	**2.2**	**4.3**	**12.0**	**100.0**

Base: 1,626 households with an income of more than £950 planning to move in next 5 years

Source: 2012 Household Survey (rebased to 2015)

4.82   In terms of reasons for moving, most frequently mentioned are wanting a larger property (43.8%) and wanting a smaller property (13.5%). A challenge is to provide aspirational housing for higher income groups, particularly detached houses with at least three bedrooms, to ensure that this population is retained, and also to attract mid to upper income households from elsewhere.

Key market drivers

4.83   Essentially, there are three key primary drivers influencing the current (and future) housing market: demographic, economic and dwelling stock characteristics, as summarised in Table 4.8.

Table 4.8	Primary market drivers	
Primary Driver	**Attributes**	**Impact on overall demand through:**
Demography	Changing no. of households, household structure, ethnicity	Natural Change
Economy	Jobs, income, activity rates, unemployment	Economic migration
Housing stock and aspirations	Quality vs. aspirations, relative prices, accessibility, development programmes	Residential migration

4.84   In summary, the following demographic drivers will continue to underpin the operation of the Sunderland Housing Market Area:

- An increasing population size overall during the plan period, with a 3.0% increase (8,200 additional people) between 2015 and 2033[18];

- There is a projected decrease in the 15-29 years age cohort of (- 4.9%) and most notably a decrease of 15.3% in the 45-64 years age cohort;

- The number of people aged 65 and over is projected to increase by 36.8% (19,000 additional people), with the proportion of the total population aged 65 and over increasing from 18.6% of the population in 2015 to almost a quarter (24.7%) of the population in 2033. The proportion of the total population aged 80 years and over is projected to increase from 4.7% in 2015 to 7.5% in 2033; and

- The 2012 Household Survey indicates that the following range of household groups currently live in Sunderland: singles under 65 (13.5%); couples (under 65 with no children) (11.1%); couples with children under 18 (14.7%); couples with adult children (8.3%); couples 65 or over (20.6%); singles aged 65 or over (17.0%), lone parents with children under 18 (5.9%); lone parents with adult children (3.1%) and other household types (5.7%).

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[18] According to ONS 2014-based sub-national population projections

Table 4.9	Projected population change, 2015 to 2033			
Age Group	2015	2033	Change 2015-33	% Change 2015-33
0-14	45,100	45,500	400	0.9%
15-29	55,300	52,600	-2,700	-4.9%
30-44	49,400	52,600	3,200	6.5%
45-64	76,300	64,600	-11,700	-15.3%
65-79	38,600	49,200	10,600	27.5%
80+	13,000	21,400	8,400	64.6%
Total	277,700	285,900	8,200	3.0%
% aged 65+	18.6%	24.7%		
% aged 80+	4.7%	7.5%		

Source: ONS 2014-based Subnational population projections

Note: Data subject to rounding

4.85　The following economic drivers underpin the operation of the Sunderland Housing Market Area:

- 48.6% of Household Reference People are economically active and are in employment according to the 2012 Household Survey; a further 31.6% are retired; 9.8% are permanently sick/disabled; 4.6% are either looking after the home or provide full-time care; 4.4% are unemployed and available for work; and 0.9% are in education/training;

- The 2011 Census data shows that 70.2% of residents in employment work in Sunderland. A further 7.7% work in County Durham, 5.9% work in Gateshead, 5.1% in Newcastle upon Tyne, 4.4% in South Tyneside, 1.6% in Tees Valley and 1.5% in North Tyneside. Beyond the immediate area, 0.9% work in Northumberland, 0.6% in Yorkshire and the Humber, 0.3% in the North West and 1.9% elsewhere in the UK;

- According to the Office for National Statistics (ONS) Annual Survey of Hours and Earnings, lower quartile earnings in 2015 across Sunderland were £18,000 each year which compares with £18,400 for the North East region and £19,396 for England. Median incomes were £24,513, compared with a regional median of £25,218 and a national median of £27,227;

- There is considerable income polarisation across Sunderland, with 44.2% of households receiving less than £300 each week, 25.7% receiving between £300 and £500 each week and 29.9% receiving at least £500 each week.

4.86　In terms of dwelling stock, the 2012 Household Survey reports that, across the Sunderland area:

- 76.6% of properties are houses (including Sunderland Cottages), 12.1% are flats/maisonettes, 10.5% are bungalows and 0.7% are other property types (e.g. caravans);

- 9.0% have one bedroom/bedsit/studio, 35.3% have two bedrooms, 41.1% have three bedrooms and 14.4% have four or more bedrooms;

- 15.0% of properties were built before 1919, a further 16.5% were built between 1919 and 1944, 26.0% between 1945 and 1964, 26.1% between 1965 and 1984, 12.0% between 1985 and 2004 and 4.4% have been built since 2005;

- 59.7% of properties are owner-occupied, 12.8% are private rented/tied accommodation, 27.0% are rented from a social landlord and 0.4% are intermediate tenure; and

- There is a particularly strong aspiration for houses.

Stakeholder views on housing market drivers

4.87   The online survey asked key stakeholders to identify what they perceived to be the local housing market drivers in Sunderland:

- There was a split opinion regarding population, with some commenting on overall decline and others on growth;

- An ageing population;

- Reduced household size;

- Fewer young households;

- Increased outward migration by working population, especially to other areas of Tyne & Wear, particularly Durham and Newcastle;

- There was a variety of views regarding the attractiveness of the City. Some stakeholders commented on positive factors, including the economy, developing higher education offering and growing commercial interests, whilst others remarked on the poor reputation of Sunderland, failing to attract working households;

- A tendency for residents to remain within own neighbourhood when they move house, rather than relocating to other areas within the City; and

- Poverty, unemployment, relationship breakdown and domestic violence in some areas.

4.88   Only one stakeholder responded to the question about house price trends in Sunderland. Their view was that house prices in the area have been reducing over the past five years. Affordability was identified as an issue. However, a sizeable demand for high quality housing and medium-sized bungalows to facilitate older households to downsize was also mentioned.

4.89   Stakeholders were asked to identify what they felt to be the current challenges of the housing market in Sunderland and these include:

- Welfare Reform and the 'Bedroom Tax';

- Student HMO market;

- Continued affordability struggle and challenge for some households to get a mortgage;

- Ongoing problems with disrepair;

- A need to attract investment to create jobs and positive housing demand;

- A need to minimise the out-migration of young, economically-active people;

- A lack of viable sites for housing development;

- NIMBYism;

- The planning system slowing down development;

- A need to focus on gentrifying poor areas (brownfield) within the City, rather than greenfield development;

- A need to redevelop areas where stock was demolished as part of housing market renewal; and

- A need to focus on the needs of families, the elderly and supported housing needs.

4.90   Stakeholders were asked for their views on the impact they expect economic changes will have on housing markets across the City in the future. These comments were generally divided between stakeholders who considered that economic growth would be sustained, leading to increasing demand for housing, and those who felt that there would be a prevailing economic decline. It was considered that economic growth would bring benefits, but also the potential for increased polarisation between areas of growth and areas of deprivation. A national-level economic focus on Scotland, Manchester and Yorkshire was noted, with negative impacts on other regions, especially Sunderland.

4.91   Asked what key messages stakeholders want to see addressed, the following comments were made:

- Delivering new housing in the right areas;

- Focus development on brownfield sites;

- Target new Extra Care development where appropriate;

- Provide shared ownership (including provision for over 55s) in the areas where it is needed; and

- Provide supported accommodation, especially for dementia-specific needs.

4.92   Stakeholders were asked to rank a range of priorities as high, medium or low. Their responses are summarised in Table 4.10.

Table 4.10	Ranking of proposed priorities			
Proposed Priorities	Low	Medium	High	Base No. of Respondents
Building homes to buy on the open market	14.3% (3)	52.4% (11)	33.3% (7)	21
Building affordable homes to rent	4.8% (1)	38.1% (8)	57.1% (12)	21
Building affordable homes to buy (shared ownership, shared equity)	14.3% (3)	42.9% (9)	42.9% (9)	21
Building executive homes	38.1% (8)	19.0% (4)	42.9% (9)	21
Building properties designed for older people	19.0% (4)	52.4% (11)	28.6% (6)	21
Building properties designed for people with specialist needs	14.3% (3)	47.6% (10)	38.1% (8)	21
Improving the quality of existing stock	0% (0)	54.5% (12)	45.5% (10)	22
The private rented sector	38.1% (8)	33.3% (7)	28.6% (6)	21
Building homes with 'intermediate' rents	15.8% (3)	57.9% (11)	26.3% (5)	19
Building homes with 'affordable' rents	4.8% (1)	42.9% (9)	52.4% (11)	21

4.93   Overall, building affordable homes to rent (and buildings homes with 'affordable' rents) and improving the quality of existing stock were identified by stakeholders as the highest priorities. Building affordable homes to rent was identified as a high priority by 57.1% of respondents, whilst 38.1% ranked it as a medium priority and only 4.8% as a low priority. A very similar ranking was given to building homes with 'affordable' rents. Improving the quality of existing stock was identified as a high priority by 45.5% of respondents, and as a medium priority by 54.4%. None of the stakeholders identified this as a low priority.

4.94   Building homes to buy on the open market and building affordable homes to buy (shared ownership or shared equity) were both considered to be medium to high priorities, with only 14.3% of respondents considering these to be of low priority. Likewise, building homes with 'intermediate' rents was ranked a medium to high priority (only 15.8% considered this to be a low priority).

4.95   Building properties designed for older people was generally felt to be a medium (52.4%) priority, whilst building homes for those with specialist needs was felt to be a medium (47.6%) to high (38.1%) priority.

4.96 The private rented sector was considered to be the lowest ranking priority. 38.1% of respondents rated this as a low priority; 33.3% rated it a medium priority; and 28.6% rated it a high priority.

4.97 Building executive homes divided the opinions of stakeholders the most, with a significant 38.1% of respondents considering it a low priority, but 42.9% rating it a high priority, whilst only 19.0% felt it to be a medium priority.

4.98 Stakeholders gave a range of reasons for identifying these priorities, including:

- A general shortage of housing supply in recent years, across all tenures;

- Poor existing housing stock, limiting the ability of older households to downsize and release larger properties;

- Demographic change, particularly an ageing population and out-migration; and

- A lack of in-migration, exacerbated by the poor existing stock and a lack of housing choice at the higher end of the market.

Current households in need

4.99 A robust and defensible assessment of housing need is essential for the development of affordable housing policies. Housing need can be defined as:

> *'The quantity of housing required for households who are unable to access suitable housing without financial assistance'.*

4.100 The 2012 Household Survey and a range of secondary data provide the robust and transparent evidence base required to assess housing need across the Sunderland City area. This is presented in detail at Appendix B of this report and follows CLG modelling guidance.

4.101 Across Sunderland there are 14,949 existing households in need which represents 12.2% of all households. Reasons for housing need are summarised in Table 4.11.

Table 4.11	Housing need in Sunderland	
Category	**Factor**	**Sunderland**
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	509
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	2261
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	5212
	N4 Too difficult to maintain	3,078
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	606
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	3,712
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	236
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	1246
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	1372
Total no. households in need (with one or more housing needs)		**14,949**
Total Households		121,555
% households in need		**12.3%**

Note: A household may have more than one housing need.

Source: 2012 Household Survey (rebased to 2015)

4.102 Table 4.12 summarises overall housing need (before further analysis to test the extent to which households can afford open market provision to offset their need) by sub-area and the extent to which housing need varies across Sunderland. The proportion of households in need is highest in the Inner Urban Area (20.8%) and lowest in the Northern Coastal sub-area (8.9%).

Table 4.12	Households in need by sub-area		
Sub-area	**No. H'holds in need**	**% H'holds in need**	**Total no. households**
Coalfield Communities	2109	10.1	20857
Inner Urban Area	3107	20.8	14954
Northern Coastal	859	8.9	9698
Northern Suburbs	1867	12.5	14900
Southern Suburbs	4314	11.6	37275
Washington	2693	11.3	23871
Total (all households in need)	**14949**	**12.3**	**121555**

Source: 2012 Household Survey (rebased to 2015)

4.103 Tables 4.13 and 4.14 demonstrate how the proportion of households in housing need varies by tenure and household type for Sunderland. Those in private renting tend to be in greater housing need, 'other' households, lone parents and couples with three or more children. The research identifies around 13,872 households with adult children living with parent(s), which provides a broad indication of the scale of hidden housing need (of whom 1,592 are classified as being in need unless the person wants to remain in the family home).

Table 4.13	Housing need by tenure		
Tenure	**No. H'holds in need**	**% H'holds in need**	**Total no. households**
Owner Occupied	6310	8.7	72619
Private Rented	4115	26.3	15624
Affordable (Social/Affordable Rented and Intermediate)	4524	13.6	33312
Total (All households in need)	**14949**	**12.3**	**121555**

Source: 2012 Household Survey (rebased to 2015)

Table 4.14	Housing need by household type		
Household Type	No. H'holds in need	% H'holds in need	Total no. households
Single Adult (under 65)	2538	15.4	16469
Single Adult (65 or over)	1552	7.5	20673
Couple only (both under 65)	896	6.7	13444
Couple only (one or both over 65)	1770	7.1	25059
Couple with 1 or 2 child(ren) under 18	800	5.2	15293
Couple with 3 or more children under 18	549	21.2	2586
Couple with child(ren) aged 18+	746	7.4	10053
Lone parent with 1 or 2 child(ren) under 18	1148	17.7	6476
Lone parent with 3 or more children under 18	247	32.8	753
Lone parent with child(ren) aged 18+	846	22.2	3819
Student Household	327	88.9	368
Other type of household	3530	53.8	6562
Total (All households in need)	**14949**	**12.3**	**121555**

Source: 2012 Household Survey (rebased to 2015)

Homeless and previously homeless households

4.104 Homelessness statistics for 2015/16[19] indicate that a total of 1,057 decisions were made on households declaring themselves as homeless across Sunderland (Table 4.15). Of these households, 78 were classified as homeless and in priority need. Over the six years 2010/11 to 2015/16, an annual average of 723 decisions has been made across Sunderland and an annual average of 117 households have been declared as homeless and in priority need.

Table 4.15	Homeless decisions and acceptances 2010/11 to 2015/16	
Year	Decisions made	Accepted as homeless
2010/11	225	168
2011/12	109	82
2012/13	306	125
2013/14	1395	166
2014/15	1243	81
2015/16	1057	78
Total	4335	700
Annual Average	723	117

Source: DCLG Homelessness Statistics

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[19] CLG Homeless Statistics Table 784: Local authorities' action under the homelessness provisions of the Housing Acts

4.105 The Household Survey identified 1,352 households who had been previously homeless or living in temporary accommodation and had moved to their present accommodation in the past five years.

4.106 Table 4.16 presents a range of information relating to the characteristics of previously homeless households and the dwelling choices that they have made. 51.7% of households previously homeless have moved to the private rented sector and 42.8% into social/affordable renting. They have moved into a range of dwelling sizes, with 32.4% moving to one bedroom dwellings, 54.0% moving into two bedroom dwellings and 13.6% into dwellings with three or more bedrooms. The incomes of previously homeless households are generally low with 72.6% receiving less than £200 each week and 9.4% receiving between £200 and £300 each week. 43.3% are singles under 65, 24.5% are lone parents with children under 18, 10.9% are couples with children under 18 and 10.6% are couples (no children).

Table 4.16 Characteristics of households previously homeless				
Household Type	**%**	**Property Type**	**%**
Single Adult (under 60)	43.3	House	43.2
Single Adult (60 or over)	2.3	Sunderland Cottage	10.6
Couple only (both under 60)	10.6	Bungalow	4.8
Couple with 1 or 2 child(ren) under 18	10.9	Flat/maisonette	41.5
Couple with 3 or more children under 18	2.8		
Lone parent with 1 or 2 child(ren) under 18	24.5		
Lone parent with children aged 18+	5.7		
Total	100	Total	100
Current tenure	**%**	**Origin**	**%**
Owner Occupied	5.5	Within Sunderland	97.4
Private Rented	51.7	From outside Sunderland	2.6
Social/Affordable Rented	42.8		
Total	100	Total	100
Current income (Gross weekly)	**%**	**Property size**	**%**
Under £250	75.7	1 Bed	32.4
£250 to <£500	17	2 Beds	54
£500+	7.4	3 or more Beds	13.6
Total	100	Total	100

Base: 1,352 households previously homeless

Source: 2012 Household Survey (rebased to 2015)

Relative affordability of housing options

Tenure costs

4.107 The relative cost of alternative housing options across Sunderland and by sub-area is explored in Table 4.17. This includes affordable and market rent options, owner occupation and intermediate tenure options, as well as Starter Homes.

Table 4.18 shows the income required for alternative tenure options to be affordable by sub-area.

4.108 The relative costs and incomes required are also presented by ward in Tables 4.19 and 4.20.

4.109 Assumptions underpinning the calculations are set out in Table 4.21.

Table 4.17 Cost of alternative tenure options by sub-area						
	Price by sub-area (2015)					
Tenure option	Northern Suburbs	Northern Coastal	Southern Suburbs	Inner Urban Area	Coalfield Communities	Total
Social Rent (average)	£374	£374	£374	£374	£374	£374
Affordable Rent (80% of median private rent)	£382	£426	£382	£361	£382	£382
Market Rent - Lower Quartile	£433	£451	£394	£381	£399	£399
Market Rent – Median	£477	£533	£477	£451	£477	£477
Market Sale - Lower Quartile (assumes 10% deposit)	£63,000	£111,250	£85,000	£54,000	£74,950	£79,950
Market Sale – Median (assumes 10% deposit)	£80,000	£140,500	£120,000	£71,250	£119,200	£110,000
Market Sale – Average (assumes 10% deposit)	£209,597	£159,750	£133,583	£87,062	£140,111	£139,300
Starter Home	£64,000	£112,400	£96,000	£57,000	£95,360	£88,000
Shared ownership (50%)	£40,000	£70,250	£60,000	£35,625	£59,600	£55,000
Shared ownership (25%)	£20,000	£35,125	£30,000	£17,813	£29,800	£27,500
Help to Buy	£80,000	£140,500	£120,000	£71,250	£119,200	£110,000

Source: Data produced by Land Registry © Crown copyright 2016, Zoopla, CLG

Table 4.18 Income required for alternative tenure options by sub-area						
	Income required by sub-area (2015)					
Tenure option	Northern Suburbs	Northern Coastal	Southern Suburbs	Inner Urban Area	Coalfield Communities	Total
Social Rent	£17,936	£17,936	£17,936	£17,936	£17,936	£17,952
Affordable Rent	£18,317	£20,467	£18,317	£17,318	£18,317	£18,317
Market Rent - Lower Quartile	£20,784	£21,648	£18,912	£18,288	£19,152	£19,152
Market Rent - Median	£22,896	£25,584	£22,896	£21,648	£22,896	£22,896
Market Sale - Lower Quartile (assumes 10% deposit)	£16,200	£28,607	£21,857	£13,886	£19,273	£20,559
Market Sale - Median (assumes 10% deposit)	£20,571	£36,129	£30,857	£18,321	£30,651	£28,286
Market Sale - Average (assumes 10% deposit)	£53,896	£41,078	£34,350	£22,387	£36,029	£35,820
Starter Home	£16,457	£28,903	£24,686	£14,657	£24,521	£22,629
Shared ownership (50%)	£16,366	£27,472	£23,709	£14,759	£23,562	£21,873
Shared ownership (25%)	£13,709	£22,805	£19,723	£12,393	£19,603	£18,219
Help to Buy	£11,429	£20,071	£17,143	£10,179	£17,029	£15,714

Source: Data produced by Land Registry © Crown copyright 2016, Zoopla, CLG

Table 4.19   Cost of alternative tenure options by ward

Tenure option	Price (2015)												
	Barnes	Castle	Copt Hill	Doxford	Fulwell	Hendon	Hetton	Houghton	Millfield	Pallion	Redhill	Ryhope	Sandhill
Social Rent (average)	£374	£374	£374	£374	£374	£374	£374	£374	£374	£374	£374	£374	£374
Affordable Rent (80% of median private rent)	£395	£395	£343	£382	£475	£361	£362	£382	£361	£382	£382	£419	£382
Market Rent - Lower Quartile	£394	£451	£351	£451	£524	£399	£399	£399	£325	£425	£451	£477	£451
Market Rent - Median	£494	£494	£429	£477	£594	£451	£453	£477	£451	£477	£477	£524	£477
Market Sale - Lower Quartile (assumes 10% deposit)	£99,950	£74,950	£87,750	£105,000	£122,475	£60,000	£70,000	£75,000	£79,950	£74,950	£65,000	£87,500	£70,000
Market Sale - Median (assumes 10% deposit)	£124,950	£86,500	£135,000	£150,000	£149,950	£80,000	£99,950	£119,975	£105,000	£87,996	£76,000	£124,950	£85,000
Market Sale - Average (assumes 10% deposit)	£139,482	£108,141	£154,914	£183,066	£173,140	£103,635	£171,825	£147,399	£119,458	£96,738	£80,105	£154,446	£87,660
Starter Home	£99,960	£69,200	£108,000	£120,000	£119,960	£64,000	£79,960	£95,980	£84,000	£70,397	£60,800	£99,960	£68,000
Shared ownership (50%)	£62,475	£43,250	£67,500	£75,000	£74,975	£40,000	£49,975	£59,988	£52,500	£43,998	£38,000	£62,475	£42,500
Shared ownership (25%)	£31,238	£21,625	£33,750	£37,500	£37,488	£20,000	£24,988	£29,994	£26,250	£21,999	£19,000	£31,238	£21,250
Help to buy	£124,950	£86,500	£135,000	£150,000	£149,950	£80,000	£99,950	£119,975	£105,000	£87,996	£76,000	£124,950	£85,000

Tenure option	Shiney Row	Silksworth	Southwick	St Annes	St Chads	St.Michaels	St.Peters	Washington Central	Washington East	Washington North	Washington South	Washington West	Sunderland Total
Social Rent (average)	£374	£374	£374	£374	£374	£374	£374	£374	£374	£374	£374	£374	£374
Affordable Rent (80% of median private rent)	£395	£382	£364	£419	£398	£343	£419	£419	£440	£382	£419	£437	£382
Market Rent - Lower Quartile	£433	£433	£399	£477	£464	£347	£425	£477	£498	£377	£451	£481	£399
Market Rent - Median	£494	£477	£455	£524	£498	£429	£524	£524	£550	£477	£524	£546	£477
Market Sale - Lower Quartile (assumes 10% deposit)	£77,000	£79,950	£57,975	£91,950	£99,950	£109,950	£100,000	£80,000	£114,950	£24,975	£89,950	£90,000	£79,950
Market Sale - Median (assumes 10% deposit)	£110,000	£104,950	£79,950	£110,000	£160,000	£160,000	£125,000	£105,000	£175,000	£68,975	£115,000	£110,000	£110,000
Market Sale - Average (assumes 10% deposit)	£139,712	£117,837	£89,972	£127,148	£178,083	£182,723	£167,896	£124,848	£189,413	£72,896	£151,110	£124,002	£139,300
Starter Home	£88,000	£83,960	£63,960	£88,000	£128,000	£128,000	£100,000	£84,000	£140,000	£55,180	£92,000	£88,000	£88,000
Shared ownership (50%)	£55,000	£52,475	£39,975	£55,000	£80,000	£80,000	£62,500	£52,500	£87,500	£34,488	£57,500	£55,000	£55,000
Shared ownership (25%)	£27,500	£26,238	£19,988	£27,500	£40,000	£40,000	£31,250	£26,250	£43,750	£17,244	£28,750	£27,500	£27,500
Help to buy	£110,000	£104,950	£79,950	£110,000	£160,000	£160,000	£125,000	£105,000	£175,000	£68,975	£115,000	£110,000	£110,000

Source: Data produced by Land Registry © Crown copyright 2016, Zoopla, CLG

Table 4.20   Income required for alternative tenure options by ward

Tenure option	Income required by ward (2015)												
	Barnes	Castle	Copt Hill	Doxford	Fulwell	Hendon	Hetton	Houghton	Millfield	Pallion	Redhill	Ryhope	Sandhill
Social Rent	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936
Affordable Rent	£18,970	£18,970	£16,474	£18,317	£22,810	£17,318	£17,395	£18,317	£17,318	£18,317	£18,317	£20,122	£18,317
Market Rent - Lower Quartile	£18,912	£21,648	£16,848	£21,648	£25,152	£19,152	£19,152	£19,152	£15,600	£20,400	£21,648	£22,896	£21,648
Market Rent - Median	£23,712	£23,712	£20,592	£22,896	£28,512	£21,648	£21,744	£22,896	£21,648	£22,896	£22,896	£25,152	£22,896
Market Sale - Lower Quartile (assumes 10% deposit)	£25,701	£19,273	£22,564	£27,000	£31,494	£15,429	£18,000	£19,286	£20,559	£19,273	£16,714	£22,500	£18,000
Market Sale - Median (assumes 10% deposit)	£32,130	£22,243	£34,714	£38,571	£38,559	£20,571	£25,701	£30,851	£27,000	£22,628	£19,543	£32,130	£21,857
Market Sale - Average (assumes 10% deposit)	£35,867	£27,808	£39,835	£47,074	£44,522	£26,649	£44,183	£37,902	£30,718	£24,875	£20,598	£39,715	£22,541
Starter Home	£25,704	£17,794	£27,771	£30,857	£30,847	£16,457	£20,561	£24,681	£21,600	£18,102	£15,634	£25,704	£17,486
Shared ownership (50%)	£24,617	£17,559	£26,462	£29,216	£29,207	£16,366	£20,028	£23,704	£20,955	£17,834	£15,631	£24,617	£17,284
Shared ownership (25%)	£20,467	£14,686	£21,978	£24,234	£24,226	£13,709	£16,708	£19,719	£17,468	£14,911	£13,107	£20,467	£14,460
Help to buy	£17,850	£12,357	£19,286	£21,429	£21,421	£11,429	£14,279	£17,139	£15,000	£12,571	£10,857	£17,850	£12,143

Tenure option	Shiney Row	Silksworth	Southwick	St Annes	St Chads	St.Michaels	St.Peters	Washington Central	Washington East	Washington North	Washington South	Washington West	Sunderland Total
Social Rent	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936	£17,936
Affordable Rent	£18,970	£18,317	£17,472	£20,122	£19,123	£16,474	£20,122	£20,122	£21,120	£18,317	£20,122	£20,966	£18,317
Market Rent - Lower Quartile	£20,784	£20,784	£19,152	£22,896	£22,272	£16,656	£20,400	£22,896	£23,904	£18,096	£21,648	£23,088	£19,152
Market Rent - Median	£23,712	£22,896	£21,840	£25,152	£23,904	£20,592	£25,152	£25,152	£26,400	£22,896	£25,152	£26,208	£22,896
Market Sale - Lower Quartile (assumes 10% deposit)	£19,800	£20,559	£14,908	£23,644	£25,701	£28,273	£25,714	£20,571	£29,559	£6,422	£23,130	£23,143	£20,559
Market Sale - Median (assumes 10% deposit)	£28,286	£26,987	£20,559	£28,286	£41,143	£41,143	£32,143	£27,000	£45,000	£17,736	£29,571	£28,286	£28,286
Market Sale - Average (assumes 10% deposit)	£35,926	£30,301	£23,136	£32,695	£45,793	£46,986	£43,173	£32,104	£48,706	£18,745	£38,857	£31,886	£35,820
Starter Home	£22,629	£21,590	£16,447	£22,629	£32,914	£32,914	£25,714	£21,600	£36,000	£14,189	£23,657	£22,629	£22,629
Shared ownership (50%)	£21,873	£20,946	£16,357	£21,873	£31,051	£31,051	£24,626	£20,955	£33,805	£14,342	£22,791	£21,873	£21,873
Shared ownership (25%)	£18,219	£17,460	£13,701	£18,219	£25,737	£25,737	£20,475	£17,468	£27,993	£12,051	£18,971	£18,219	£18,219
Help to buy	£15,714	£14,993	£11,421	£15,714	£22,857	£22,857	£17,857	£15,000	£25,000	£9,854	£16,429	£15,714	£15,714

Source: Data produced by Land Registry © Crown copyright 2016, Zoopla, CLG

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Table 4.21	Assumptions in assessing income required for alternative tenure options	
Tenure	**Tenure price assumptions**	**Affordability assumptions**
Social rent	Prevailing prices	Affordability 25% of income
Affordable rent	80% of median market rent	Affordability 25% of income
Market Rent – lower quartile	Prevailing prices	Affordability 25% of income
Market Rent – median	Prevailing prices	Affordability 25% of income
Market Sale – lower quartile	Prevailing prices	90% LTV, 3.5x income
Market Sale – median	Prevailing prices	90% LTV, 3.5x income
Market Sale - average	Prevailing prices	90% LTV, 3.5x income
Starter Home	20% discount on full value (assumed to be median), 10% deposit on discounted portion, remainder mortgage based on 3.5x income	90% LTV, 3.5x income
Shared ownership (50%)	Total price based on median price and 50% ownership. Mortgage based on 40%. 10% deposit required, annual service charge £395, Annual rent based on 2.75% of remaining equity	90% LTV, 3.5x income for equity and 25% of income for rental element
Shared ownership (25%)	Total price based on median price and 25% ownership. Mortgage based on 20%. 5% deposit required, annual service charge £395, Annual rent based on 2.75% of remaining equity	90% LTV, 3.5x income for equity and 25% of income for rental element
Help to buy	Total price based on median price. Mortgage based on 75% equity. 20% loan and deposit of 5%. Loan fee of 1.75% in year 6 of outstanding equity loan increasing annually from yr7 at RPI+1%	70% LTV, 3.5x income

4.110 This analysis indicates that for open market housing, the minimum indicative income required is £19,152 for lower quartile or entry-level renting in the City as a whole. For lower quartile or entry-level house prices (owner occupation) the minimum income required is £20,559.

Relative affordability of tenure options

4.111 Figure 4.5 sets out the relative affordability of alternative tenures in the study area. It uses lower quartile and median earnings derived from the Annual Survey of Hours and Earnings (ASHE) 2015.

4.112 Table 4.23 summarises the proportion of households across the City area and in each sub-area who could afford different types of tenure.

4.113 Overall and excluding Housing Benefit, social renting is affordable to 59.8% of households and affordable rent to 59.2%.

4.114 In terms of open market housing options, lower quartile private renting is affordable to 56.7% and median renting to 40.1%. In terms of market sale,

lower quartile market sale is affordable to 45.5% but median market sale to only 33.3%.

4.115 Regarding affordable home ownership options, Starter Homes are affordable to 40.6% of eligible households[20], shared ownership to 42.3% (50% equity) and 51.8% (25% equity) and Help to Buy to 59.0%.

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[20] Based on households where the Household Reference Person is under 40 and not currently living in owner occupation

Figure 4.5   Sunderland City household income and housing costs comparison

Source: Data produced by Land Registry © Crown copyright 2016, Zoopla, DCLG, ASHE, CORE sales

Tenure option	Northern Suburbs		Northern Coastal		Southern Suburbs		Inner Urban Area		Coalfield Communities		Washington		Sunderland Total	
	Could afford	Could not afford	Could afford	Could not afford	Could afford	Could not afford	Could afford	Could not afford	Could afford	Could not afford	Could afford	Could not afford	Could afford	Could not afford
Social Rent (average)	40.2	59.8	61.1	38.9	57.2	42.8	37.9	62.1	49.8	50.2	58.4	41.6	59.8	40.2
Affordable Rent (80% of median private rent)	39.1	60.9	57.1	42.9	56.8	43.2	40.4	59.6	49.4	50.6	54.6	45.4	59.2	40.8
Market Rent - Lower Quartile	32.6	67.4	55.4	44.6	54.6	45.4	37.3	62.7	46.8	53.2	47.8	52.2	56.7	43.3
Market Rent - Median	27.9	73.8	46.5	53.5	45.1	54.9	30.6	69.4	39.4	60.6	42.0	58.0	40.1	59.9
Market Sale - Lower Quartile	49.9	50.1	46.1	53.9	52.6	47.4	51.3	48.7	46.0	64.0	47.9	52.1	45.5	54.5
Market Sale - Median	31.4	68.6	36.6	63.4	39.2	60.8	37.4	62.6	34.2	65.8	35.9	64.1	33.3	66.7
Market Sale - Average	5.8	94.2	34.8	65.1	30.6	69.4	24.4	75.6	26.6	73.4	24.4	75.6	26.1	73.9
Starter Home*	49.7	50.3	46.4	53.6	47.1	52.9	47.4	52.6	35.8	64.2	41.3	58.7	40.6	59.4
Shared ownership (50%)	49.1	50.9	47.1	52.9	44.7	55.3	47.1	52.9	38.7	61.3	43.7	56.3	42.3	57.7
Shared ownership (25%)	62.4	37.6	52.7	47.3	52.7	47.3	59.3	40.7	45.1	54.9	53.9	46.1	51.8	48.2
Help to buy	75.3	24.7	59.4	40.6	59.3	40.7	68.6	31.2	52.4	47.6	62.0	38.0	59.0	41.0
Base (all households)	15,567		10,233		38,575		16,308		21,891		24,678		127,252	

Table 4.23 Percentage of households who could/could not afford the tenure option by sub area

Source: Data produced by Land Registry © Crown copyright 2016, Zoopla, DCLG, ASHE, CORE sales

*Note: Starter Homes analysis based on the incomes of households where the Household Reference Person is aged under 40 and not currently living in owner occupied property.

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5. Housing market signals and past delivery

Introduction

5.1 NPPG (paragraph 19) states 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*'. NPPG (paragraph 20) suggests that, '*in broad terms, the assessment should take account both of indicators relating to price (such as house prices, rents, affordability ratios) and quantity (such as overcrowding and rates of development).*'

5.2 This chapter therefore considers a range of market signals and compares the trends in Sunderland with those of comparator local authorities, the region and England as whole. It also looks at development activity (housing completions) in Sunderland.

Market Signals

5.3 NPPG (paragraph 20) comments that '*market signals are affected by a number of economic factors and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with the principles of sustainable development, should be expected to improve affordability, and monitor the response of the market over the plan period.*'

5.4 In line with NPPG, Table 5.1 considers a range of Housing Market Signals for Sunderland. These include house prices, rents, affordability and overcrowding.

Price indicators

5.5 In terms of price/transaction indicators, a key message from Table 5.1 is that market prices have fluctuated slightly over the period 2005-2015, with lower quartile starting at £75,000 in 2005, averaging around £77,800 over the period, peaking in 2007 at £86,000 but falling to £76,000 by 2015. Median prices have risen over the period; starting at £99,950 in 2005 they averaged £107,700 over the eleven-year period, peaking in 2015 at £112,095. The number of property sales peaked in 2007 at 5,682 but averaged around 3,300 each year over the period and in 2015 3,213 sales were reported.

5.6 Several measures of affordability are reported in Table 5.1: a House Price Ratio (HPR) which considers median price to median earnings; and a Rental Affordability Ratio (RAR) which considers lower quartile prices to lower quartile rents. The HPR has fallen over the course of the period 2005 to 2015, averaging 4.9 overall. The RAR has averaged 29.1% over the period 2010 to 2015[21] but fell to 26.6% during 2015. ONS data on relative affordability

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[21] Note that consistent private rent data is only available from 2010 onwards

indicates that in 2015, the ratio of median earnings to median house prices was 4.78 and the ratio of lower quartile earnings to lower quartile house prices was 4.49.

5.7   Regarding land values, there is no trend-based data available.

Quantity indicators

5.8   In terms of quantity indicators, there has been an increase of 1,577 dwellings over the period 2005 to 2015[22]. According to CLG data, vacancy rates have averaged 3.4% during this period and also stood at 3.4% in 2015, which compares with the North East average of 3.4% and the English average of 2.6%[23]. Assuming the English average as a 'target' vacancy rate (which would suggest a target of 3,256 vacant dwellings in 2015, compared with actual vacancies of 4,254), it could be suggested that in 2015 there were around 1,000 surplus vacant dwellings across Sunderland. The current vacancy rate allows for a greater degree of household mobility within dwelling stock compared to the English average.

5.9   According to the 2011 Census, 3.4% of households were overcrowded. This compares with 2.9% across the North East and 4.6% across England. The scale of housing need as measured by the Housing Register has fluctuated between 1,511 and 16,222[24], averaging 2,274 over the period 2006 to 2015. The total number of households on the Housing Register was 1,588 in 2015, equivalent to 13 per 1,000 households across the City.

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[22] DCLG Dwelling Stock statistics
[23] Note that vacancy rates can vary according to when data are extracted from Council Tax
[24] This figure is markedly different than subsequent years and likely to be due to how the register has been administered. Average data for 2006-2015 has therefore been used.

Table 5.1 Housing market signals 2005-2015											
Price/transaction indicators	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Lower Quartile House Prices	£75,000	£82,000	£86,000	£83,500	£77,000	£78,000	£75,000	£73,000	£75,000	£75,000	£76,000
Median House Prices	£99,950	£107,500	£111,125	£110,000	£108,000	£109,000	£105,000	£105,000	£110,000	£107,000	£112,095
Lower Quartile Rents (per calendar month)						£425	£442	£425	£425	£412	£399
Median Rents (per calendar month)						£494	£494	£485	£481	£477	£477
House Price Ratio (Median Price to Median Earnings)	5.2	5.5	5.4	5.3	5.0	4.9	4.7	4.6	4.6	4.4	4.6
Rental Affordability Ratio (Lower quartile rents to lower quartile earnings)						29.9%	31.4%	29.5%	29.4%	27.7%	26.6%
ONS Table 576 LQ Earnings to LQ Price	4.63	5.20	5.23	5.23	4.63	4.53	4.30	4.20	4.18	4.31	4.49
ONS Table 577 Median Earnings to Median Price	4.62	5.03	5.25	5.10	4.95	4.62	4.68	4.77	4.52	4.65	4.78
No. Property sales	4,897	5,481	5,682	2,722	2,079	2,156	2,445	2,278	2,716	2,771	3,213
Quantity indicators											
Total dwelling stock (at 1 April)	123,643	123,859	123,982	124,170	122,540	122,960	123,370	123,540	123,790	124,310	125,220
Total vacant dwellings (at October)	4,478	4,652	4,431	4,440	4,183	4,268	4,047	3848	4198	3856	4,254
Total vacancy rate (at October)	3.62%	3.76%	3.57%	3.58%	3.41%	3.47%	3.28%	3.11%	3.39%	3.10%	3.40%
Long-term vacant dwellings (at October)	2,404	2,375	2,339	2,205	1,863	1,729	1,740	1,503	1,572	1,481	1,664
Long-term vacancy rate (at October)	1.94%	1.92%	1.89%	1.78%	1.52%	1.41%	1.41%	1.22%	1.27%	1.19%	1.33%
Overcrowding (2011 census)							3.40%				
No. of households on the housing register (at 1st April)	16,222	1,511	1,799	2,180	2,184	2,141	2,819	3,949	2,285	2,285	1,588

Sources: Land Registry Price Paid Data; Zoopla Rental Data; Annual Survey of Hours and Earnings; Local Authority Housing Statistics and Housing Strategy Statistical Appendix; CLG Dwelling/Vacancy statistics; 2011 Census. Note: Private rental data for 2005-2009 not available

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Comparator areas

5.10 Table 5.2 considers how key price and quality Market Signals observed in Sunderland compare with neighbouring districts and with regional and national data over the more recent 2010 to 2015 period.

Comparative price indicators

5.11 House prices across Sunderland have been relatively static overall, with a small drop in lower quartile prices and a small increase in median prices during the period 2010 to 2015. At the regonal level, lower quartile prices have reduced by around 5% and median prices have increased by 2.5%. Nationally, both lower quartile and median prices have increased much more (8.8% lower quartile and 12.4% median)

5.12 Lower quartile and median prices have tended to have increase across most comparator areas, with the exception of County Durham where lower quartile prices fell by 15.6% and median prices by 7%.

5.13 Regarding rents, both lower quartile and median rents have declined across Sunderland. Lower quartile prices have declined by 6.1%, which compares with changes within the range -4.3% and +10.8% in Newcastle. Median rents have declined by 3.4%, which is a higher rate than experienced in all neighbouring areas except for County Durham (-4.7%) and compares with an increase of 13.6% in Newcatle. Lower quartile rents have declined regionally by 6.1% and median prices have declined 0.8%. Nationally, prices have risen, with lower quartile prices rising by 8.7% and median prices rising by 23.3%. Trends in rental prices in Sunderland have therefore lagged behind the changes for most comparator areas, the region and the more significantly change at national level.

5.14 The House Price Ratio in 2015 (4.6) was lower than all neighbouring areas except for County Durham (4.0) and lower than regional and national data. The Rental Affordability Ratio (RAR) in 2015 (26.6%) was comparable with most neighbouring districts and the region (26.0%), but lower than national data (39.6%).

5.15 The number of property sales has increased by 49% across Sunderland City from 2010-15, which is at the higher end of the range experienced in neighbouring areas (which ranges between 33.2% and 52%), and above the regional (41.3%) and the national figures (35.3%)

Comparative quality indicators

5.16 Over the period 2010-2015, there has been a 1.8% increase in total dwelling stock. In neighbouring areas, this has ranged bewteen -0.1% and 2.5%; regionally it has increased 2.3% and nationally 3.1%.

5.17 The proportion of vacant dwelling stock in Sunderland according to CLG statistics during 2015 (3.4%) was typical of the range seen in

neighbouring districts (3.1% to 4.3%) and regional (3.4%) proportions, but above the national rate of 2.5%. There has been a very slight decrease in the proportion of stock that is vacant (-0.3%) although this contrasts with some dramatic reductions in Gateshead, South Tyneside and Newcastle

5.18   The long-term vacancy rate (1.3%) is typical of neighbouring areas (1% to 2%) and lower than the the regional rate (1.7%), but higher than national data (0.9%). The long-term vacancy rate relates to dwellings vacant for at least 6 months.

5.19   According to the 2011 Census, 3.4% of households in Sunderland were overcrowded. This compares with a range of between 2.4% and 3.7% across neighbouring areas; a regional rate of 3.1% and a national rate of 4.6%.

5.20   The number of households on the housing register per 1,000 occupied dwellings was 13 in Sunderland City. This was the lowest rate across neighbouring areas, which ranged between (36 and 89 per 1,000. This compares with 53 per 1,000 in the North East and 54 per 1,000 across the UK.

Table 5.2	Housing market signals in comparator districts, region and England 2010-2015							
Price/transaction indicators	Sunderland	Gateshead	South Tyneside	North Tyneside	County Durham	Newcastle upon Tyne	North East	England
Lower Quartile House Prices % change 2010-15	-2.6	2.9	1.2	4.0	-15.6	7.1	-4.8	8.8
Median House Price % change 2010-15	2.8	3.5	6.5	7.1	-7.0	5.4	2.5	12.4
Lower Quartile Rent % change 2010-2015 (per calendar month)	-6.1	1.1	-1.3	-3.8	-4.3	10.8	-6.1	8.7
Median Rent % change 2010-15 (per calendar month)	-3.4	-0.8	1.1	0.0	-4.7	13.6	-0.8	23.3
House Price Ratio (Median Price to Median Earnings) 2015	4.6	5.0	5.0	5.8	4.0	5.6	5.0	7.5
Rental Affordability Ratio (Lower quartile rents to lower quartile earnings) 2015	26.6	30.4	24.6	26.5	24.5	32.1	26.0	39.6
No. Property sales change 2010-15	49.0	33.2	45.6	43.7	39.3	51.7	41.3	35.3
Quality indicators	Sunderland	Gateshead	South Tyneside	North Tyneside	County Durham	Newcastle upon Tyne	North East	England
Total dwelling stock % change 2010-15	1.8	-0.1	1.8	2.2	2.5	1.8	2.3	3.1
Total vacant dwellings % change 2010-15	-0.3	-48.7	-9.5	-4.0	3.4	-27.6	11.8	-18.6
Total vacancy rate 2015	3.4%	3.1%	3.1%	3.2%	4.3%	2.3%	3.4%	2.5%
Long-term vacant dwellings % change 2010-15	-3.8	-60.6	-41.2	-6.0	1.5	-37.7	33.6	-32.1
Long-term vacancy rate (at October)	1.3%	1.1%	1.0%	1.2%	2.0%	0.9%	1.7%	0.9%
Overcrowding (2011 census)	3.4%	3.7%	3.5%	2.3%	2.4%	4.6%	3.1%	4.6%
No. of households on the housing register (at 1st April 2015)	1,588	7,984	5,518	3,378	11,132	5,700	61,898	1,240,855
No. households on housing register per 1,000 occupied dwellings	13	89	81	36	49	47	53	54

Past trends in housing delivery

5.21 NPPG (paragraph 19) refers to the rate of development as a market signal.

5.22 Over the period 1998/99 to 2015/16, a total of 12,713 dwellings have been built across Sunderland (Table 5.3). However, 6,284 dwellings have been lost through demolition resulting in an overall net increase of 6,429 dwellings (of which 31 have been purpose-built student units).

5.23 Sunderland's housing completions have been impacted on quite considerably over the past 10-15 years by the number of demolitions that have taken place within the city. This has been in the main the regeneration and renewal programme of Gentoo homes (Council stock was transferred to Gentoo homes back in 2001).

5.24 2014/15 and 2015/16 net completions have been considerably high in comparison to previous years, these high completions are contributed to by Gentoo demolitions coming to an end and the Council's extra care programme delivering high completions.

Table 5.3	Dwelling completions 1998/99 to 2015/16			
Year	**Gross Completions**	**Stock Losses**	**Student Accomodation**	**Net Completions**
15/16	919	24	6	889
14/15	908	1		907
13/14	524	3		521
12/13	451	202		249
11/12	473	278		195
10/11	730	359		371
09/10	614	230		384
08/09	843	544		299
07/08	818	632		186
06/07	688	565		123
05/06	975	730		245
04/05	947	577		370
03/04	674	283		391
02/03	605	228		377
01/02	587	184		403
00/01	400	507		-107
99/00	797	790		7
98/99	760	147		613
Total	12,713	6,284	6	6,423
Annual Average (latest 5 yrs)	655	102		552
Annual Average (all years)	706	349		356

Source: Council data *Data for student completions is only available for 2015/16 onwards

Concluding comments

5.25   In conclusion, a review of Market Signal data would suggest there are no indicators prompting a need for adjusting the objectively assessed need on the basis of Market Signals.

5.26   However, it is recommended that market signals are monitored on an annual basis and if the Council considers that these indicate that there is a need to reconsider the objectively assessed need in the City then a review of the SHMA could be triggered.

6.   Objectively Assessed Housing Need

Introduction

6.1   The National Planning Policy Framework requires that Local Planning Authorities (LPAs) identify an Objectively Assessed Housing Need (OAN) and that Local Plans translate those needs into land provision targets. Paragraph 159 of the NPPF recognises that the objective assessment of housing need must be one that meets household and population projections, taking account of migration and demographic change; meets the need for all types of housing including Affordable, and caters for housing demand and the scale of housing supply necessary to meet that demand. PPG recognises that *'establishing future need for housing is not an exact science'* (para 014 2a-014-20140306), although it should be informed by reasonable and proportionate evidence.

6.2   The purpose of this chapter is to draw together the evidence in this SHMA update and the Edge Analytics report 'Sunderland : Updating the Demographic Evidence (October 2016)' to establish the Objectively Assessed Housing Need for Sunderland over the plan period 2015-2033. The chapter is structured in accordance with the approach set out in PPG and also considers further guidance which supports PPG, namely the Planning Advisory Service: *Objectively Assessed Need and Housing Targets Technical Advice Note,* Second Edition, July 2015; and the *Local Plan Experts Group report; Local Plans: report to the Communities Secretary and the Minister of Housing and Planning,* March 2016.

6.3   The analysis of OAN draws extensively upon the demographic analysis prepared by Edge Analytics[25]. They have produced an updated range of scenarios using the latest demographic statistics considering:

- The 2014-based population and household projections for Sunderland;
- Alternative migration impacts/assumptions; and
- post EU-referendum economic forecasts from Experian.

6.4   In order to establish Objectively Assessed Need, PPG recommends a logical progression of steps which form the structure of this chapter:

- Establishing the Housing Market Area;
- Making use of DCLG household projections as the starting point estimating the OAN;
- Considering sensitivity testing specific to local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates;
- Taking account of employment trends;
- Taking account of market signals;

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[25] Sunderland Updating the Demographic Evidence October 2016

- Considering an increase in the total housing figures where it could help deliver the total number of affordable homes.

Establishing the Housing Market Area

6.5   PPG Paragraph 2a-010 states a requirement to establish the relevant functional area to assess needs. For housing need, this is the Housing Market Area. Chapter 3 reviewed the evidence relating to defining the market area. This demonstrated that Sunderland exhibits a high degree of self-containment, with 76.7% of moving households relocating within Sunderland and 70.2% in employment working in the City. The chapter concluded that Sunderland exhibits a high degree of self-containment in terms of migration but it is part of wider functional economic area which extends into County Durham. Evidence would therefore suggest that the Sunderland Local Authority Area is an appropriate Housing Market Area for the purposes of Local Plan policy making.

Demographic starting point

6.6   PPG Paragraph 2a-015 states that plan makers should make use of the household projections published by DCLG as the starting point estimate of housing need. The latest official population and household projections (2014-based) have been used in accordance with PPG Paragraph 2a-016. Over the 2015-2033 plan period, the 2014-based household projection model suggests an increase of 9,965 households, which equates to 570 dwellings each year.

Adjusting the projections

6.7   The PPG recommends adjustments are made to the household projections with reference to local demographic trends, future jobs, past delivery and market signals and other local circumstances not captured by past trends. Each of these is now considered in turn.

Local demographic trends

6.8   Whilst the official 2014-based ONS population and DCLG household projections will form the 'starting point' of the assessment of housing need, the PPG states that it is appropriate to consider *'alternative assumptions in relation to the underlying demographic projections and household formation rates'* of the local area (PPG Paragraph 2a-017).

6.9   In line with the PPG, Edge Analytics have developed a range of alternative demographic scenarios. The 2014-based population projections from ONS provide the official 'benchmark' scenario, with household growth assessed using household headship rate assumptions from the 2014-based CLG household projection model. For comparison with this official benchmark, a number of 'alternative trend' scenarios have been developed, including alterative migration assumptions.

6.10 The following alternative trend scenarios have been developed by Edge Analytics:

- SNPP-2012 which replicated 2012-based projections;

- PG-5yr: internal migration rates and international migration flow assumptions are based on the last five years of historical evidence (2010/11 to 2014/15);

- PG-10yr: internal migration rates and international migration flow assumptions are based on the last ten years of historical evidence (2005/06 to 2014/15)

- Natural change in which migration is set to zero from 2014/15 onwards;

- PG-10yr SENS CD Mig: considers a 25% reduction in the annual net migration loss to County Durham, with net-internal migration reduced by 97 in each year of the forecast period;

- SNPP-2014 SENS Zero migration: net migration balance (inflows equal outflows) over the forecast period; and

- SNPP-2014 SENS Reducing Mig: seeks to achieve zero net internal migration gradually over the forecast period.

6.11 Three alternative sets of headship rates have also been applied to the scenarios, to evaluate: firstly, the impact of the earlier 2008-based household growth assumptions upon the scenario dwelling growth outcomes (HH-08); secondly, to illustrate the impact of the previous 2012-based headship rates (HH-12) and thirdly, to illustrate a 'return' in household headship rates of the 25-34 age group to its 2001 level by 2024, following the original trend thereafter.

6.12 PAS guidance recommends that when starting on a new housing assessment or updating an earlier one plan-makers should set aside headship rates that pre-date CLG 2012 (which were the latest available projections when the guidance was published). It is therefore implied that the latest headship rates are used as a basis for calculating OAN.

6.13 Table 6.1 summarises the range of scenarios and dwelling requirements under alternative headship rate assumptions in line with PPG. These outputs also assume a 2.9% dwelling vacancy rate.

Table 6.1	Dwelling requirements under alternative scenarios and headship rate sensitivities			
	Average annual dwelling requirement 2015-2033			
Scenario	**HH-08**	**HH-12**	**HH-14**	**HH-14 return**
SNPP-2014 SENS Zero Mig	996	944	947	987
SNPP-2014 SENS Reducing Migration	794	738	742	782
SNPP-2014	620	566	570	608
PG-5yr	582	529	534	571
Natural Change	543	504	509	540
PG-10yr SENS CD Mig	537	489	494	529
SNPP-2012	528	479	484	519
PG-10yr	491	443	448	483

6.14 Having reviewed the latest demographic and household projections and considered alternative assumptions relating to migration and headship rates in line with PPG, it is recommended that:

I. the baseline dwelling requirement is 570 based on the latest (2014-based) projections which accords with PPG Paragraph 2a-016.

II. an adjustment is considered to reflect alternative assumptions in relation to the underlying demographic projections and household formation rates of the local areas which accords with PPG paragraph 2a-017. This requires a consideration of migration assumptions and alternative headship rates.

III. Regarding migration assumptions, the scale of net out-migration from Sunderland is falling. This is evidenced in the outcomes of the PG-10 year (448) and PG-5 year (534). The SNPP-2014 takes account of recent national and international flows and results in a higher dwelling requirement of 570. Alternative scenarios which consider a potential reduction in net out-migration have also been considered but these are considered to be 'policy on' scenarios and therefore not part of the OAN calculation.

IV. Regarding alternative headships rates, these have been tested using 2014-based, 2012-based, 2008-based and 2014-return rates. The 2014-based rates are the Government's most recent estimate of future growth and dwelling requirement, are broadly consistent with those under 2012-based headship rates and therefore used in the OAN calculation. PAS guidance para 6.41 makes a particular comment that 'CLG 2008 rates are no longer helpful because they are based on very old evidence and anyway may not reflect the true long-term trend'. This is borne out in research[26] which concludes that the 2008-based rates never did provide a robust view of long-term trends and are now irrelevant, because

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[26] L Simpson, Wither household projections? In Town and Country Planning , December 2014

societal change is slowing down historical rise in Household Representative Rates and a resulting fall in household sizes. There is only a slight difference in the outcomes of the HH-14 and HH-12 headship rates, with the HH-14 rates resulting in a slight increase in dwelling requirements. It is therefore recommended that the latest HH-14 headship rates are used to inform the OAN calculation.

V.   A variant headship assumption has also been prepared which considers a return of headship among the 25-34 age group to its 2001 level by 2024, following the original trend thereafter. This would uplift the dwelling requirement by +38 under the baseline SNPP-2014 scenario. However, there are concerns that this assumption is increasingly unrealistic given changes in the underlying dynamics of the housing market affecting younger people. Recent ONS data[27] reveals that:

- The median house price nationally is £30,000 or 16.9% above its pre-economic downturn peak (although in Sunderland median prices have only increased by around £1,000 or 0.9% since a peak in 2007);

- Nationally the percentage younger homeowners is decreasing. The percentage 25 to 29 year olds owning their home has decreased from 55% in 1996 to 29% in 2015 (with renting becoming more common than ownership in 2004); and amongst 30 to 34 year olds it has decreased from 55% in 1996 to 29% in 2015 (with renting become more common than ownership in 2011);

- The number of first time buyers has been generally declining since the early 2000s. Although in recent years there has been an increase in activity, numbers fell in 2015 and levels remain below those seen from the early 1980s to the early 2000s when there were typically between 400,000 and 600,000 first buyers each year;

- Increased deposits are needed to buy a first home as a result of increasing restrictions by mortgage lenders. The average deposits paid by first time buyers have increased from around 10% in 1996, peaking at 27% in 2009 but have since fallen to around 20%;

- The number of young adults aged 20-24 living with their parents has increased from 1 in 5 in 2008 to 1 in 4 in 2014.

It is therefore suggested that a return to historical headship rates amongst 25-34 year olds is less likely to be achieved.

VI.   In conclusion, an analysis of *'alternative assumptions in relation to the underlying demographic projections and household formation rates'* of the local area results would suggest that based on historic migration

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[27]   http://visual.ons.gov.uk/living-with-parents/ August 2016; http://visual.ons.gov.uk/uk-perspectives-2016-housing-and-home-ownership-in-the-uk/ May 2016; http://visual.ons.gov.uk/five-facts-about-housing/ August 2016

trends, the dwelling requirement figure would be adjusted downwards to between 448 and 534. Based on 10 year and 5 year migration trends. That said, a more fundamental change to reduce out-migration would require a 'policy on' position and could not form part of the OAN.

VII.   Therefore, it is recommended that there is no adjustment to the baseline demographic requirement of 570 dwelling each year over the plan period 2015-2033.

Employment trends

6.15   PPG paragraph 2a-018 states 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'. Edge Analytics have approached this in two ways: firstly, by considering the potential change in the labour force by applying key assumptions on future economic activity rates, level of unemployment and balance of commuting between resident workers and local jobs; and secondly by considering future economic forecasts and the extent to which these could be supported by the City's working age population.

Demographic scenarios: labour force and job growth implications

6.16   The labour force and job growth implications under alternative demographic scenarios are evaluated through the application of key assumptions on Sunderland's future economic activity rates, level of unemployment and balance of commuting between resident workers and local jobs. In a trend-based scenario, the size of the resident labour force and the number of jobs that can be supported are sensitive to adjustments to these key factors. The following set of assumptions has been applied to the demographic scenarios:

- **Economic activity rates** have been derived from the 2011 census disaggregated by sex and 5 year age groups (16-75+). Age-specific rates have been adjusted in line with Office for Budget Responsibility (OBR) labour market trends analysis for the 60+ male and female age groups;

- The **unemployment rate** determines the proportion of the labour force that is unemployed (and as a result, the proportion that is employed). It has been aligned to that used in the latest Experian employment forecast for Sunderland;

- A fixed **commuting ratio** of 0.96 from the 2011 Census Travel to Work data for Sunderland has been applied each year of the forecast period and indicates a small net in-commute into Sunderland

6.17   For each of the Sunderland demographic scenarios, Edge Analytics have applied these assumptions to derive an estimate of the changing size of the labour force that the population growth implies, and the level of employment growth that could be supported under these assumptions (Table 1.2). Analysis

indicates that most scenarios, including the baseline SNPP-2014, do not support jobs growth under the parameters tested by Edge Analytics. Reducing net out-migration will help support jobs growth and under the SNPP-2014 SENS Reducing Migration scenario, annual jobs growth of +199 is supported.

Table 6.2	Labour force and jobs-growth outcomes 2015-2033	
Scenario	Change in labour force 2015-33	Average Annual Jobs Growth
SNPP-2014 SENS Zero Mig	4,985	433
SNPP-2014 SENS Reducing Migration	645	199
SNPP-2014	-3,383	-17
PG-5yr	-4,364	-71
PG-10yr SENS CD Mig	-5,663	-141
SNPP-2012	-6,534	-189
PG-10yr	-6,765	-200
Natural Change	-8,483	-292

Economic forecasts

6.18   In the consideration of future jobs in an area, the PPG states that 'economic forecasts' should be considered (PPG Paragraph 2a-018). 'Post EU-referendum' employment growth forecasts for Sunderland have been provided by Experian. Over the 2015-2033 plan period, annual employment growth is forecast to result in an average annual growth in 'workplace-based employment' in Sunderland of 340 net additional jobs each year. This includes an allowance for the impact of the International Advanced Manufactoring Park (IAMP) on dwelling requirements, as set out within the IAMP Housing Topic Paper Update (October 2016).

6.19   Edge Analytics have also run sensitivity analysis based on alternative economic activity, unemployment and commuting flows.

Summary of employment trends

6.20   This section has summarised material in the Edge Analytics report which considers the labour force and employment growth outcomes of the demographic scenarios and considered the scale of jobs growth under the latest Experian economic forecast,

6.21   Having considered the potential change in labour force capacity and future economic forecasts, it can be concluded that:

    VIII.   Most of the demographic scenarios do not support employment growth: that is due to the legacy of net out-migration from Sunderland and an

ageing population. However, the scale of net out-migration is reducing and this will increasingly support jobs growth. The SNPP-2014 SENS Reducing Migration scenario results in an annual jobs growth of 199 compared with the 2014-SNPP baseline scenario which results in a loss of jobs, with a -17 annual employment growth;

IX.   Over the 2015-2033 plan period, the Experian 'post EU-referendum' employment forecast suggests an annual net increase of 317 'workplace-based employment' i.e. people in employment in Sunderland;

X.   Edge Analytics have prepared a range of sensitivity outcomes to the Experian job-led forecast. These consider the implications on migration and dwelling requirement under alternative economic activity, unemployment and commuting flows. The Edge report identifies that three sensitivity scenarios (SENS A, SENS C and SENS D) represent the most realistic assessment of the dwelling growth implications of the proposed employment forecasts, with OBR adjustments to economic activity rates, combined with higher female participation rates and either a fixed or modest adjustment to Sunderland's commuting balance. The SENS A scenario assumes a fixed commuting ratio and this is taken forward as the most appropriate scenario to consider the impact of employment trends on dwelling requirements. A further adjustment is recommended to take account of the development of the International Advanced Manufacturing Park and this results in an overall dwelling requirement of 768 each year.

XI.   In summary, 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'* would suggest that a further adjustment is required to take account of employment trends.

XII.   Therefore, the most appropriate dwelling requirement to take account of employment growth is considered to be 768 dwellings each year.

Market signals and past trends in delivery

6.22   Chapter 5 presented information on market signals and past trends in delivery. This considered signals relating to price and quantity and compared Sunderland with neighbouring districts, the region and England. PPG does not specific the mechanism for uplift but the Local Plans Experts Group (LPEG) report recommends uplift from the demographic starting point based on two measures of affordability: House Price Ratios and Rental Affordability Ratios. For Sunderland, the ratios are: HPR 4.6 and RAR 26.6%. Uplifts are recommended by LPEG when the HPR exceeds 6.3 and/or the RAR 25%. However, the RAR in Sunderland has been reducing and influenced by the student rental market, so it is not recommended there is an uplift on the basis of affordability. The ratios derived from the relationship between house prices and incomes, including those ones produced by the ONS, would not suggest a need to uplift to take account of affordability pressures.

6.23   Regarding past trends in delivery, there has been an up-turn in delivery levels in more recent years. No adjustment to take account of past trends in delivery is suggested.

6.24   Regarding market signals and past trends in delivery:

   XIII.   It is recommended that the OAN is not adjusted upwards to take account of market signals relating to affordability; and

   XIV.   No adjustment is necessary to take account of past delivery.

Affordable need and housing provision targets

6.25   PPG Paragraph 2a-029 advises on how housing needs assessments should take account of affordable housing need: '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'.

6.26   The analysis of housing need suggests there is an annual imbalance of 542 affordable dwellings each year. However, this is not a target for delivery but expresses the overall need from household survey evidence compared with the current supply of affordable housing. In reality, households in need who cannot access the market can pay proportionately more for their housing above suggested affordable thresholds, people can share dwellings to reduce housing costs, and the private rented sector has the potential to accommodate households in affordable housing need.

6.27   PAS[28] guidance provides helpful guidance in interpreting affordable need in the context of objectively assessed need. Paragraph 9.6 states 'in practical terms, there is no arithmetical way of combining the two calculations set out in PPG to produce a joined-up assessment of overall housing need. We cannot add together the calculated OAN and the calculated affordable need, because they overlap: the OAN of course covers both affordable and market housing, but we cannot measure these components separately, because demographic projections – which are the starting point for the OAN – do not distinguish between different sectors of the housing market. Para 9.7 continues 'In summary, it seems logically clear that affordable need, as defined and measured in paragraphs 22-29 of the PPG, cannot be a component of the OAN. The OAN does have an affordable component – which cannot be measured separately but will normally be much smaller than the affordable need discussed at paragraphs 22-30. When paragraph 47 of the NPPF says that plans should meet in full 'the need for market and affordable housing', it is referring to that component rather than the separately calculated affordable need.

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[28] Planning Advisory Service Objectively Assessed Need and Housing Targets Technical Advice Note Second Edition July 2015

6.28   In summary:

XV.   No further adjustment is necessary to take account of additional affordable housing delivery.

Objectively Assessed Housing Need

6.29   An OAN should be based on reasonable assumptions which take into account baseline demography, adjustments to reflect local demographic trends, past delivery, market signals, future jobs and other local circumstances: the SHMA has explored these factors in detail. PAS guidance suggests that the OAN should exclude any policy objectives and value judgements and evidence should be entirely about need and demand, to the exclusion of any supply-side factors such as physical constraints, policy designations and adverse impacts of development. However, these factors should be considered when translating the OAN into a Housing Requirement.

6.30   The challenge for the Council is to deliver an appropriate and proportionate level of dwelling growth that supports economic growth and carefully takes into account the current demographic profile of the City.

6.31   It is proposed that the Objectively Assessed Housing Need for Sunderland over the plan period 2015-2033 is established from a baseline of 570 (using the latest 2014-based SNPP), with an upward adjustment to take account of employment growth to 768 dwellings each year based on the Jobs-led Experian SENS A scenario and additional dwelling requirements of employees at the International Advanced Manufacturing Park (IAMP).

6.32   A further uplift to the baseline demographic requirement to take account of market signals is not recommended.

6.33   In conclusion, the Objectively Assessed Need figure of 768 takes account of the need to deliver more affordable and market housing for an increasing number of households and supports economic growth. The full objectively assessed dwelling need over the Plan Period 2015-2033 (18 years) is for at least 13,824 dwellings.

From an OAN to a housing requirement

6.34   Having established an up-to-date OAN, it is necessary to translate this into a growth target for the purposes of future plan-making. This is referred to as the 'housing requirement'. The housing requirement should, in normal circumstances, reflect the objectively assessed need but can be adjusted either upwards or downwards. An OAN could be adjusted downwards due to development constraints or upwards to support economic or other growth ambitions. The OAN is in effect a 'policy off' need for housing over the plan period. Once policy considerations have been applied to the OAN figure, the result is a 'policy on' figure for the housing requirement. The housing requirement figure will be the target against which housing supply will normally be measured.

6.35   It is recommended that the Housing Requirement for Sunderland is the Objectively Assessed Need for an average of 768 dwellings each year (or 13,824) over the plan period 2015 to 2033.

7.   The need for all types of housing

Introduction

7.1   NPPG (paragraph 21) considers how the needs for all types of housing should be addressed. NPPG also suggests planning authorities consider the need for certain types of housing and the needs of different groups, including the private rented sector, people wishing to build their own homes, family housing, housing for older people, households with specific needs and student housing.

7.2   This chapter begins with an analysis of the mix of dwellings by type and size over the plan period and then considers affordable housing need as a component of future dwelling requirements.

Overall dwelling mix

7.3   NPPF (paragraph 159) states that local authorities should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period.

7.4   Having reflected upon the objectively assessed need for housing and housing requirement, this section considers the overall dwelling mix which is appropriate for consideration by the Council.

7.5   The current stock of open market dwellings is summarised in Table 7.1, along with aspirations and expectations by housing type and size. Table 7.2 then suggests an annual profile of dwellings to be built to reflect the current stock profile, household aspirations and expectations.

Table 7.1	Open market dwelling stock and preferences		
	Dwelling stock, likes and expectations		
Dwelling type/size	**Current Private Stock %**	**Like %**	**Expect %**
Detached house/cottage 1-2 Beds	0.7	5.4	1.5
Detached house/cottage 3 Beds	4.5	13.7	5.5
Detached house/cottage 4 or more Beds	9.7	19.7	8.4
Semi-detached house/cottage 1-2 Beds	9.3	2.8	8.4
Semi-detached house/cottage with 3 Beds	23.7	17.2	22.9
Semi-detached house/cottage 4 or more Beds	5.7	3.7	4.9
Terraced house/cottage 1-2 Beds	7.9	3.6	8.9
Terraced house/cottage 3 Beds	13.9	4.8	5.0
Terraced house/cottage 4+ Beds	2.9	1.0	1.7
Sunderland Cottage 1-2 Beds	4.6	0.3	1.9
Sunderland Cottage 3+ Beds	1.1	0.8	0.0
Bungalow 1-2 Beds	5.0	14.4	13.8
Bungalow 3 Beds	2.4	6.8	3.8
Bungalow 4+ Beds	2.1	1.1	2.5
Flat/Apartment 1 Bed	5.2	4.4	10.7
Flat/Apartment 2 Beds	0.7	0.0	0.2
Flat/Apartment 3+ Beds	0.3	0.3	0.0
Other 1-2 Bed	0.2	0.0	0.0
Other 3+ Bed	0.2	0.0	0.0
Total	100.0	100.0	100.0
Base	*87812*	*11615*	*10899*

Source: 2012 Household Survey (rebased to 2015)

Table 7.2	Open market dwelling stock and preferences		
	% Profile of new dwelling stock based on:		
Dwelling type/size summary	**Current stock**	**Like**	**Expect**
House 1/2 Beds	17.9	11.8	18.8
House 3 Beds	42.1	35.7	33.3
House 4 or more Beds	18.3	24.3	15.0
Sunderland Cottage	5.7	1.0	1.9
Bungalow	9.5	22.4	20.1
Flat	6.2	4.7	10.9
Other	0.3	0.0	0.0
Total	100.0	100.0	100.0
Base	*87812*	*11615*	*10899*

Source: 2012 Household Survey (rebased to 2015)

7.6   This analysis would suggest a particular focus on the delivery of three bedroom and four bedroom houses and bungalows.

7.7 Table 7.3 considers the current dwelling stock profile of open market dwellings by sub-area and then the extent to which this varies from the stock profile based on the aspirations of households planning to move. Where cells are colour coded: a green spot indicates that the current proportion of dwelling stock is greater than the aspiration for that dwelling stock; a red spot indicates that the proportion of dwelling stock is lower than the aspiration. Therefore a red spot suggests there is a lack of that particular type of dwelling type and size in the sub-area.

7.8 Table 7.4 considers the same range of data at ward level relating to market aspirations and Table 7.5 considers market expectations.

Table 7.3 Comparison between current dwelling stock and market aspirations / expectations at sub-area level

Dwelling stock relative to aspirations

Dwelling type	Coalfield Communities	Inner Urban Area	Northern Coastal	Northern Suburbs	Southern Suburbs	Washington	Sunderland
Detached house/cottage 1-3 Beds	-11.5	-16.8	-17.8	-15.3	-13.1	-12.9	-13.9
Detached house/cottage 4 or more Beds	-4.6	-18.6	-17.1	-16.4	-10.5	-1.6	-10.0
Semi-detached house/cottage 1-2 Beds	5.0	2.4	5.0	16.4	9.5	1.4	6.5
Semi-detached house/cottage with 3 Beds	3.7	-2.5	14.8	10.6	10.2	2.6	6.5
Semi-detached house/cottage 4 or more Beds	-0.8	-0.5	8.5	3.7	2.6	0.8	2.0
Terraced house/cottage 1-2 Beds	11.5	7.6	0.9	3.5	2.1	1.0	4.2
Terraced house/cottage 3+ Beds	14.0	12.0	7.1	12.6	4.9	18.8	11.1
Sunderland Cottage	N/A	19.6	12.8	5.2	2.7	N/A	4.7
Bungalow	-14.1	-8.9	-17.1	-19.2	-11.5	-11.3	-12.9
Flat	-2.8	4.7	2.8	-1.6	2.8	2.2	1.5
Other	0.3	1.0	0.0	0.4	0.4	0.0	0.3

🔴 Insufficient dwellings available relative to aspiration
🟢 Sufficient dwellings available relative to aspiration

Dwelling stock relative to expectations

Dwelling type	Coalfield Communities	Inner Urban Area	Northern Coastal	Northern Suburbs	Southern Suburbs	Washington	Sunderland
Detached house/cottage 1-3 Beds	0.7	-4.7	-5.6	-3.1	-1.0	-0.7	-1.8
Detached house/cottage 4 or more Beds	6.7	-7.3	-5.8	-5.1	0.8	9.7	1.3
Semi-detached house/cottage 1-2 Beds	-0.6	-3.2	-0.6	10.8	3.8	-4.3	0.8
Semi-detached house/cottage with 3 Beds	-2.0	-8.2	9.1	4.9	4.5	-3.1	0.8
Semi-detached house/cottage 4 or more Beds	-2.0	-1.7	7.3	2.5	1.4	-0.4	0.8
Terraced house/cottage 1-2 Beds	6.2	2.4	-4.3	-1.7	-3.1	-4.2	-1.0
Terraced house/cottage 3+ Beds	13.1	11.1	6.2	11.7	4.0	17.9	10.2
Sunderland Cottage	N/A	18.8	12.0	4.3	1.8	N/A	3.9
Bungalow	-11.8	-6.6	-14.9	-16.9	-9.2	-9.0	-10.6
Flat	-9.0	-1.5	-3.4	-7.8	-3.4	-3.9	-4.7
Other	0.3	1.0	0.0	0.4	0.4	0.0	0.3

🔴 Insufficient dwellings available relative to expectation
🟢 Sufficient dwellings available relative to expectation

Source: 2012 Household Survey (rebased to 2015)

Table 7.4　　Comparison between current dwelling stock and market aspirations at ward level

Dwelliing stock relative to aspirations

Dwelling type	Ward												
	Barnes	Castle	Copt Hill	Doxford	Fulwell	Hendon	Hetton	Houghton	Millfield	Pallion	Redhill	Ryhope	Sandhill
Detached house/cottage 1-3 Beds	-18.2	-11.8	-8.3	0.2	-17.3	-11.6	-8.5	-15.3	-19.1	-19.1	-17.4	-13.8	-11.0
Detached house/cottage 4 or more Beds	-19.1	-11.8	-5.8	-2.4	-16.2	-19.7	-11.1	-4.5	-16.6	-19.7	-19.7	1.7	-17.9
Semi-detached house/cottage 1-2 Beds	1.4	19.3	0.4	4.1	9.6	-1.9	1.1	9.6	1.0	8.2	24.5	10.6	30.2
Semi-detached house/cottage with 3 Beds	5.2	13.2	3.7	7.6	26.0	-7.7	1.0	8.9	-7.3	7.9	8.4	5.2	12.4
Semi-detached house/cottage 4 or more Beds	0.7	-1.7	-1.7	4.6	12.5	-2.6	-2.3	-3.2	2.7	-1.8	8.4	-1.7	2.5
Terraced house/cottage 1-2 Beds	6.3	2.4	13.5	1.5	-2.6	11.1	18.4	10.7	1.2	11.4	2.8	6.1	-0.9
Terraced house/cottage 3+ Beds	19.1	6.5	17.4	-5.1	0.9	10.1	16.5	12.1	15.4	10.6	16.7	2.9	-4.0
Sunderland Cottage	13.6	3.0	-1.0	-1.0	7.9	13.5	-1.0	-1.0	30.3	14.6	-1.0	6.5	-1.0
Bungalow	-9.4	-19.3	-16.1	-15.9	-20.6	-4.5	-9.3	-17.1	-10.1	-11.2	-22.4	-17.8	-13.8
Flat	0.5	0.1	-3.0	6.3	-0.1	13.2	-4.7	-0.2	2.5	-0.8	-2.1	0.4	3.6
Other	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0	0.0

🔴 Insufficient dwellings available relative to aspiration
🟢 Sufficient dwellings available relative to aspiration

Dwelliing stock relative to aspirations

Dwelling type	Ward												
	Shiney Row	Silksworth	Southwick	St. Annes	St. Chad's	St. Michael's	St. Peter's	Washington Central	Washington East	Washington North	Washington South	Washington West	Total
Detached house/cottage 1-3 Beds	-12.8	-12.3	-18.0	-11.9	-16.0	-19.1	-18.3	-11.4	-12.5	-15.1	-13.3	-12.4	-13.9
Detached house/cottage 4 or more Beds	0.4	-18.3	-19.7	-11.0	-6.3	-12.3	-18.3	-11.3	17.8	-10.1	5.7	-11.1	-10.0
Semi-detached house/cottage 1-2 Beds	7.7	11.1	6.2	11.3	17.4	-0.3	-1.2	-1.5	0.9	1.7	3.0	2.1	6.5
Semi-detached house/cottage with 3 Beds	0.3	17.4	8.8	26.3	5.3	8.8	-0.3	6.9	-5.0	5.9	0.3	5.3	6.5
Semi-detached house/cottage 4 or more Beds	3.2	4.1	7.0	-2.3	8.4	4.5	3.1	1.8	-1.8	4.0	0.5	0.4	2.0
Terraced house/cottage 1-2 Beds	5.9	8.7	5.6	-3.6	-0.4	-1.9	5.7	4.9	-2.1	1.1	-1.3	2.4	4.2
Terraced house/cottage 3+ Beds	11.0	6.1	17.3	1.2	-4.5	15.0	15.6	17.8	15.1	15.6	19.8	23.6	11.1
Sunderland Cottage	0.0	1.6	12.9	0.4	-1.0	-1.0	19.5	-1.0	-1.0	-1.0	-1.0	-1.0	4.7
Bungalow	-12.1	-15.0	-16.5	-12.6	-5.3	-4.2	-12.4	-10.4	-7.7	-12.2	-15.0	-11.2	-12.9
Flat	-3.8	-4.7	-3.6	2.3	2.3	9.1	6.6	4.0	-3.7	10.0	1.1	1.8	1.5
Other	0.0	1.3	0.0	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.3

🔴 Insufficient dwellings available relative to aspiration
🟢 Sufficient dwellings available relative to aspiration

Source: 2012 Household Survey (rebased to 2015)

Table 7.5 Comparison between current dwelling stock and market expectations at ward level

Dwelling stock relative to expectations

Dwelling type	Sub-area												
	Barnes	Castle	Copt Hill	Doxford	Fulwell	Hendon	Hetton	Houghton	Millfield	Pallion	Redhill	Ryhope	Sandhill
Detached house/cottage 1-3 Beds	-6.1	0.3	3.9	12.3	-5.2	0.5	3.6	-3.2	-7.0	-7.0	-5.3	-1.7	1.1
Detached house/cottage 4 or more Beds	-7.8	-0.5	5.5	8.9	-5.0	-8.4	0.1	6.8	-5.3	-8.4	-8.4	13.0	-6.7
Semi-detached house/cottage 1-2 Beds	-4.3	13.7	-5.3	-1.5	3.9	-7.5	-4.6	3.9	-4.6	2.5	18.9	5.0	24.6
Semi-detached house/cottage with 3 Beds	-0.5	7.5	-2.0	1.9	20.3	-13.4	-4.7	3.2	-13.0	2.2	2.7	-0.5	6.7
Semi-detached house/cottage 4 or more Beds	-0.5	-2.9	-2.9	3.4	11.2	-3.8	-3.5	-4.4	1.5	-3.0	7.2	-2.9	1.2
Terraced house/cottage 1-2 Beds	1.1	-2.8	8.2	-3.7	-7.8	5.9	13.2	5.5	-4.0	6.2	-2.4	0.8	-6.1
Terraced house/cottage 3+ Beds	18.2	5.6	16.5	-6.0	0.0	9.2	15.6	11.2	14.5	9.7	15.8	2.0	-4.9
Sunderland Cottage	12.8	2.1	-1.9	-1.9	7.0	12.7	-1.9	-1.9	29.4	13.8	-1.9	5.6	-1.9
Bungalow	-7.2	-17.0	-13.8	-13.7	-18.3	-2.2	-7.0	-14.9	-7.9	-9.0	-20.1	-15.5	-11.5
Flat	-5.7	-6.0	-9.2	0.2	-6.2	7.0	-10.9	-6.4	-3.6	-7.0	-8.3	-5.8	-2.6
Other	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0	0.0

🔴 Insufficient dwellings available relative to expectation
🟢 Sufficient dwellings available relative to expectation

Dwelling stock relative to expectations

Dwelling type	Shiney Row	Silksworth	Southwick	St. Annes	St. Chad's	St. Michael's	St. Peter's	Washington Central	Washington East	Washington North	Washington South	Washington West	Total
Detached house/cottage 1-3 Beds	-0.6	-0.1	-5.9	0.3	-3.8	-7.0	-6.2	0.8	-0.4	-3.0	-1.1	-0.3	-1.8
Detached house/cottage 4 or more Beds	11.7	-7.0	-8.4	0.3	5.0	-1.0	-7.0	0.0	29.1	1.2	17.0	0.2	1.3
Semi-detached house/cottage 1-2 Beds	2.0	5.5	0.5	5.6	11.8	-5.9	-6.8	-7.1	-4.8	-3.9	-2.6	-3.6	0.8
Semi-detached house/cottage with 3 Beds	-5.4	11.7	3.1	20.6	-0.4	3.2	-6.0	1.2	-10.7	0.2	-5.4	-0.4	0.8
Semi-detached house/cottage 4 or more Beds	2.0	2.9	5.8	-3.6	7.2	3.2	1.9	0.6	-3.0	2.8	-0.7	-0.8	0.8
Terraced house/cottage 1-2 Beds	0.7	3.5	0.4	-8.9	-5.6	-7.1	0.4	-0.3	-7.3	-4.1	-6.5	-2.8	-1.0
Terraced house/cottage 3+ Beds	10.1	5.2	16.4	0.3	-5.4	14.1	14.7	16.9	14.2	14.7	19.0	22.7	10.2
Sunderland Cottage	-0.8	0.8	12.1	-0.5	-1.9	-1.9	18.7	-1.9	-1.9	-1.9	-1.9	-1.9	3.9
Bungalow	-9.8	-12.8	-14.2	-10.3	-3.0	-2.0	-10.2	-8.1	-5.4	-9.9	-12.7	-9.0	-10.6
Flat	-10.0	-10.9	-9.8	-3.9	-3.9	2.9	0.5	-2.1	-9.9	3.8	-5.1	-4.3	-4.7
Other	0.0	1.3	0.0	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.3

🔴 Insufficient dwellings available relative to expectation
🟢 Sufficient dwellings available relative to expectation

Source: 2012 Household Survey (rebased to 2015)

Affordable housing requirements

7.9   A detailed analysis of the following factors determines overall affordable housing requirements:

- Households currently in housing which is unsuitable for their use and who are unable to afford to buy or rent in the market (backlog need);

- New households forming who cannot afford to buy or rent in the market;

- Existing households expected to fall into need;

- The supply of affordable housing through social renting and intermediate tenure stock.

7.10   The needs assessment model advocated by the DCLG has been used and detailed analysis of each stage of the model is presented at Appendix C.

7.11   In addition to establishing the overall affordable housing requirements, analysis considers the supply/demand variations by sub-area, property designation (i.e. general needs and older person) and property size (number of bedrooms). Analysis provides a gross figure (absolute shortfalls in affordable provision) in Table 7.6 and a net figure (which takes into account surplus accommodation relative to need) in Table 7.7. Modelling suggests an overall net imbalance of 542 affordable dwellings each year across Sunderland City as shown in Table 7.7 by sub-area and in Table 7.8 by ward.

Table 7.6   Gross annual affordable housing imbalance by sub-area, property size and designation 2016/17 to 2020/21

Sub-area	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Sunderland North	318	168	31	**517**
Sunderland South	672	122	114	**908**
Sunderland Central	47	32	-1	**78**
Washington	232	22	36	**290**
Coalfield	294	99	8	**401**
Total	**1563**	**443**	**188**	**2194**

Sources: 2012 Household Survey (rebased to 2015); RP CORE Lettings and Sales

Note rows/columns may not sum due to rounding errors

Table 7.7   Net annual affordable housing imbalance by sub-area, property size and designation 2016/17 to 2020/21

Sub-area	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Sunderland North	72	114	15	**201**
Sunderland South	269	44	77	**391**
Sunderland Central	-105	0	-12	**-117**
Washington	30	-70	16	**-24**
Coalfield	77	29	-15	**91**
Total	**343**	**117**	**81**	**542**

Sources: 2012 Household Survey (rebased to 2015); RP CORE Lettings and Sales

Note rows/columns may not sum due to rounding

Table 7.8   Net annual affordable housing imbalance by ward, property size and designation 2016/17 to 2020/21

Ward	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Castle	16	26	3	46
Fulwell	15	24	3	43
Redhill	14	22	3	39
Southwick	14	21	3	38
St. Peter's	-1	20	1	20
Barnes	23	4	7	34
Doxford	26	4	7	38
Pallion	27	4	7	39
Ryhope	25	5	8	37
Sandhill	24	4	7	35
Silksworth	23	4	7	34
St. Annes	22	4	7	33
St. Chad's	26	4	6	36
Hendon	-19	4	2	-13
Millfield	-20	4	1	-15
St. Michael's	20	4	7	32
Washington Central	6	-14	3	-5
Washington East	6	-14	3	-5
Washington North	5	-12	3	-4
Washington South	6	-13	3	-5
Washington West	7	-16	4	-6
Copt Hill	20	8	-4	24
Hetton	16	6	-3	19
Houghton	21	8	-4	24
Shiney Row	20	7	-4	23
Total	**343**	**117**	**81**	**542**

Tenure split

7.12   In terms of the split between social rented and intermediate tenure products, the Household Survey identified tenure preferences of existing and newly-forming households and also the extent to which intermediate tenure products could be afforded.

7.13   Table 7.9 indicates that existing households in need mainly considered social/affordable renting as a preferred tenure option but newly-forming households were open to both renting and intermediate tenure options.

Table 7.9 Tenure preferences of existing households in need and newly-forming households requiring affordable housing			
Tenure	Existing households in need (%)	Newly-forming households (%)	Total (%)
Social/Affordable Rented	87.5	72.2	79.4
Intermediate	12.5	27.8	20.6
Total	100	100	100
Base (annual requirement)	1006	1146	2152

Source: 2012 Household Survey (rebased to 2015)

7.14   Overall, analysis would suggest a tenure split of around 80% affordable rent and 20% intermediate tenure based on household preferences.

7.15   The increasing emphasis of Government policy to build affordable homes for sale through intermediate tenure options and the starter homes initiative, coupled with housing associations having to fund schemes for rent without subsidy, is expected to have a major impact on the scale and range of affordable housing to be delivered.

7.16   This should be further explored through economic viability work and discussions with developers and Registered Providers to determine the overall potential for such a tenure split.

7.17   We would recommend that housing registers record applicant income, access to savings and tenure preferences to further refine the tenure split of affordable dwellings across Sunderland.

Affordable property type preferences

7.18   Analysis of property type preferences (Table 7.10) suggests that a range of dwellings are required, with 58.9% preferring houses, 21.4% bungalows and 19.7% flats/apartments.

Table 7.10	Property type preferences		
Type preferences	**Existing (%)**	**Newly-forming (%)**	**Total (%)**
House	43.6	72.3	58.9
Flat	23.3	16.5	19.7
Bungalow	33.0	11.2	21.4
Total	100.0	100.0	100.0
Base	1006	1146	2152

Based on expectations of existing households in need and what newly-formed households have moved to in the past 5 years

Source: 2012 Household Survey (rebased to 2015)

Stakeholder views on new housing provision

7.19 The online survey asked key stakeholders about new housing provision in Sunderland. Respondents were involved with a range of new housing provision across Sunderland. This included open market housing, from starter homes through to executive housing; two, three and four-bed family homes; mixed use developments; purpose-built student accommodation; Extra Care schemes; and supported accommodation for people with complex needs. Only a few respondents acknowledged that they are currently holding or developing land. This included both brownfield and greenfield sites.

7.20 The main barriers to development that stakeholders identified were:

- Brownfield remediation costs;
- Site viability, including a range of cost factors;
- Market attractiveness of an area;
- Planning, including the need for a Local Plan, Development Control and S.106 contributions;
- Building Control;
- Bureaucracy; and
- Local resident objections.

7.21 Stakeholders were asked what locations of the City should be prioritised for housing growth. A range of views were provided as to where new housing should be built including:

- Brownfield land, with derelict sites in Washington, the coalfields and coastline being specifically mentioned;
- Areas with good outward transport links, such as Washington, Houghton, Hetton and Doxford; and
- Suburban areas and rural fringes, including Ryhope and Sunniside.

7.22 The general view of respondents was that demand for new housing was from households currently living within the City area, or from people moving back to be close to family, with limited in-migration. Asked to identify what types of housing they thought should be built, the general view was that a broad range

of new housing is required in Sunderland, to meet a spectrum of needs and demands. The following points were made:

- A focus on family houses with gardens, rather than flats;

- Bungalows;

- Apartments and sheltered rented accommodation for older households;

- High-quality, large, detached, executive houses; and

- Smaller units of affordable housing to accommodate the growth in single-person households and to provide those affected by the 'bedroom tax'.

7.23   Several stakeholders commented that the needs of older people are diverse and a range of products is therefore required, ranging from open-market apartments and bungalows to Extra Care accommodation. Respondents noted that there are areas of the City that are identified as having a strategic need for Extra Care and specialist dementia accommodation.

7.24   In relation to Black and Minority Ethnic (BAME) households, it was noted that many groups have their own specific community, cultural and religious requirements. This means that some households ultimately do not wish to settle in Sunderland, but prefer to be in Newcastle, Birmingham or London.

7.25   There were a range of views in relation to self-build or community self-build housing. The overall view was that there is probably limited demand for this form of housing in Sunderland.

Conclusions on dwelling mix

7.26   On the basis of dwelling size data, Table 7.11 provides a general view on the likely overall dwelling size split based on market and affordable development assuming a 85% market and 15% affordable split. Analysis for market housing is based on household aspirations.

Table 7.11 Suggested dwelling mix by market and affordable dwellings			
Overall dwelling size mix	Market (%)	Affordable (%)	Overall (%)
1/2 Beds	32.1	93.9	41.3
3 Beds	43.0	6.1	37.4
4 Beds	25.0	0.0	21.2
Total	100.0	100.0	100.0
Base	653	115	768

Source: arc4

Student accommodation

7.27   Students are an important driver in Sunderland's private rented housing market. The provision of suitable accommodation for students is an important consideration for the Council, which monitors students attending Sunderland University and the number of students living at Sunderland addresses.

7.28   As shown by Table 7.12, the number of full-time students attending the University has declined 15.5% during the period October 2014 (10,772) to October 2016 (9,099). Over this period, full-time student numbers from outside Sunderland also fell by almost 10% from 4,286 in October 2014 to 3,867 in October 2016. Full-time student numbers from within Sunderland fell by 19.3%.

Table 7.12 Change in numbers of full-time students in Sunderland, October 2014 to October 2016					
	Oct 2014	Oct 2015	Oct 2016	Change 2014-16	
				No.	%
Number of full time student population from Sunderland postcode	6,486	6,132	5,232	-1,254	-19.3%
% of full time student population from Sunderland postcode	60.2%	58.5%	57.5%		
Number of full time student population from outside Sunderland postcode	4,286	4,349	3,867	-419	-9.8%
% of full time student population from outside Sunderland postcode	39.8%	41.5%	42.5%		
All full-time students	10,772	10,481	9,099	-1,673	-15.5%

Source: Sunderland University Student Recruitment

7.29   The decrease in student numbers is accredited to the changed higher education landscape brought about by for example the introduction of tuition fees, increased visa restrictions on overseas students wishing to study in the UK as well as a decrease in the number of 18 year olds in the city - although the University anticipates that the latter will have balanced itself by 2020.

7.30   The number of full time students requiring accommodation has fallen by over 20% in real terms from 6,700 (October 2014) to 5,277 (October 2016). This is shown by the data in Table 7.13. Sunderland's student intake draws heavily on the local population. This intake, in common with their counterparts from outside the city, have traditionally chosen to experience the full University package including living in student accommodation. However, the economic downturn and the relatively high cost of financing their education has caused significant numbers of local students to stay at home instead of renting their own accommodation.

Table 7.13 Change in numbers of full-time students in Sunderland requiring accommodation, October 2014 to October 2016				Change 2014-16	
	Oct 2014	Oct 2015	Oct 2016	No.	%
Number of full time student population Living in private rented accommodation (including student accommodation at The Forge)	5,451	5,178	4,095	-1,356	-24.9%
Number of full time student population living in University accommodation	1,250	1,279	1,183	-67	-5.3%
All full-time students requiring accommodation	6,700	6,456	5,277	-1,423	-21.2%

Source: Sunderland University Student Recruitment

7.31   Local letting agents and the University agree that there is currently too much student accommodation in the City. In 2013/14, the University directly owned 1,547 units and accessed a further 548 units through partnership arrangements with private providers. However, the declining student population and downturn in demand for accommodation influenced the University's decision to mothball its Precinct site of 412 units in 2016, thereby reducing its available accommodation by 20%.

7.32   Vacancy rates in University provision has increased from 0.3% in 2013/14 to 23% in 2016/17 (including the 412 units in the mothballed Precinct site). Private landlords also report reduced demand for accommodation which they attribute to a declining student population and an increase in the number of private landlords operating in Sunderland.

7.33   The cost of University-owned student accommodation has remained stable over the past three years. The inter-quartile range for University accommodation in Sunderland is £78-£86 based on a ten-month year. This compares favourably with other universities in the North East and the North West, as shown by Table 7.14. Despite this, the lack of demand in the student market is likely to lead to further rent decreases of approximately 5% for the coming year.

University	University Accommodation Cost (Inter-quartile range)		Private Student Acommodation Cost		Number of Units
	Lower	Upper	Lower	Upper	
University of Sunderland	£3,102	£3,448	£2,400	£3,000	1,135
Durham University	£6,823	£7,058	£4,420	£5,564	4,571
University of Hull	£3,500	£5,200	£3,100	£3,800	3,033
Newcastle University	£4,203	£5,460	£4,004	£5,720	4,263
Nottingham Trent	£4,400	£6,400	£3,600	£4,700	4,455
Salford University	£3,864	£4,956	£3,888	£6,084	1,860

Table 7.14 Comparative cost of university-owned accommodation

Source: Uni Stats

7.34 Privately-rented student accommodation in Sunderland is also less expensive than for other many other comparator university areas. Recent years have seen an increase in the number of private landlords operating in the student market. This and the reduction in the number of students requiring accommodation appears to have be resulting in a lower-quality product amongst many of the private landlords.

7.35 Letting agents believe the types of accommodation students live in are ultimately determined by what they can afford. Across the country, the trend amongst students (mainly international students) is for upmarket, city-centre luxury, en-suite apartments, remotely controlled by iPads, etc. This type of accommodation is available in Sunderland City Centre and purpose-built units near to the university campus. However the cost of this type of accommodation is high at around £80 to £100 each week and often prohibitive. Unsurprisingly, overseas and wealthier students are more likely to choose this type of accommodation. Local students tend to stick to more basic products e.g. cluster flats, halls of residence and shared houses.

7.36 The University is reviewing its accommodation strategy and is expected to announce the outcome of this review later in 2017. Their current view is that cluster-flats are what first and final year students expect so their provision reflects this. However, more recent University accommodation has targeted the "middle ground" of students with a product that is closer to the trend e.g. Scotia Quay. There are now over 250 university beds with en-suite.

7.37 Lettings agents are increasingly nervous about the impact that the oversupply of student accommodation will have on the housing market especially if this involves developing more cluster-flats and larger HMOs aimed at student living. Some agents believe that a more sustainable accommodation strategy meets the needs of current students but also considers their next steps after graduation. Some developers have already put forward proposals for converting surplus purpose-built student accommodation into one- and two-bedroom flats

which would be attractive to overseas students and contribute to the broader strategic housing approach of encouraging students to remain in the City as professionals on completion of their studies.

7.38   This section examined the impact of students on the private rented housing market in Sunderland and implications for future housing provision. Informed discussions with the University and lettings agencies highlight the following:

- Between October 2014 and October 2016 the full-time student population declined by 16%;

- Over the same period, the number of full-time students requiring accommodation has fallen by over 20%;

- There is general agreement that there is currently a surplus of *student* accommodation, although in planning terms there is not a surplus as most HMOs are general use and happen to have students living in them but could be used for family housing;

- There is also an issue of the quality of student lettings in some areas;

- Developers are willing to convert surplus purpose-built student accommodation into 1 & 2 bed flats, although current thinking and policy discourages 1 bed flats because of social isolation and increased mental health issues amongst students.

7.39   For sustainability, future provision of student accommodation, especially in the city centre, should form part of a broader regeneration strategy that attracts professionals into the city and encourages students to remain on conclusion of their studies. The Council has produced an interim student accommodation strategy which encourages accommodation in the City Centre and around the University campus,

People wishing to build their own homes

7.40   The Government made clear in its Housing Strategy for England, *Laying the Foundations*, that it wished to unlock the growth potential of the custom homes market and double its size over the next decade. It defined the main critical barriers to custom build in this country as access to suitable plots to build on; access to development finance to enable the purchase of land and start of construction; and the hurdles that many custom builders face when they engage with the regulatory regimes that govern the development process.

7.41   The National Planning Policy Framework (NPPF)(paragraph 21) sets out that the Government wants to enable more people to build their own homes and wants to make this form of housing a mainstream housing option. The Self-Build and Custom Housebuilding Act 2015 and subsequent Self-Build and Custom Housebuilding (Register) Regulations 2016 require authorities to maintain a register of those who have expressed an interest in buying serviced plots. Local authorities are under a duty to have regard to these registers in carrying out their planning function.

7.42   The level of demand for self/custom build should be monitored closely by the Council. In particular the proportion of completions on plots for one or two houses should be monitored as this type of modest development is likely to be self/custom build. The Council has its own register but this shows limited interest to date with only 15 people expressing a desire to have a plot on the register.

Families

7.43   Families (that is couples and lone parents with children) account for around 20.6% of households across Sunderland. A further 11.4% are couples and lone parents with adult children (aged 18 or over) living with them. The current dwelling profile and market aspirations of families are summarised in Table 7.15. This suggests a strong aspiration from families for houses with either three bedrooms or four or more bedrooms, although a higher proportion expect to move to properties with one or two bedrooms. There is a strong aspiration and expectation of moving to bungalows and a relatively limited appetite from families to move to flats.

Table 7.15 Property type preferences – Families			
Dwelling type	**Current dwelling**	**Like**	**Expect**
House 1/2 Beds	19.6	9.3	23.3
House 3 Beds	49.9	42.4	44.1
House 4 or more Beds	22.1	28.0	16.2
Sunderland Cottage	2.7	1.5	2.0
Bungalow	2.6	17.0	12.9
Flat	2.7	1.8	1.6
Other	0.4	0.0	0.0
Total	100.0	100.0	100.0
Base	38596	8143	7228

Source: 2012 Household Survey (rebased to 2015)

7.44   In terms of housing need (Table 4.14), compared with the overall proportion of households in need of 12.3%; 21.2% of couples with three or more children and 32.8% of lone parents with three or more children were in housing need. However, couples with one or two children were much less likely to be in housing need (5.2%). Modelling of affordable housing requirements suggests that a range of affordable dwellings are required which will help to address the needs of families.

Older people

7.45   A major strategic challenge for the Council is to ensure a range of appropriate housing provision, adaptation and support for the area's older population. NPPG (paragraph 21) states that *'the need to provide housing for older people*

is critical given the projected increase in the number of households aged 65 and over accounts for over half of new households'.

7.46   The number of people across the Sunderland area aged 65 or over is projected to increase by 42.2% from 51,600 in 2015 to 73,400 by 2039[29].

7.47   As set out in Table 7.16, the majority of older people (65.7%) want to stay in their own homes with help and support when needed. Around 15.4% would consider buying a property on the open market, 24.3% would consider renting from a housing association, 24.9% would consider renting sheltered accommodation and around 17.3% would consider renting extra care housing. This evidence suggests a need to continue to diversify the range of older persons' housing provision. Additionally, providing a wider range of older persons' accommodation has the potential to free-up larger family accommodation.

Table 7.16 Older peoples' property type preferences	
Housing option	**% would consider**
Continue to live in current home with support when needed	65.7
Buying a property on the open market	15.4
Rent a property from a private landlord	5.5
Rent from HA	24.3
Sheltered accommodation - To Rent	24.9
Sheltered accommodation - To Buy	10.4
Sheltered accommodation - Part Rent/Buy	6.1
Extra care housing - To Rent	17.3
Extra care housing - To Buy	6.9
Extra care housing - Part Rent/Buy	3.6
Residential care home	3.7
Co-housing	9.8
Base (total households responding)	*65,696*

Source: 2012 Household Survey (rebased to 2015)

7.48   The range of assistance required from older person households is explored in Table 7.17. Particularly noted is the need for help with gardening (34.5% of older households stated this help is needed either now or in the next five years), help with repair and maintenance of the home (27.2% of 65+ households stated this help is needed either now or in the next five years) and help with cleaning (23.3%) and other practical tasks (17.1%).

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[29] 2014-based Subnational population projections

Table 7.17	Type of assistance required either now or in next 5 years by age group		
	Age group (% of households)		
Assistance required	**Younger (under 65)**	**Older (65+)**	**Total**
Help with repair and maintenance of home	16.0	27.2	19.0
Help with gardening	13.1	34.5	18.9
Help with cleaning home	8.6	23.3	12.6
Help with other practical tasks	6.0	17.1	9.0
Help with personal care	5.2	10.9	6.7
Want company / friendship	4.2	5.0	4.4
Base (all households)	88752	32803	121555

Source: 2012 Household Survey (rebased to 2015)

7.49 In terms of adaptations (Table 7.18), most frequently mentioned were adaptations to the bathroom (16.2% of older households), double glazing (13.3%) and better heating (11.9%). Resources for providing aids and adaptations remain tight, particularly for households in the private sector. Alternative sources of funding, such as equity loans, should be considered to finance remedial measures required by older person households.

7.50 In the last four years, £11m has been spent by the Council to provide aids and adaptations through its Home Improvement Agency to allow sick and disabled people remain in their own homes

General support requirements

7.51 The 2012 Household Survey provided evidence of the need for adaptations across all households. Particularly noted is the need for double glazing (18.8%), better heating (16.8%) and more insulation (13%) (Table 7.18).

7.52 Overall, 7.4% of all properties across Sunderland had been adapted or purpose built for a person with a long-term illness, health problem or disability, with the highest level of adaptations reported in social/affordable rented dwellings (13.7%). 9.9% of all households said they required care or support to enable them to stay in their current home; this rose to 15.9% amongst households in affordable housing. 59.5% of households stated that there was sufficient space for a carer to stay overnight if this was needed; but across the affordable (social) rented sector this fell to 45.9% and 44.8% across the private rented sector.

7.53 The household survey also provides information on the need for other forms of assistance (Table 7.17), highlighting the need across all households for help with repair and maintenance of the home (19%) and gardening (18.9%).

Table 7.18	Adaptations required either now or in next 5 years by age group		
Adaptation required	**Age group (% of households)**		
	Younger (under 65)	**Older (65+)**	**Total**
Increase the size of property	7.8	1.7	6.2
Security alarm	6.6	5.7	6.3
Community alarm service	2.6	8.6	4.2
Room for a carer	2.2	2.9	2.4
Lever door handles	1.4	1.4	1.4
Wheelchair adaptations (including door widening and ramps)	2.1	3.2	2.4
Improvements to access (e.g. level access in and around home)	2.8	3.2	2.9
Stair lift / vertical lift	3.0	9.0	4.6
Downstairs WC	4.8	6.9	5.4
External handrails	4.2	7.1	5.0
Internal handrails	6.5	8.4	7.0
Adaptations to Bathroom e.g. level-access shower	9.5	16.2	11.3
Adaptations to kitchen e.g. lower work surfaces	7.2	3.7	6.3
Double glazing	20.8	13.3	18.8
More insulation	15.5	6.3	13.0
Better heating	18.6	11.9	16.8
Base	88752	32803	121555

Source: 2012 Household Survey (rebased to 2015)

Households with specific needs

7.54   Table 7.19 summarises the type of social care client groups accommodated in social rented housing across Sunderland area over the three year period 2010/11 to 2012/13. Data indicates that a range of groups are accommodated in registered provider specialist provision, most notably older people with support needs, single homeless people with support needs and young people at risk.

Table 7.19 Client groups accommodated in social rented sector in Sunderland 2010/11 to 2012/13	
Client group	**Number**
People with physical or sensory disabilities	9
People with HIV or AIDS	0
People with learning disabilities	33
People with mental health problems	35
People with drug problems	30
People with alcohol problems	0
Offenders and people at risk of offending	99
Refugees (permanent)	0
Young person at risk or leaving care	0
Women at risk of domestic violence	0
Older people with support needs	690
Single homeless people with support needs	676
Homeless families with support needs	32
Young people leaving care	8
Young people at risk	325
Teenage parents	33
Rough sleepers	0
TOTAL	1970

Source: Supported CORE lettings data

Black, Asian and Minority Ethnic households

7.55   The 2011 Census indicates that 95.8% of Household Reference People describe themselves as 'White British' and 4.2% describe themselves as having other ethnicities. Of these, 1.1% are White 'other', 1.8% are Asian/Asian British, 0.4% are Black/Black British, 0.5% are mixed/multi-ethnic and 0.3% are other groups.

7.56   Information on BAME households based on the 2012 Household Survey includes:

- 51.3% are owner occupiers, 35.4% rent privately and 13.2% live in affordable housing (social rented or intermediate tenures);

- 27.3% had a gross income of less than £200 each week, 28.6% received between £200 and £500 each week, 44.2% received more than £500 each week;

- 32.5% BAME households were in some form of housing need, with key needs factors being overcrowding (11.5% of households in need) and sharing facilities with another household (10.4%);

- 15.1% were dissatisfied with the state of repair of their homes.

arc4

7.57   The 2011 Census identified 70 people with Gypsy and Traveller ethnicity living in 37 households.

7.58   Caravan Count data for Gypsy and Traveller caravans is compiled twice annually and the data for the five counts up to and including January 2016 reported no Gypsy and Traveller caravans in Sunderland.

7.59   Caravan Count data for Travelling Showpeople caravans is compiled annually (in January). In January 2016 no Travelling Showpeople caravans were recorded. However, 98 were recorded in 2015; 98 in 2014 and 75 in 2013.

Stakeholder views on specialist housing provision

7.60   The online survey asked key stakeholders for their views on the provision of specialist housing in Sunderland.

7.61   The survey found that respondents working in this area were working with older people; younger people aged 16-21; people with support needs; women and children experiencing domestic violence; homeless individuals and families; and excluded, vulnerable and offending men and women. Asked what changes providers are seeing in their client groups, the following were mentioned:

- Increase in older people;

- Increase in BAME service users;

- Increase in people with serious alcohol problems; and

- More people with complex needs, including young people with challenging needs and behaviours.

7.62   It was noted that there has been an increase in demand for support services. In respect of supported housing, stakeholders identified the following groups for whom additional provision is required:

- Specialist care needs of older residents in Extra Care, especially in relation to dementia; and

- Specialist accommodation for young people with more complex mental health needs.

7.63   By comparison, however, one stakeholder stated that there is an over-supply of older persons housing, in particular Extra Care.

7.64   Several stakeholders remarked on the significant effect that a reduction in government grants has had on housing provision. Less funding has meant increasing fund raising and charitable donations. Reduced funding has also meant less contact time with clients. Change in the benefit system has also had an impact on specialist housing delivery.

7.65   Lack of funding, bureaucracy; ongoing changes from European, national and local government; planning and joined-up delivery were identified as the biggest barriers to the delivery of specialist housing in Sunderland.

7.66   In terms of key messages for the SHMA in respect of specialist housing provision in Sunderland, respondents made the following points:

- A need for a range of older persons provision, including open market bungalows for those wishing to downsize, shared ownership and other options;

- A need for a cultural shift to enable older households to give up their family homes and downsize;

- A need for Local Authority guidance on future development locations for Extra Care housing; and

- A need to consider the transitioning of complex young people to adult services.

8.   Conclusion: policy and strategic issues

8.1   This document has been prepared to equip the Council and their partners with robust, defensible and transparent information to help inform strategic decision-making and the formulation of appropriate housing and planning policies. The work also takes account of the National Planning Policy Framework (March 2012) and National Planning Practice Guidance.

8.2   The SHMA will help the Council plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Specifically, the SHMA identifies the size, type and tenure of market housing required by sub-area and by ward by considering current market demand relative to supply; and also identifies a continued affordable housing imbalance across Sunderland City.

8.3   This concluding chapter summarises key messages from the research findings, structured around a commentary on the current and future housing markets; the interactions of Sunderland with other areas; and relates findings to key local strategic issues.

The Housing Market Area

8.4   An analysis of 2011 Census migration data suggests that the origin self-containment ratio is 79.3% and the destination ratio is 81.5%. In addition, 70.2% of employed residents work within the City and 67.7% of the Sunderland workforce live within the City. Therefore, Sunderland exhibits a high degree of self-containment in terms of migration and also in travel to work data, although it is part of wider functional economic area which extends into County Durham.

8.5   The 2012 Household Survey (rebased to 2015) found that of those who had moved home in the preceding five years, 84.4% originated within Sunderland. It also found that 80.6% of households planning to move in the next five years intend on remaining in Sunderland.

8.6   Evidence would therefore suggest that the Sunderland Local Authority Area can be considered to be an appropriate Housing Market Area for the purposes of Local Plan policy making.

Establishing an Objectively Assessed Housing Need and Plan Target

8.7   A challenge for the Council and its partners is to align future housing development with trends relating to household growth, household aspirations and the need for affordable housing. Crucially, the nature of household change needs to be carefully considered in strategic housing and planning policies.

8.8   An OAN should be based on reasonable assumptions which take into account baseline demography, adjustments to reflect local demographic trends, past delivery, market signals, future jobs and other local circumstances: the SHMA has explored these factors in detail. PAS guidance suggests that the OAN

should exclude any policy objectives and value judgements and evidence should be entirely about need and demand, to the exclusion of any supply-side factors such as physical constraints, policy designations and adverse impacts of development. However, these factors should be considered when translating the OAN into a Housing Requirement.

8.9   It is proposed that the Objectively Assessed Housing Need for Sunderland over the plan period 2015-2033 is established from a baseline of 570 (using the latest 2014-based SNPP), with an upward adjustment to take account of employment growth to 768 dwellings each year based on the Jobs-led Experian SENS A scenario plus an adjustment to take account of the additional dwelling requirements of employees at the International Advanced Manufacturing Park (IAMP) of 23 dwellings each year. It should also be noted that the Jobs-led Experian SENS A scenario (745 dwellings) closely aligns with the reducing migration scenario (742 dwellings).

8.10   A further uplift to the baseline demographic requirement to take account of market signals is not recommended.

8.11   In conclusion, the Objectively Assessed Need figure of 768 takes account of the need to deliver more affordable and market housing for an increasing number of households and supports economic growth. The full objectively assessed dwelling need over the Plan Period 2015-2033 (18 years) is for at least 13,824 dwellings.

8.12   Having established an up-to-date OAN, it is necessary to translate this into a growth target for the purposes of future plan-making. This is referred to as the 'housing requirement'. The housing requirement should, in normal circumstances, reflect the objectively assessed need but can be adjusted either upwards or downwards. An OAN could be adjusted downwards due to development constraints or upwards to support economic or other growth ambitions. The OAN is in effect a 'policy off' need for housing over the plan period. Once policy considerations have been applied to the OAN figure, the result is a 'policy on' figure for the housing requirement. The housing requirement figure will be the target against which housing supply will normally be measured.

8.13   It is recommended that the Housing Requirement for Sunderland is the Objectively Assessed Need for an average of 768 dwellings each year (or 13,824) over the plan period 2015 to 2033.

The current housing market

8.14   This study provides up to date information on the housing stock in the Council area and how the stock profile varies by market area is presented in data tabulations accompanying this report.

8.15   Across Sunderland there are a total of 127,393 dwellings and a total of 124,496 households[30]. Overall, the 2012 Household Survey shows that:

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[30] Sunderland City Council data, October 2016

arc⁴

- 76.7% of properties are houses, 12.1% are flats/apartments and maisonettes, 10.5% are bungalows, and 0.7% are other types of property including park homes/caravans;

- 9.1% have one bedroom/bedsit, 35.3% have two bedrooms, 41.1% have three bedrooms and 14.5% have four or more bedrooms;

- 15% of properties were built before 1919, a further 16.5% were built between 1919 and 1944, 26% between 1945 and 1964, 26.1% between 1965 and 1984, 12% between 1985 and 2004 and 4.4% have been built since 2005; and

- 59.2% of properties are owner-occupied, 12.9% are private rented/tied accommodation, 27.4% are rented from a social landlord and 0.4% are intermediate tenure.

Housing markets and mobility

8.16   A range of material has been gathered to help identify market drivers and the characteristics of the Sunderland Housing Market Area and linkages with other areas.

8.17   An analysis of household mobility using survey data suggests that of households moving in the past five years preceding the 2012 Household Survey, 84.4% originated in Sunderland and 15.6% moved into the City. Most moved into the private housing sector, with around 31.9% moving into owner occupation and 50.8% into private renting. To be closer to family/friends to give/receive support (13.1%), to be closer to work/new job (12.3%) were key migration drivers.

8.18   90.4% of in-migrant households had a Household Reference Person aged under 65 and 9.4% were aged 65 and over; overall 60.7% were in employment, 60.3% had an income (of Household Reference Person and partner) of less than £500 each week and 39.7% had an income of at least £500 each week.

Future housing market

8.19   Data relating to future housing numbers and the Objectively Assessed Need for Housing has been explored in detail in this research.

8.20   The population of Sunderland was estimated to be 277,700 in 2015[31] and this is projected to increase to 285,900 by 2033[32] under 2014-based ONS Sub-national population projections. Over the next few decades, there will be a marked increase in the number and proportion of residents aged 65 and over. The proportion of the population aged 65 and over is expected to increase from 18.6% in 2015 to around a quarter (24.7%) in 2033.

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[31] ONS 2014-based Subnational population projections
[32] ONS 2014-based Subnational population projections

8.21   The number of students living in Sunderland has decreased recently and there is currently no strategic need to increase the level of student accommodation, although the situation should be monitored and development to address localised demand for accomodation may be appropriate.

Delivering new housing

8.22   Of households moving in the open market, most would like to move to a house (71.8%), 23.4% would like to move to a bungalow (including Sunderland Cottages) and 4.7% to a flat. This compares with 67.1% who expect to move to a house, 22% to a bungalow (including Sunderland Cottages) and 10.9% a flat. A much higher proportion would like to move to a detached house (38.8%) but only 15.4% expect to. In contrast, higher proportions expect to move to a semi-detached house (36.2%) than would prefer to (23.7%). Future development should focus on delivering to address identified mismatches and reflect household aspirations.

8.23   In terms of affordable housing, an annual net imbalance of 542 affordable dwellings has been calculated.

8.24   A tenure split of around 80% affordable rent and 20% intermediate tenure based on household preferences is suggested.

8.25   In summary, key drivers in determining the tenure and type of future development include:

- The need to continue development to satisfy household aspirations, in particular the development of detached houses and a range of property sizes to offset identified market imbalances;

- Developing an increasing range of housing and support products for older people;

- Delivering additional affordable housing to help offset the identified net shortfalls; and diversifying the range of affordable options by developing intermediate tenure dwellings and products; and

- The economic viability of delivering affordable housing on sites across Sunderland.

Improving the quality of existing stock

8.26   Strategic challenges include reducing the level of vacant dwellings and improving the quality of existing dwellings through better energy efficiency and modernisation.

Vacant stock

8.27   There are an estimated 2,756 vacant properties across Sunderland in 2016 (2.2% of total stock)[33]. Properties can be empty for a variety of reasons which include: the properties are too difficult to repair or are in the process of being repaired; they are in the process of being sold; they have been bought for capital investment; or they are in probate.

8.28   The Council should continue to consider identifying the reasons why properties are empty and identify mechanisms for bringing them back into use. Mechanisms could include:

- Financial/professional help for repairs and improvements in the form of equity loans; grant aid for renovation and subsequent leasing to a Housing Association for a fixed term; a professional service to manage repairs or full renovation; and

- Assistance with letting management or the sale of a property.

Satisfaction and repair

8.29   Although the vast majority of households (78.2%) are satisfied with the condition of their dwellings, 9.4% of households were dissatisfied or very dissatisfied. Levels of dissatisfaction were highest amongst those living in the Inner Urban Area and Northern Suburbs, private renters, households living in Sunderland Cottages and in properties built pre-1919.

8.30   Improving the energy efficiency of dwellings and modernisation of stock is an important driver to improving the quality of existing stock and extends beyond those households expressing dissatisfaction. Given the need to reduce energy consumption, improve thermal comfort and future proof households from spikes in energy prices, retrofitting stock with improved insulation, heating systems and solar panels is likely to become a significant strategic issue.

The ageing population and addressing the needs of vulnerable people

8.31   A key challenge for the Council is to ensure a greater diversity of support services are made available to older people wanting to stay in their own home and develop funding mechanisms to achieve this. Particularly noted is the need for help with gardening, repair and maintenance and cleaning.

8.32   Additionally, the range of housing options available to older people needs to be diversified, for instance through the development of open market housing designed at older people and the development of sheltered accommodation, extra care housing and co-housing for rent or sale.

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[33] Sunderland City Council data, October 2016

NPPF requirements

8.33   Paragraph 159 of the NPPF states that Local Planning Authorities should have a clear understanding of housing needs in their area and they should:

- Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where Housing Market Areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period that:

    - Meets household and population projections, taking account of migration and demographic change;

    - Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and

    - Caters for housing demand and the scale of housing supply necessary to meet this demand.

8.34   The material in this SHMA provides an evidence base to inform strategic decision making.

8.35   The SHMA has:

- Considered the Objectively Assessed Need for housing using the latest available evidence;

- evidenced the scale of Affordable Housing Need and the specific affordable requirements necessary to offset the imbalance between supply and need;

- reviewed market demand and the range of dwellings required to satisfy household expectations and aspirations; and

- reflected upon the needs of different groups of the population, in particular older people and those requiring specialist support requirements.

Final comments

8.36   Appropriate housing and planning policies have a fundamental role to play in the delivery of thriving, inclusive and sustainable areas. These policies need to be underpinned with high quality data. This study has provided a wealth of up-to-date social, economic, demographic and housing data for Sunderland City.

8.37   This research has reflected upon the housing market attributes of Sunderland and interactions with other areas, notably County Durham. The report signposts future strategic challenges which include the ongoing delivery of new market and affordable housing to address need and support economic growth; diversifying the range of affordable tenures available to local residents; improving the condition and energy efficiency of existing stock; and addressing the requirements of older people and vulnerable groups.

Introduction to Technical Appendices

- Technical Appendix A: Research methodology
- Technical Appendix B: Policy review
- Technical Appendix C: Affordable housing need calculations
- Technical Appendix D: Reviewing the future profile of dwelling stock
- Technical Appendix E: Monitoring and updating
- Technical Appendix F: Conformity to NPPF and NPPG checklist

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Technical Appendix A: Research Methodology

Overall approach

A.1   A multi-method approach was adopted in order to prepare a robust and credible Strategic Housing Market Assessment for Sunderland Council:

- A review of relevant secondary data including the 2011 Census, house price data, private rental data, Housing Association CORE lettings data, CLG Statistics and Housing Register information;

- A consideration of research by Edge Analytics regarding objectively assessed housing need;

- A review of primary data obtained through a sample survey of households across the Sunderland City Council area. This Household Survey was undertaken in 2012 to prepare the SHMA 2012, with a total of 33,350 households contacted and 4,104 questionnaires returned, representing a 12.3% response rate overall and the number of questionnaires returned well in excess of the 1,500 specified in former Government guidance. The 2012 Household Survey data data has been used in this Update, but re-weighted based on 2015 household numbers[34] to bring it in line with up-to-date secondary data;

- A review of primary data obtained through an online survey of key stakeholders including Local Authority Housing and Planning representatives, Registered Providers, Estate Agents, Lettings Agents, Developers and Supporting People representatives; and

- A review of interviews with Estate and Lettings Agents.

Baseline dwelling stock information and survey sample errors

A.2   Table A1 summarises total dwelling stock and the number of households contacted by survey area, achieved response rates and sample errors. All response rates and accuracy levels are based on the Census 2011 as this was used as the core data when weighting the sub-area responses.

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[34] Council Tax 2015, occupied dwellings data

Table A1	Households surveyed, response rates and sample errors			
Sub-area	**Total occupied dwellings**	**Achieved Sample**		**Achieved Sample Error**
Northern Suburbs	14634	478	±	4.41%
Northern Coastal	9843	365	±	5.03%
Inner Urban Area	14927	396	±	4.86%
Southern Suburbs	37740	1247	±	2.73%
Coalfield Communities	19097	701	±	3.63%
Washington	23517	917	±	3.17%
TOTAL	**119758**	**4104**		**1.50%**

Source: Sunderland 2012 SHMA

Weighting and grossing

A.3   In order to proceed with data analysis, it is critical that survey data is weighted to take into account non-response bias and grossed up to reflect the total number of households. Weighting for each survey area was based on:

- **tenure** (the proportion of affordable (social rented and intermediate tenure) and open market dwellings based on 2011 Census data;

- **age of household reference person** based on the proportions of household reference people aged under 65 and 65 or over living in affordable and open market provision derived from the 2011 Census; and

- **2015 baseline households** derived from Council Tax data (total dwellings minus vacant dwellings)

A.4   Ultimately, the survey element of the assessment is sufficiently statistically robust to undertake detailed analysis and underpin core outputs of the study down to the survey areas presented in Table A1. Furthermore, the survey findings are enhanced and corroborated through analysis of secondary data and stakeholder consultation.

Online Key Stakeholder Survey

A.5   An online survey of key stakeholders was undertaken. This took the form of an online questionnaire, which representatives from a range of stakeholder organisations were invited to complete.

A.6   Responses were received from 25 separate individuals, drawn from:

- Local Authorities

- Voluntary agencies,

- Residents groups,

- Registered Providers,

- Planning consultants, and

- Developers.

A.7   The responses have been analysed, both quantitatively and qualitatively. They provide an invaluable view on the current housing market and related issues in Sunderland. The analysis is set out clearly within Chapter 4 of the SHMA Report.

Interviews with Estate and Letting Agents

A.8   Five estate and letting agents were approached and face-to-face interviews were undertaken with four representative agents who operate in Sunderland and the surrounding area. Their views were sought on the local housing market and related issues, and an analysis of the findings has been incorporated within Chapter 4 of the SHMA Report.

Technical Appendix B: Policy Review

B.1   The purpose of this Appendix is to set out the national policy agenda of relevance to this housing needs assessment.

Introduction

B.2   Housing policy in England is managed through the Department for Communities and Local Government (DCLG), but is managed by the devolved governments in Scotland, Wales and Northern Ireland. In addition to policies that apply directly to housing matters, there is significant overlap with a number of other policy areas, including planning, welfare, political devolution and the wider economy.

B.3   Under the previous Coalition Government, the five years 2010-2015 saw a radical and sustained programme of reform of welfare, housing and planning policy, set within the context of national austerity and an economic policy of deficit reduction and public spending cuts. These reforms championed localism, decentralisation and economic growth.

B.4   Since the election of a majority Conservative Government in May 2015 further welfare reforms were accompanied by policies seeking to increase the rate of housebuilding and promoting home ownership as the tenure of choice. The Housing and Planning Act was passed in May 2016, setting out the legislative framework for the flagship Starter Homes scheme and including provisions relating to other aspects of housing policy such as Right to Buy, high value sales and ending lifetime tenancies.

B.5   However, the European Union Referendum of 23rd June 2016 and subsequent changes in Government leadership are beginning to impact emerging policy. 'Brexit' discussions have created uncertainty regarding economic issues and the new Conservation Party leadership have signalled some changes in policy direction in their Autumn Statement and the Housing White Paper (February 2017).

Legislative and policy background

B.6   Following the Coalition Agreement of May 2010, the previous Government passed the **Localism Act 2011**, with the express intention of devolving power from central government towards local people. The Localism Act sets out a series of measures to seek a substantial and lasting shift of powers including:

- new freedoms and flexibilities for local government, including directly elected mayors and empowering cities and other local areas;

- new rights and powers for communities and individuals;

- reform to make the planning system more democratic and more effective, including the abolition of regional spatial strategies (RSS), the introduction of the 'Duty to Cooperate', neighbourhood planning, Community 'Right to

Build', reforming the community infrastructure levy and reforming the Local Plan process; and

- reform to ensure that decisions about housing are taken locally.

B.7   In terms of housing reform, the Localism Act reforms aim to enable more decisions about housing to be made at the local level, making the system fairer and more effective. Local authorities have greater freedom to set their own policies about who can qualify to go on the waiting list in their area. In addition, the Act allows for more flexible tenure arrangements for people entering social housing, with social landlords able to grant tenancies for a fixed length of term rather than lifetime tenancies for all. In respect to homelessness, the Act allows local authorities to meet their homelessness duty by providing private rented accommodation, rather than in temporary accommodation until long-term social housing becomes available. The Act also reforms social housing funding, allowing local councils to keep the rent they collect and use it locally to maintain their housing stock. It facilitates a national 'Home Swap' scheme to facilitate house moves between social housing tenants. In addition, the Localism Act reforms the regulation of social housing, promoting tenant panels and changing the way complaints are handled.

B.8   The National Housing Strategy for England, *Laying the Foundations: A Housing Strategy for England*, was published in November 2011 under the Coalition Administration and it currently remains in place. The Strategy acknowledges some of the problems within the housing market and sets out the policy response, along the following themes:

- Increasing supply: more homes, stable growth;

- Social and affordable housing reform;

- A thriving private rented sector;

- A strategy for empty homes;

- Quality of housing experience and support; and

- Quality, sustainability and design.

B.9   The measures set out promote home ownership, including a new-build mortgage indemnity scheme to provide up to 95% loan-to-value mortgages guaranteed by Government and a 'FirstBuy' 20% equity loan scheme for first-time buyers. There is an emphasis on providing new infrastructure, with the announcement of a 'Growing Places' Fund, and the freeing-up of public sector land for development. Community-led planning and design is championed, with financial incentives such as the 'New Homes Bonus' to promote increased housebuilding at the local authority level.

B.10 The National Housing Strategy acknowledges the importance of social housing and the need for more affordable housing. However, the document reaffirms the programme of reforming this sector, including *'changes to the way people access social housing, the types of tenancies that are provided and the way the*

homelessness duty is discharged'[35]. The private rented sector is considered to play *'an essential role in the housing market, offering flexibility and choice to people and supporting economic growth and access to jobs'*[36]. The document sets out an intention to support the growth of the private rented sector through innovation and investment, to meet continuing demand for rental properties.

B.11 The National Housing Strategy reaffirms the commitment to bringing empty homes back into use, using the New Homes Bonus as an incentive. It also set out the objectives of preventing homelessness, protecting the most vulnerable and providing for older people's housing needs. It confirms a radical package of welfare reforms, including a reduction in Housing Benefit, changes to the Local Housing Allowance (Housing Benefit in the private sector) and the introduction of 'Universal Credit' to replace other means-tested working age benefits and tax credits. Finally, the Housing Strategy addresses environmental concerns, with energy efficiency and reduced carbon emissions being required from both new and existing homes in order to promote sustainability.

B.12 The **National Planning Policy Framework (NPPF)** was published in March 2012. It sets out the Government's planning policies for England and how these are expected to be applied. The NPPF formed a key part of the Coalition Government's planning system reforms, simplifying national guidance (previously contained in multiple Planning Policy Statements and Planning Policy Guidance) and reducing the quantity of policy pages. Fundamentally, it must be taken into account in the preparation of local and neighbourhood plans and is a material consideration in planning decisions. The document states that '*at the heart of the National Planning Policy Framework is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking.'*[37]

B.13 The NPPF sets out 12 core planning principles to underpin both plan-making and decision-taking. It also establishes 13 aspects to achieving sustainable development, which include delivering a wide choice of high quality homes (#6) and promoting healthy communities (#8). The Framework also introduces new definitions of affordable housing covering social rented housing, affordable rented housing and intermediate housing.

B.14 The NPPF is to be read alongside other national planning policies on Waste, Travellers, Planning for Schools Development, Sustainable Drainage Systems, Parking and Starter Homes[38]. National **Planning Practice Guidance** (NPPG) on a range of more detailed topics has been revised and updated and made available through an online system since March 2014[39]. NPPG topics include Duty to Cooperate, Housing and Economic Development Needs Assessments, Housing and Economic Land Availability Assessment, Housing - Optional Technical Standards, Local Plans, Neighbourhood Planning, Rural Housing and Starter Homes.

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[35] *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 22 para.11
[36] *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 33 Summary

[37] National Planning Policy Framework (November 2012), para. 14
[38] http://planningguidance.communities.gov.uk/
[39] http://planningguidance.communities.gov.uk/

B.15   Following the election of a majority Conservative Government in May 2015, the Government's **Summer Budget 2015** was presented to Parliament by the then-Chancellor George Osborne in July 2015. The Budget set out proposed reforms to the welfare system, including a four-year freeze on working-age benefits; a reduction in the household benefit cap; restrictions on Child Tax Credit; training requirements for those on Universal Credit aged 18 to 21; the removal of automatic entitlement to Housing Benefit for those on Universal Credit aged 18 to 21; and the removal of the Family Premium element of Housing Benefit for new claims from April 2016. Alongside these welfare cuts, it was announced that rents for social housing will be reduced by 1% per year for four years, while tenants on incomes of over £30,000, or £40,000 in London, will be required to pay market rate (or near market rate) rents. A review of 'lifetime tenancies' was confirmed, with a view to limiting their use to ensure the best use of social housing stock. Support for home ownership measures was reiterated with measures such as the extension of the Right to Buy to housing association tenants and the introduction of Help to Buy ISAs.

B.16   Alongside the Summer 2015 Budget the Government published a 'Productivity Plan', *Fixing the foundations: Creating a more prosperous nation* (10th July 2015). This sets out a 15-point plan that the Government will put into action to boost the UK's productivity growth, centred around two key pillars: encouraging long-term investment and promoting a dynamic economy.

B.17   Of particular relevance to housing are the following points in the plan:

- Planning freedoms and more houses to buy: In order to increase the rate of housebuilding and enable more people to own their own home, a number of actions are identified including a zonal system to give automatic planning permission on suitable brownfield sites; speeding up local plans and land release, stronger compulsory purchase powers and devolution of planning powers to the Mayors of London and Manchester, extending the Right to Buy to housing association tenants, delivering 200,000 Starter Homes and restricting tax relief to landlords.

- Resurgent cities, a rebalanced economy and a thriving Northern Powerhouse: In order to rebalance the economy, which is skewed towards London and the South East, the Government is committed to building a Northern Powerhouse through £13 billion of investment in transport in the North of England during this Parliament, backing new science, technology and culture projects, devolving significant powers to an elected Mayor for Manchester, taking steps to enable the Midlands Engine for Growth to reach its full potential and working towards devolution deals with the Sheffield City Region, Liverpool City Region and Leeds, West Yorkshire and partner authorities.

B.18   The **Spending Review and Autumn Statement 2015** of November 2015 continued these policy themes:

- Plans to extend the 'Local Housing Allowance' to social landlords so that the Housing Benefit payed to tenants living in housing association properties will be capped at the LHA rate;

- A new 'Help to Buy Shared Ownership' scheme, removing restrictions on who can buy shared ownership properties to anyone with a household income of less than £80,000 outside London and £90,000 in London;

- 'London Help to Buy' – an equity loan scheme giving buyers 40% of the new home value (as opposed to 20% under the Help to Buy scheme);

- 200,000 'Starter Homes' to be built over the following five years;

- From 1st April 2016 an extra 3% in stamp duty to be levied on people purchasing additional properties such as buy-to-let properties or second homes;

- Right to Buy extension to housing association tenants;

- £400 million for housing associations and the private sector to build more than 8,000 new 'specialist' homes for older people and people with disabilities;

- Consulting on reforms to the New Homes Bonus, with a preferred option for savings of at least £800 million which can be used for social care; and

- A commitment to extra funding for targeted homelessness intervention.

B.19   In December 2015, DCLG published a **Consultation on proposed changes to national planning policy**, which was open for consultation until February 2016. This consultation sought views on some specific changes to NPPF in terms of the following:

- broadening the definition of affordable housing, to expand the range of low cost housing opportunities for those aspiring to own their new home;

- increasing residential density around commuter hubs, to make more efficient use of land in suitable locations;

- supporting sustainable new settlements, development on brownfield land and small sites, and delivery of housing allocated in plans; and

- supporting the delivery of Starter Homes.

B.20   The publication of a revised NPPF document has been delayed during 2016 and is still awaited.

B.21   The **Cities and Local Government Devolution Act 2016** received Royal Assent on 28th January 2016. This Act makes provision for the election of mayors for the areas of, and for conferring additional functions on, combined authorities established under Part 6 of the Local Democracy, Economic Development and Construction Act 2009. It makes provision about local authority governance and functions; to confer power to establish, and to make provision about, sub-national transport bodies; and for connected purposes. This Act is central to the Government's devolution plans for England, facilitating its vision of a 'Northern Powerhouse'.

B.22   The **Welfare Reform and Work Act 2016** received Royal Assent on 16th March 2016. The Act makes provisions relating to a range of welfare benefits and employment schemes, including the benefit cap, social security and Tax Credits, loans for mortgage interest, social housing rents and apprenticeships. Secondary legislation (Social Housing Rents Regulations, March 2016) sets out

that the 1% cut to social housing rents will not apply to households with an income of £60,000 or more.

B.23   On 16th March 2016, the **Budget 2016** was announced. This continued the policy emphasis of promoting home ownership and facilitating first-time buyers to enter the market. A new 'Lifetime ISA' was announced, extending the principle of the Help to Buy ISA by incentivising saving for under-40s. Of relevance to the private rented sector were stamp duty increases for institutional investors and the withholding of capital gains reductions from companies investing in residential property. In seeking to deliver more homes for ownership, announcements were made of further planning reforms; releasing public land for development; and a £1.2 billion Starter Homes Fund for brownfield remediation. The anticipated 'duty to prevent' homelessness was not announced, but instead the Chancellor committed £115 million to preventing and reducing rough sleeping.

B.24   A **Technical consultation on Starter Homes regulations** was announced on 23rd March 2016. This sought views on the framework to be established in the forthcoming regulations, including the restrictions that should be placed on Starter Homes, how age eligibility criteria should work, what threshold (size of site/development) should apply, what the percentage requirement should be, whether exemptions should apply and whether off-site payments should be acceptable. The consultation document set out that, in terms of the period within which Starter Homes should not be sold at full market value, the DCLG does not support a period of longer than 8 years. The paper proposes that the requirement to provide 20% of dwellings as Starter Homes should apply to sites of 10 dwellings or more (or 0.5 hectares). Secondary legislation relating to Starter Homes is still awaited from Parliament.

B.25   The **Housing and Planning Act 2016** received Royal Assent on 12th May 2016 after a range of oppositions and amendments by both the House of Lords and the House of Commons. The Act sets out the legislative framework for the Government's flagship Starter Homes scheme and includes provisions relating to other important aspects of housing policy such as Right to Buy, high value sales and ending lifetime tenancies.

Emerging policy and legislation

B.26   Announced in the Queen's Speech (May 2016), the **Neighbourhood Planning Bill 2016-17** was laid before Parliament on 7th September 2016. With the objective of speeding up the delivery of new homes, relevant clauses of the Bill include strengthening neighbourhood planning, limiting the use of pre-commencement planning conditions, the planning register and reform of compulsory purchase. The Bill has been subject to amendments, including proposed changes to the Local Plan process to allow the Secretary of State to intervene and invite County Councils to prepare or revise Local Plans where boroughs have not delivered and to allow the preparation of joint Local Plans where there are cross-boundary issues between two or more local authorities.

This follows the recommendations of the Local Plans Expert Group (LPEG) report of March 2016[40]. The Bill has been through the House of Lords, who have returned it to the Commons with amendments.

B.27 The **Autumn Statement (2016)** was announced on 23rd November by Chancellor Philip Hammond. With an important focus on housing, the Statement has revealed some key changes in policy direction from the Cameron/Osborne era. Provisions include:

- £1.4 billion of extra cash to build 40,000 affordable homes, with a relaxation of restrictions on grant funding;

- £2.3 billion Housing Infrastructure Fund to pave the way for up to 100,000 new homes to be built in areas of high demand;

- £3.15 billion of the Affordable Homes Programme will be given to London to deliver 90,000 homes;

- New regional pilots of the Right to Buy extension, allowing more than 3,000 tenants to buy their properties;

- £1.7 billion to pilot 'accelerated construction' on public sector land;

- Letting agents in the private rented sector to be banned from charging fees; and

- Confirmation that compulsory Pay to Stay will not be implemented for councils.

B.28 In keeping with various statements and comments made by Sajid Javid (Communities Secretary) and Gavin Barwell (Housing Minister) during Autumn 2016, the Autumn Statement indicates a clear shift in Government policy, away from an exclusive focus on homeownership and towards boosting overall housing supply. A removal of grant-funding restrictions will allow housing associations to increase the delivery of sub-market rented housing, including affordable rented, shared ownership and rent-to-buy homes.

B.29 The Autumn Statement announced a second pilot scheme for the extension of Right to Buy. Lasting five years, these 'large-scale'

B.30 Regional Right to Buy pilots will expand on the five pilots launched in November 2015, allowing 3,000 tenants to purchase their homes from housing associations. A £250 million fund has been set aside to finance these pilots up to 2021.

B.31 Many of the 'flagship' housing policies of the Conservative Manifesto have their legislative basis in the provisions of the Housing and Planning Act 2016, but require further secondary legislation. Their implementation is subject to the ongoing evolution of housing policy under the new Government leadership and are subject to significant delay and/or amendment:

- The extension of Right to Buy to housing association tenants has been delayed. Guidelines for the Voluntary Right to Buy programme now have no

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[40] Local Plans Expert Group, Local Plans: Report to the Communities Secretary and to the Minister of Housing and Planning, March 2016

fixed publication date. In addition, the new pilot scheme announced as part of the Autumn Statement is interpreted to signal a significant delay to the full roll-out of the Right to Buy extension;

- Detailed regulations relating to the higher value asset levy, which was intended to fund the building of new homes to replace those sold through the extension of Right to Buy, have been delayed. These were expected to be published in draft form by July 2016. Whilst the levy was expected to commence in April 2017, the lack of statutory consultation will result in a delay to implementation; and

- Similarly, compulsory Pay to Stay was originally scheduled to be implemented in April 2017, but Gavin Barwell (Housing Minister) announced in November 2016 that this scheme will no longer be compulsory for councils.

B.32   The **Housing White Paper,** *Fixing our broken housing market*, was published in February 2017. The White Paper proposes a number of changes to reshape the approach to housebuilding and increase housing supply. These changes are centred around the following four areas:

- *Planning for the right homes in the right places*, by making it simpler for local authorities to put Local Plans in place and keep them up-to-date, ensuring sufficient land is allocated to meet housing needs and building upon neighbourhood planning to ensure communities have control over development in their area. The White Paper aims to make more land available for homes by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium sized sites, allowing rural communities to grow and making it easier to build new settlements. It reaffirms that the existing protections for the Green Belt remain unchanged and emphasises that authorities should only make exceptional amendments to Green Belt boundaries.

- *Building homes faster*, by increasing certainty around housing numbers, aligning new infrastructure with housing, supporting developers to build more quickly and improving transparency. White Paper proposals include amending the NPPF to give local authorities the opportunity to have their housing land supply agreed on an annual basis and fixed for a one-year period, in order to create more certainty about when an adequate land supply exists. Authorities taking advantage of this would have to provide a 10% larger buffer on their five-year land supply. In addition, the White Paper suggests changing the NPPF to introduce a housing delivery test for local authorities. If delivery falls below specified thresholds extra land would be added onto the five-year land supply as well as further thresholds which would allow the presumption in favour of sustainable development to apply automatically.

- *Diversifying the market*, by establishing a new Accelerated Construction Programme, supporting more Build to Rent developments, supporting housing associations to build more housing and boosting innovation. The White Paper proposes ensuring that the public sector plays its part by encouraging more building by councils and reforming the Homes and Communities Agency.

- *Helping people* through Help to Buy, Right to Buy, the Shared Ownership and Affordable Homes Programme (SOAHP), the new Lifetime ISA, amendments to Starter Homes requirements and the announcement of a new statutory duty on planning to meet the needs of older and disabled people.

Overview of housing policy themes

B.33 The 'Housing' Policy Area of the Department for Communities and Local Government website states that:

'The government is helping local councils and developers work with local communities to plan and build better places to live for everyone. This includes building affordable housing, improving the quality of rented housing, helping more people to buy a home, and providing housing support for vulnerable people.'[41]

B.34 Therefore the policy focus for Government can be broken down into four areas:

- Building affordable housing;

- Improving the quality of rented housing;

- Helping more people to buy a home; and

- Providing housing support for vulnerable people.

Building affordable housing

B.35 In line with successive governments, the Conservative Government has continued to seek an increase in the rate of housebuilding. Ongoing reform of the planning system and removing complex regulations are intended to speed up delivery. The policy focus of the Cameron/Osborne era was increasingly towards home ownership, with a shift away from traditional social rented affordable housing to Starter Homes.

B.36 A national Starter Homes exception site planning policy was launched in March 2015 through a written ministerial statement *"to make it easier for developers to gain planning permission for a new generation of Starter Homes on under-used commercial and industrial land."*[42] Sites where these homes were delivered were to be exempt from affordable housing requirements and the Community Infrastructure Levy (CIL).

B.37 In January 2016, the Prime Minister announced[43] that the Government will step in and directly commission thousands of new affordable homes, seeking to fast-track housebuilding on publicly-owned land starting with five pilot sites including Northstowe (Cambridgeshire), Daedalus Waterfront (Hampshire), Old Oak

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[41] https://www.gov.uk/government/topics/housing
[42] https://www.gov.uk/government/speeches/housing-and-planning
[43] https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes

Common (London), Connaught Barracks (Kent) and Lower Graylingwell (Chichester).

B.38   A range of financial incentives to encourage new housing development have been implemented. Since early 2016, a £1.2 billion Starter Homes Fund has been announced[44], designed to prepare brownfield sites for at least 30,000 homes, along with £6.3 million of Housing Zones funding[45] for the 20 Housing Zones designated in March 2015.

B.39   Other projects to help finance housing development include:

- Get Britain Building programme,

- Builders Finance Fund,

- New Homes Bonus,

- Build to Rent Fund, and the

- Community Right to Build.

B.40   To increase the supply of affordable rented homes the previous Government introduced the affordable rent model[46], aimed at giving providers greater flexibility on rents and use of assets, whilst at the same time providing affordable housing for people in need.

B.41   In addition to the affordable rent model, the Affordable Homes Guarantee scheme was launched in 2013 to support the building of new affordable homes. The scheme offers a guarantee to providers on debt that they raise to deliver additional new build affordable homes. The guarantee aims to help reduce the borrowing costs of providers thus enabling them to provide more homes.

Improving the quality of rented housing

B.42   The Government have implemented a number of actions to improve the quality and quantity of properties for rent.

Social rented housing

B.43   Between 2010-2015 a series of social housing reforms were introduced including:

- Allowing local flexibility on waiting lists (allocations) and tenancy arrangements;

- Helping social landlords stop tenant fraud and anti-social behaviour;

- Changing the housing revenue account subsidy system to a locally-controlled system where local authorities are responsible for their housing services;

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[44] https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes
[45] https://www.gov.uk/government/news/tens-of-thousands-of-homes-supported-by-housing-zone-funding
[46] Allows Registered Providers to charge no more than 80% of local market rent for affordable housing.

- Funding local authorities to refurbish their housing stock;

- Introduction of a national home swap scheme for social housing tenants;

- Supporting tenants to play a bigger role in managing their accommodation through the tenant empowerment programme; and

- Allowing local authorities to discharge their homelessness duty in the private rented sector.

B.44 Alongside social housing reform sit reforms to the welfare system, which, with changes to benefit, eligibility and entitlement, impact significantly on housing supply and demand. From 7th November 2016, the overall benefit cap has been cut to £20,000 (or £23,000 in London), with implications for households living in both social and private rented sectors.

B.45 The Autumn Statement 2015 set out a policy of capping housing benefit at Local Housing Allowance (LHA) levels. A range of concerns were expressed in relation to this proposal, particularly the impact the policy would have on supported housing. As a result, implementation has been delayed (originally planned for April 2016). In November 2016, Lord Freud (Work and Pensions Minister) announced that the cap for general needs accommodation will now be stalled until 2019. However, it will now apply to all tenants on Universal Credit, rather than just those who start new tenancies (the previous policy).

B.46 Along with the plans to cap benefits at LHA levels, the 1% rent cut for social renters that was announced as part of the Summer 2015 Budget has significant implications for new affordable housing development. Due to financial uncertainties, many housing associations have put development plans on hold or scaled back their building programmes.

B.47 In October 2015, English housing associations were reclassified by ONS as being part of the public sector, adding £60 billion of debt to the national balance sheet. The consequent economic and political implications led to the Government immediately pledging to bring in changes to reverse this decision. Deregulatory provisions were included within the Housing and Planning Act 2016; however, secondary legislation to implement these changes is yet to be issued and is expected early in 2017. Once these changes come into force it is anticipated that the Government will ask ONS to carry out a new review.

Private rented housing

B.48 The private rented sector has grown significantly in recent years and the Government sees it as playing a vital role in meeting housing needs and supporting economic growth. Measures to promote the private rented sector in recent years have included:

- The Build to Rent Fund, providing equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these homes;

- Proposals to ensure tenants receive proper protection from their landlords, including a new model tenancy agreement;

- The Housing and Planning Act 2016 includes provisions to tackle 'rogue landlords' and create a central database of rogue landlords and property agents;

- £4.1 million funding allocated to 23 local authority areas to tackle rogue landlords and £2.6 million to tackle 'beds in sheds'; and

- The Government has also set up a Private Rented Sector Taskforce to improve the quality and choice of rented housing available to tenants nationally. The Taskforce is made up of developers, investors, and housing management bodies.

Helping more people to buy a home

B.49   The primacy of home ownership remains central to the Government's housing policy approach. A number of measures promote homeownership[47], including:

- Starter Homes, a major element of the Housing and Planning Act 2016, available to first-time buyers aged under 40 years old. New-build homes will be offered for sale with a 20% discount to eligible households. The maximum cost of a home will be £250,000, or £450,000 inside London. However, the cost for the developer of providing the 20% discount may be met in lieu of delivering affordable housing on these sites. Draft regulations have been consulted upon but finalised legislation is still awaited.

- Help to Buy, which includes several current products[48]:

    - Help to Buy ISA – since Autumn 2015 first time buyers can save money towards a new home deposit and the Government will boost the value of their savings by 25%. The minimum bonus is £400 and the maximum is £3,000, meaning individual savers need to save between £1,600 and £12,000 to be eligible. The bonus is available on homes worth up to £250,000, or £450,000 in London.

    - Help to Buy Equity Loan, where the Government lends up to 20% of the value of a new-build home so buyers only need a 5% cash deposit.

    - Help to Buy Mortgage Guarantee, enabling lenders to offer more high-loan-to-value mortgages (80% to 95%).

    - Shared Ownership, where purchasers can buy between 25% and 75% of their home and pay rent on the remaining share. From April 2016, Help to Buy Shared Ownership will lift the existing limits so that anyone with a household income of less than £80,000, or £90,000 in London can buy a shared ownership home, with only military personnel being given priority.

- Discounted Sales, where councils and housing associations build new homes for sale and sell some at a 25-50% discount. There are a number of criteria, including some set locally by the relevant council and housing

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[47] https://www.ownyourhome.gov.uk/
[48] https://www.helptobuy.gov.uk/

associations who run the scheme. Buyers must usually have a local connection to the area.

- Right to Buy, where council tenants with at least five years' tenancy might be eligible to buy their homes. Maximum discounts have been increased to £77,000, or £102,700 within London. In the case of secure council tenants living in their home when it was transferred to a housing association or similar there is also a 'Preserved' Right to Buy. A smaller discount has also been available under the Right to Acquire.

- Voluntary Right to Buy is a pilot scheme amongst a small number of housing associations, trialling the Conservative Government's flagship policy of extending the Right to Buy to housing associations. The Government plans to extend the Right to Buy beyond those in the pilot scheme but this will have significant funding implications.

- Self-Build, where households find a plot of land and build or commission the construction of their own home, or work with a group in a Community Self Build project. Self-Build was promoted by the Coalition Government, with eleven authorities announced as Right to Build 'vanguards' in September 2014. The Self-Build and Custom Housebuilding Act 2015 and subsequent Self-Build and Custom Housebuilding (Register) Regulations 2016 require authorities to maintain a register of those who have expressed an interest in buying serviced plots. Local authorities are under a duty to have regard to these registers in carrying out their planning function.

- The March 2016 Budget included plans for a new 'Lifetime ISA'. Available to individuals aged under 40 in April 2017, the Government propose to add £1 for every £4 saved, to be used to buy homes worth up to £450,000 or for retirement funds. The proposals have been criticised for causing confusion between ISAs and pensions, but the scheme is intended to facilitate younger households saving, either towards a house purchase or their pension.

Housing for older and vulnerable people

B.50   The **Care Act 2014** came into effect in April 2015, replacing existing legislation and positioning housing as a key factor in the overhaul of the care system in England. The Act encourages providers to establish and develop services that help drive change, services which:

- Promote people's independence, connections and wellbeing;

- Prevent or postpone the need for care and support;

- Put people in control, ensuring that services respond to what people need;

- Give carers a right to assessment for support; and

- Promote the integration of health and social care.

B.51   In addition, the Care Act introduces a cap on care costs, whereby people will be responsible for their own care costs up to a capital limit of £72,000. This may have an impact on the provision of supported housing.

B.52 The NHS Five Year Forward Review (October 2014) recognises the role that housing can play in promoting wellbeing and in particular keeping older people independent and healthy. This provides evidence of the strong and growing links between housing, health and social care.

B.53 Schemes to support older and vulnerable people in their housing needs include:

- Disabled Facilities Grant, funding adaptations to properties to allow people to live in their homes for longer. This is now part of the Better Care Fund, which aims to better integrate health and adult social services. In 2016/17 there is £394 million funding available and in his Autumn Statement 2015 the Chancellor committed to making a further £500 million available by 2019/20;

- Care and Support Specialised Housing Fund, to stimulate the market in specialist housing provision. The Government committed an additional £400 million to build 8,000 new specialist homes in the Autumn Statement 2015. A further allocation of £84.2 million announced in March 2016 is intended to provide a further 2,000 homes.

- Supported housing has been exempted from the 1% rent cuts and potential exemption from the LHA cap is also being considered by Government, although wider welfare and funding reforms have already had a significant impact on the financial viability of both existing and proposed supported housing schemes;

- FirstStop, an independent, impartial and free service offering advice and information to older people, their families and carers about housing and care options for later life;

- Home Improvement Agencies, providing help and advice to older and disabled people, housing associations and charities; and

- Handyperson services, delivering small home repairs and adaptations.

B.54 Other projects of relevance to housing include the previous Prime Minister's Challenge on Dementia. Launched in 2012, the Challenge sought to deliver major improvements in dementia care and research by 2015, including raising awareness of the housing, care and support needs of people living with dementia and their families. In February 2015, the *Prime Minister's Challenge on Dementia 2020* was published, highlighting progress and launching the next phase of the work.

B.55 Also relating to older people's housing is the World Health Organisation's Age Friendly Cities programme, which in 2014 saw Manchester recognised as the UK's first 'Age Friendly' city. Launched in February 2016, the NHS's Healthy New Towns initiative seeks to deliver 76,000 new homes on 10 sites throughout the UK.

B.56 In terms of safeguarding vulnerable adults, housing has a strong role to play alongside social services, health, the police and other agencies. The Care Act 2014 set out a new safeguarding power and places a duty on local authorities to respond to safeguarding concerns by making enquiries as necessary to decide on whether, and what, action is needed.

B.57   From the April 1st 2013, Health and Wellbeing Boards (including Directors of Public Health) became statutory committees of local authorities. They are responsible for encouraging integrated working on health and wellbeing issues, including development of Joint Health and Wellbeing Strategies, and Joint Strategic Needs Assessments.

B.58   In August 2012 the Government published its Homelessness Strategy, *Making every contact count: A joint approach to preventing homelessness*. The Strategy focuses on prevention and identifies ten local challenges that need to be addressed by local authorities. These include having a Homelessness Strategy setting out a proactive approach; not placing any young person aged 16 or 17 in Bed and Breakfast accommodation; and not placing any families in Bed and Breakfast accommodation, except in an emergency and for no longer than six weeks.

B.59   In order to prevent and tackle homelessness and rough sleeping, a range of Government funding has been provided in recent years, including:

- The Homelessness Prevention Fund, providing grants for local homelessness services;

- The Homelessness Transition Fund, supporting 'No Second Night Out'; and

- The Crisis Private Rented Sector Access Development Programme to help single homeless people find privately rented accommodation.

B.60   On 17th December 2015 the DCLG announced *'a radical new package of measures to help tackle homelessness and ensure that there is a strong safety net in place for the most vulnerable people in society'*[49]. At the same time, the Communities and Local Government Committee announced a parliamentary inquiry into the causes of homelessness and the approaches taken by national and local government to prevent and tackle homelessness.

B.61   The March 2016 Budget included a commitment of £100 million to build accommodation for rough sleepers; £10 million to fund new ways to prevent and reduce rough sleeping; and a £5 million increase to funding for the Rough Sleeping Social Impact Bond. However, Ministers the imposition on local authorities of a new legal 'duty to prevent' was not included in the March Budget as expected.

B.62   The Conservative MP Bob Blackman tabled the Homelessness Reduction Bill in September 2017. It proposed the introduction of new duties on councils, including requiring them to provide emergency accommodation for 56 days for people with a local connection but not in priority need. Following negotiations, a new version of the Bill was published in October 2016. This does not include the above clause, which was considered would place too much pressure on local authorities and would be too costly. The central thrust of the Bill remains, however, which is to place duties on councils to take steps to prevent homelessness The Bill has been backed by Government and has progressed to its third reading in the House of Lords (23rd March 2017).

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[49] https://www.gov.uk/government/news/radical-package-of-measures-announced-to-tackle-homelessness

National housing reviews

B.63   Over recent years a number of housing reviews have been undertaken to assess the housing situation and recommend ways in which it can be addressed.

B.64   In October 2014 the **Lyons Housing Review** was published. The review was commissioned by the Labour Party and identified that:

- Insufficient land is being brought forward for new housing and that communities are not able to take responsibility for the homes required, or are using planning powers reactively; and

- The capacity to build more housing has reduced significantly as it has become concentrated in the hands of a small number of volume house builders, whilst the number of smaller builders has reduced.

- Overall the report recommended that the delivery of new homes be increased to 200,000 per annum by 2020. It also recommended that capital investment should be made in housing and that housing should be a priority for the new (post-election) Government.

B.65   The **Elphicke-House Report** (January 2015) reviewed the role of local authorities in increasing housing supply. It recommended that local authorities become housing delivery enablers in their areas, to proactively assess and lead on facilitating new housing development in their areas. To enhance the role of authorities as delivery enablers, the report recommended increased community involvement; clearer housing market assessments; increased housebuilding by reduced bureaucracy and more flexible funding.

Technical Appendix C: Housing need calculations

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Introduction

C.1   A working definition of housing need is *'the quantity of housing required for households who are unable to access suitable housing without financial assistance'*. The 2012 Household Survey (rebased to 2015) and up-to-date secondary data provide a robust range of information to quantify housing need in Sunderland City and the extent to which additional affordable housing is required.

C.2   Housing needs analysis and affordable housing modelling has been prepared in accordance with CLG guidance at City and sub-area level. In summary, the model reviews in a step-wise process:

Stage 1:   Current housing need (gross backlog)

Stage 2:   Future housing need

Stage 3:   Affordable housing supply

Stage 4:   Estimate of annual housing need

C.3   Table B1 summarises the different steps taken in assessing housing need and evidencing the extent to which there is a surplus or shortfall in affordable housing across Sunderland City. Please note that in Stage 1, Step 1.4 reports the total number of households in need and avoids double counting as in some cases households have more than one housing need. Table C2 summarises the data by sub-area.

Table C1	CLG Needs Assessment Summary for Sunderland City		
Step	**Stage and Step description**	**Calculation**	**Sunderland Total**
Stage1: CURRENT NEED			
1.1	Homeless households and those in temporary accommodation	Annual requirement	**466**
1.2	Overcrowding and concealed households	Current need	**5212**
1.3	Other groups	Current need	**9518**
1.4	Total current housing need (gross)	Total no. of households with one or more needs	**14949**
1.4A	**TOTAL cannot afford open market (buying or renting)**	**Total**	9602
Stage 2: FUTURE NEED			
2.1	New household formation (Gross per year)	1.74% of total households	**2115**
2.2	% of new households requiring affordable housing	Total cannot afford overall	**51%**
2.2	Number of new households requiring affordable housing	Number cannot afford	**1146**
2.3	Existing households falling into need	Annual requirement	**41**
2.4	**TOTAL newly-arising housing need (gross each year)**	**2.2 + 2.3**	**1188**
Stage 3: AFFORDABLE HOUSING SUPPLY			
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	**4458**
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	**0**
3.3	Committed supply of new affordable units	Annual	**115**
3.4	Units to be taken out of management	None assumed	**0**
3.5	Total affordable housing stock available	3.1+3.2+3.3-3.4	**4573**
3.6	Annual supply of social re-lets (net)	Annual Supply (3yr ave)	**1604**
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply (3yr ave)	**48**
3.8	**Annual supply of affordable housing**	**3.6+3.7**	**1652**
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED			
4.1	Total backlog need	1.4A-3.5	**5029**
4.2	Quota to reduce over 1 year		**20%**
4.3	Annual backlog reduction	Annual requirement	**1006**
4.4	Newly-arising need	2.4	**1188**
4.5	Total annual affordable need	4.3+4.4	**2194**
4.6	Annual social rented capacity	3.8	**1652**
4.7	**NET ANNUAL SHORTFALL (4.5-4.6)**	**NET**	**542**

Source 2012 Household Survey (rebased to 2015); RP Core Lettings and Sales data

Data presented in the table may be subject to rounding errors

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Table C2   CLG Needs Assessment Summary by planning policy area

Step	Stage and Step description	Calculation	Sunderland	Delivery Area					Total
				Sunderland North	Sunderland South	Sunderland Central	Washington	Coalfield	
			Total HHs>>	24422	51096	1309	23871	20857	121555
	Stage1: CURRENT NEED								
1.1	Homeless households and those in temporary accommodation	Annual requirement	**466**	0	401	0	31	34	**466**
1.2	Overcrowding and concealed households	Current need	**5212**	1028	2145	106	1063	870	**5212**
1.3	Other groups	Current need	**9518**	1698	4762	253	1600	1205	**9518**
1.4	Total current housing need (gross)	Total no. of housholds with one or more needs	**14949**	2726	7062	359	2693	2109	**14949**
	A % cannot afford OM prices/rents	60.2% overall		66.50%	62.90%	100.00%	62.80%	61.50%	64.10%
	B. Total cannot afford OM prices/rents		**9602**	1812	4441	359	1692	1298	9602
	Stage 2: FUTURE NEED								
2.1	New household formation (Gross per year)	1.74%	**2115**	425	889	23	415	363	**2115**
2.2	% of new households requiring affordable housing	51% overall		77.30%	49.60%	51.00%	32.50%	63.30%	**51.00%**
2.2	Number of new households requiring affordable housing		**1146**	328	441	12	135	230	**1146**
2.3	Existing households falling into need	Annual requirement	**41**	3	5	4	18	11	**41**
2.4	Total newly-arising housing need (gross each year)	2.2 + 2.3	**1188**	331	446	16	153	241	1188
	Stage 3: AFFORDABLE HOUSING SUPPLY								
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	**4458**	864	2079	41	1002	472	**4458**
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	**0**						
3.3	Committed supply of new affordable units		**115**	21	56	7	7	25	115
3.4	Units to be taken out of management	None assumed	**0**						
3.5	Total affordable housing stock available	3.1+3.2+3.3-3.4	**4573**	885	2135	48	1009	497	**4573**
3.6	Annual supply of social re-lets (net)	Annual Supply (3 yr ave)	**1604**	309	500	191	311	293	1604
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply	**48**	6	17	5	2	18	**48**
3.8	Annual supply of affordable housing	3.6+3.7	**1652**	315	517	196	313	311	1652
	Stage 4: ESTIMATE OF ANNUAL HOUSING NEED								
4.1	Total backlog need	1.4-3.5	5029	927	2306	311	683	801	5029
4.2	Quota to reduce over 5 years (20%)		**20%**						
4.3	Annual backlog reduction	Annual requirement	**1006**	185	461	62	137	160	1006
4.4	Newly-arising need	2.4	**1188**	331	446	16	153	241	1188
4.5	Total annual affordable need	4.3+4.4	**2194**	517	908	78	290	401	2194
4.6	Annual affordable capacity	3.8	**1652**	315	517	195	314	311	1652
4.7	**Net annual shortfall**	**Net**	**542**	**201**	**391**	**-117**	**-24**	**90**	**542**

Source: 2012 Household Survey (rebased to 2015)

Stage 1: Current need

C.4 A working definition of housing need is *'the quantity of housing required for households who are unable to access suitable housing without financial assistance'*. The SHMA Guidance suggests types of housing that should be considered unsuitable, as summarised in Table C3.

Table C3	Summary of current housing need across Sunderland City	
Category	**Factor**	**Sunderland Total**
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	509
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	2261
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	5212
	N4 Too difficult to maintain	3,078
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	606
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	3,712
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	236
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	1246
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	1372
Total no. households in need (with one or more housing need)		**14,949**
Total Households		121,555
% households in need		**12.3%**

Note: A household may have more than one housing need.

Source: 2012 Household Survey (rebased to 2015)

Step 1.1 Homeless households and those in temporary accommodation

C.5 CLG SHMA guidance suggests that information on homeless households and those in priority need who are currently housed in temporary accommodation should be considered in needs modelling. The scale of need from these types of household can be derived from several sources.

C.6   Homelessness statistics for 2015/16[50] indicate that a total of 1,057 decisions were made on households declaring themselves as homeless across Sunderland (Table C4). Of these households, 78 were classified as homeless and in priority need. Over the six years 2010/11 to 2015/16, an annual average of 723 decisions has been made across Sunderland and an annual average of 117 households have been declared as homeless and in priority need.

Table C4	Homeless decisions and acceptances 2010/11 to 2015/16	
Year	Decisions made	Accepted as homeless
2010/11	225	168
2011/12	109	82
2012/13	306	125
2013/14	1395	166
2014/15	1243	81
2015/16	1057	78
Total	4335	700
Annual Average	723	117

Source: DCLG Homelessness Statistics

C.7   The household survey identified a total of 466 households who were either under threat of homelessness or were living in temporary accommodation across Sunderland City. This figure has been used in needs assessment modelling.

Step 1.2   Overcrowding and concealed households

C.8   The extent to which households are overcrowded is measured using the 'bedroom standard'. This allocates a standard number of bedrooms to each household in accordance with its age/sex/marital status composition. A separate bedroom is allocated to each married couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex and each pair of children under 10. Any unpaired person aged 10-20 is paired if possible with a child under 10 of the same sex, or, if that is not possible, is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms (including bedsits) available for the sole use of the household.

C.9   Analysis identifies 5,212 households who are currently living in overcrowded accommodation or are concealed households and are intending on moving in the next five years.

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[50] CLG Homeless Statistics Table 784: Local authorities' action under the homelessness provisions of the Housing Acts

Step 1.3   Other groups

C.10   Table C3 identified a series of households who were in housing need for other reasons including the property is too expensive, difficult to maintain, household containing people with mobility impairment/special need, lacking amenities, disrepair and harassment.

C.11   A total of 9,518 households across Sunderland City were identified to be experiencing one or more of these needs factors and intending to move in the next five years. This figure is taken as the five year backlog of need from other groups.

Step 1.4   Total current housing need summary

C.12   Having established the scale of need in Steps 1.1, 1.2 and 1.3, total current housing need from existing households across Sunderland before any analysis of the ability of households to afford open market solutions is 14,949. Note that a household may be included in more than one step of the analysis and so the sum of steps 1.1 1.2 and 1.3 is greater than the 14,949 figure.

C.13   The extent to which these households could afford open market prices is then considered. An 'affordability threshold' of households is calculated which takes into account household income, equity and savings. The household income component of the affordability threshold is based on 3.5 x gross annual income of the respondent and partner (if applicable).

C.14   The affordability threshold was then tested against lower quartile property prices and the cost of privately renting. Lower quartile prices at sub-area for 2015 were derived using Land Registry address-level data (Table C5).

Table C5 Lower quartile house prices by sub-area (2015)	
Sub-Area	**Lower quartile price (£)**
Coalfield Communities	£74950
Inner Urban Area	£54000
Northern Coastal	£111250
Northern Suburbs	£63000
Southern Suburbs	£85000
Washington	£84000
Total	£76000

C.15   Information on private sector rents was based on lettings reported by Zoopla during 2015 (Table C6). The cost of letting a property according to the number of bedrooms required by a household was factored into affordability testing.

Table C6	Private rental prices by sub-area (2015)
Sub-Area	**Lower quartile rent (£ pcm)**
Coalfield Communities	£399
Inner Urban Area	£399
Northern Coastal	£451
Northern Suburbs	£425
Southern Suburbs	£381
Washington	£451
Total	£399

Source: Zoopla

C.16 Using evidence from the household survey, the extent to which households identified in Steps 1.1, 1.2 and 1.3 could afford open market prices has been assessed. Overall, a total of 9,602 existing households in need wanted to move to offset their need and could not afford open market solutions.

Stage 2: Future need

Step 2.1   New household formation (gross per year)

C.17 The needs analysis assumes a 1.74% gross household formation rate of 2,115 each year. This is based on the latest three year average national rate reported in the English Housing Survey over the period 2010/11 to 2012/13.

Step 2.2   New households unable to buy or rent in the open market

C.18 Analysis of lower quartile market prices relative to the income/savings of households who have formed in the past five years suggests that 51% could not afford lower quartile house prices or private sector rents.

C.19 Therefore, the total number of newly-forming households who could not afford open market prices or rents across Sunderland City is calculated to be 1,146 each year.

Step 2.3   Existing households expected to fall into need

C.20 An estimate of the number of existing households falling into need each year has been established by drawing upon the RP lettings data. This suggests that over the three year period 2010/11, 2011/12 and 2012/13 (for which data are available), an annual average of 41 households moved into the social rented sector because they had fallen into housing need and were homeless.

Step 2.4   Total newly arising housing need (gross per year)

C.21   Total newly arising need is calculated to be 1,188 households each year across Sunderland City.

Stage 3: Affordable housing supply

C.22   The CLG model reviews the supply of affordable units, taking into account how many households in need are already in affordable accommodation, stock surpluses, committed supply of new affordable dwellings and dwellings being taken out of management (for instance pending demolition or being used for decanting).

Step 3.1   Affordable dwellings occupied by households in need

C.23   This is an important consideration in establishing the net levels of housing need as the movement of these households within affordable housing will have a nil effect in terms of housing need[51].

C.24   A total of 4,458 households are current occupiers of affordable housing in need (Table C1). Although the movement of these households within affordable housing will have a nil effect in terms of housing need (i.e. they already live in affordable housing), the types of property they would 'free up' if they moved is considered in modelling.

Step 3.2   Surplus stock

C.25   A proportion of vacant properties are needed to allow households to move within housing stock. Across the social rented sector, this proportion is generally recognised as being 2%. Stock above this proportion is usually assumed to be surplus stock. Modelling assumes no surplus social rented stock across Sunderland City.

Step 3.3   Committed supply of new affordable units

C.26   The model assumes an annual supply of 163 affordable dwellings based on recent delivery. This has been broken down by sub-area and using data from CORE lettings it is possible to estimate the likely size and designation of new affordable dwellings by considering the size of newbuild dwellings becoming available for occupancy during 2010/11, 2011/12 and 2012/13.

Step 3.4   Units to be taken out of management

C.27   The model assumes there will be no social rented units taken out of management over the next five years.

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[51] Strategic Housing Market Assessment Guidance (CLG, August 2007)

Step 3.5 Total affordable housing stock available

C.28 It is assumed that there are 4621 (affordable) rented dwellings available over the five year period arising from households moving within the stock and from newbuild.

Step 3.6 Annual supply of social re-lets

C.29 The CLG model considers the annual supply of social re-lets. Address-level RP CORE lettings data has been analysed for the years 2010/11 and 2012/13 by sub-area to establish the proportion of lettings by sub-area. This information can be used to accurately assess the likely capacity of the social rented sector by location, size of property and designation (whether the property is general needs or older person). For the purposes of analysis, it is important to focus on the ability of households requiring affordable housing to access it. Therefore, the annual supply figures derived from CORE lettings data and used in modelling:

- **Exclude** those moving into accommodation from outside Sunderland City and households moving within the social rented stock; and

- **Include** households who moved from within Sunderland City into social renting from another tenure; newly-forming households originating in Sunderland City and moving in social renting; and households moving from specialist/supporting housing from within Sunderland City into affordable housing.

C.30 Modelling applies the sub-area analysis to the annual average of social/affordbale lettings over the period 2013/14, 2014/15 and 2015/16 which identifies an annual average of 1,604 lettings each year to new tenants i.e. households originating in Sunderland City who either moved into social renting from another tenure, were newly-forming households, or who moved from supported/specialist accommodation.

C.31 Modelling therefore assumes an annual capacity of **1,604** dwellings for new tenants across Sunderland City. Table C7 illustrates how the annual capacity figure is broken down by sub-area, designation (general needs and older person) and property size.

Step 3.7 Annual supply of intermediate re-lets/sales

C.32 Table B8 presents a summary of the average supply of 145 intermediate tenure dwellings which have either been sold or re-let over the three year period 2010/11, 2011/12 and 2012/13 as recorded in CORE Sales data. Modelling assumes and annual supply of 48 intermediate tenure dwellings. CORE sales data for later periods is not currently available.

Table C7   Annual social rented re-lets by sub-area

Designation	Number of Bedrooms	Sunderland North	Sunderland South	Sunderland Central	Washington	Coalfield	Total
General Needs	1	87	192	68	88	80	515
	2	157	200	81	113	131	681
	3	47	65	27	83	57	280
	4	1	5	2	7	2	18
	5	1	0	1	1	0	3
	6	0	0	0	0	0	0
Older People	1	7	22	5	9	16	58
	2	9	13	7	9	7	46
	3	0	2	0	1	1	4
	4	0	0	0	0	0	0
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
	TOTAL	309	500	191	312	293	1604

Source: RP CORE data annual average 2010/11 2011/12 and 2012/13 applied to annual average of total lettings 2013/14, 2014/15 and 2015/16

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Table C8   Annual Intermediate tenure sales/re-lets

Designation	Number of Bedrooms	Sunderland North	Sunderland South	Sunderland Central	Washington	Coalfield	Total
General Needs	1	0	0	2	0	0	2
	2	2	10	2	1	6	21
	3	4	6	1	1	10	21
	4	1	1	0	0	2	3
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
Older People	1	0	0	0	0	0	0
	2	0	0	0	0	0	0
	3	0	0	0	0	0	0
	4	0	0	0	0	0	0
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
	TOTAL	6	17	5	2	18	48

Source: RP CORE Sales data annual average 2010/11, 2011/12 and 2012/13

Summary of Stage 3

C.33   Overall, the model assumes an existing affordable supply of 4,621 and an annual supply of 1,604 social (affordable) lettings and an annual supply of 48 intermediate tenure lettings/sales.

Stage 4: Estimate of annual housing need

Overview

C.34   Analysis has carefully considered how housing need is arising within Sunderland City by identifying existing households in need (and who cannot afford market solutions), newly-forming households in need and existing households likely to fall into need.

C.35   This has been reconciled with the supply of affordable dwellings which considers location, size and designation (i.e. for general needs or older person). Based on the CLG modelling process, analysis suggests that there is an overall annual net imbalance of 542 dwellings. This includes an allowance of 163 affordable newbuild dwellings built on an annual basis.

C.36   For critical stages of the needs assessment model (Step 1.1, Step 1.4, Step 2.4 and Step 3.8), information is broken down by sub-area, designation (general needs and older) and property size. This goes beyond the requirement of the SHMA guidance but allows a detailed assessment of the overall housing requirements of households in need and provides clear affordable requirement information. In turn, this can help identify where there are shortfalls and sufficient capacity of affordable housing, and help to shape policy responses.

C.37   Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall.

Step 4.1   Total backlog need

C.38   Step 4.1 is the total backlog need which is derived from the number of households in Step 1.4A minus total affordable housing stock available (Step 3.5). The total backlog need is 4,981.

Steps 4.2 to 4.6

C.39   Step 4.2 is a quota to reduce the total backlog need which is assumed to be 20% each year (which is a standard modelling assumption suggested by the CLG guidance).

C.40   Step 4.3 is the annual backlog reduction based on Step 4.2 (996 each year).

C.41   Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need (1,188 each year).

C.42   Step 4.5 is the total annual affordable need based on Steps 4.3 and 4.4 (2,184 each year).

C.43   Step 4.6 is the annual social rented/intermediate tenure capacity based on Step 3.8 (1,652 each year).

Total net imbalance

C.44   Table C9 summarises the overall annual net affordable housing requirements for Sunderland City by sub-area, designation (general needs and older person) and property size.

Table C9 Net annual affordable housing imbalance by sub-area, property size and designation 2016/17 to 2020/21				
	General Needs		**Older Person**	
Sub-area	1/2 Bed	3+ Bed	1/2 Bed	**Total**
Sunderland North	72	114	15	**201**
Sunderland South	269	44	77	**391**
Sunderland Central	-105	0	-12	**-117**
Washington	30	-70	16	**-24**
Coalfield	77	29	-15	**91**
Total	**343**	**117**	**81**	**542**

Sources: 2012 Household Survey (rebased to 2015); RSL CORE Lettings and Sales

Affordable housing need by ward

C.45   Further analysis has been carried out which apportions the sub-area need by individual ward and presented in Table C.10.

Ward	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Castle	16	26	3	46
Fulwell	15	24	3	43
Redhill	14	22	3	39
Southwick	14	21	3	38
St. Peter's	-1	20	1	20
Barnes	23	4	7	34
Doxford	26	4	7	38
Pallion	27	4	7	39
Ryhope	25	5	8	37
Sandhill	24	4	7	35
Silksworth	23	4	7	34
St. Annes	22	4	7	33
St. Chad's	26	4	6	36
Hendon	-19	4	2	-13
Millfield	-20	4	1	-15
St. Michael's	20	4	7	32
Washington Central	6	-14	3	-5
Washington East	6	-14	3	-5
Washington North	5	-12	3	-4
Washington South	6	-13	3	-5
Washington West	7	-16	4	-6
Copt Hill	20	8	-4	24
Hetton	16	6	-3	19
Houghton	21	8	-4	24
Shiney Row	20	7	-4	23
Total	**343**	**117**	**81**	**542**

Table C10   Net annual affordable housing imbalance by ward, property size and designation 2016/17 to 2020/21

Sources: 2015 Household Survey; RSL CORE Lettings and Sales

Tenure and dwelling type profile of affordable dwellings

C.46   Affordable housing includes social rented, affordable rented and intermediate tenure dwellings. New affordable development by Registered Providers will be affordable rented (with rents of up to 80% of open market rent) and in order to recommend an appropriate split between social rented and intermediate tenure, the stated preferences of households and the relative affordability of intermediate tenure products is now reviewed.

Household preferences

C.47 Households were asked to state tenure preferences. Table C11 summarises the preferences of both existing households in need and newly forming households by tenure. Overall, this gives a tenure split of around 80% social/affordable rented and 20% intermediate tenure across Sunderland City.

Table C11	Affordable tenure preferences		
Tenure	**Existing households in need (%)**	**Newly-forming households (%)**	**Total (%)**
Social/Affordable Rented	87.5	72.2	79.4
Intermediate	12.5	27.8	20.6
Total	100	100	100
Base (annual requirement)	1,006	1146	2152

Source: 2012 Household Survey (rebased to 2015)

C.48 An analysis of the ability of existing households in need and newly-forming households to afford intermediate tenure is summarised in Table C12. Analysis suggests that intermediate tenure options are affordable to existing and newly-forming households in affordable housing need, with 37.4% able to afford a property priced at up to £80,000 and 17.4% able to afford a property priced at up to £120,000.

Table C12	Ability of existing households in need and newly-forming households requiring affordable housing to afford intermediate tenure dwellings		
	% could afford		
Price	**Existing households in need**	**Newly-forming households**	**Total**
Up to £60,000	46.3	54.6	50.7
up to £80,000	30.6	43.4	37.4
up to £100,000	24.5	40.5	33.0
Up to £120,000	19.6	15.5	17.4
Base	1006	1146	2152

Source: 2012 Household Survey (rebased to 2015)

C.49 There is scope for expansion of the intermediate tenure market in Sunderland City. The final proportion of intermediate tenure dwellings to be delivered needs to be reconciled with the economic viability of delivering affordable housing on sites; the appetite of the HCA to fund intermediate tenure dwellings; and the ability of households to secure mortgages.

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Dwelling type

C.50   Table C13 considers the range of affordable property types households would consider, based on the aspirations of existing households in need and newly-forming households requiring affordable accommodation. Analysis of property type preferences suggests that, primarily, delivery of houses is a priority (with 59% stating an expectation of moving to a house), followed by bungalows (21.4%) and flats (19.7%).

Table C13 Property type preferences			
Type preferences	Existing (%)	Newly-forming (%)	Total (%)
House	43.6	72.3	58.9
Flat	23.3	16.5	19.7
Bungalow	33.0	11.2	21.4
Total	100.0	100.0	100.0
Base	1,006	1146	2152

Based on expectations of existing households in need and what newly-formed households have moved to in the past 5 years

Source: 2012 Household Survey (rebased to 2015)

Technical Appendix D: Dwelling mix analysis

Introduction

F.1   In order to satisfy the requirements of the NPPG, the SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period. In order to determine the potential range of new dwelling stock appropriate for Sunderland, analysis has considered:

- Current stock profile by type and size by the age of Household Reference Person (HRP);

- The profile of households by age of Household Reference Person (HRP) and how this is expected to change over the period 2016 to 2033 using 2014-based CLG household projections;

- Future requirements for dwelling types and sizes based on the anticipated change in household profile and the Objectively Assessed Need.

Current stock profile of Sunderland by type and size

F.2   The 2012 household survey provides detail of the current stock of dwellings across all tenures by type and size. This has been applied to the latest (2014-based) CLG Household Projection data.

F.3   Overall 72.4% of dwellings are houses (with 38% of all dwellings 3 bedroom houses), 10.5% are bungalows, 12.1% are flats, 4.3% are Sunderland Cottages and 0.7% are other dwelling types.

Table F1	Percentage of households living in different types/sizes of dwelling
Dwelling type/size	%
Detached house/cottage 1-2 Beds	0.9
Detached house/cottage 3 Beds	3.6
Detached house/cottage 4 or more Beds	7.1
Semi-detached house/cottage 1-2 Beds	11.9
Semi-detached house/cottage with 3 Beds	21.6
Semi-detached house/cottage 4 or more Beds	4.4
Terraced house/cottage 1-2 Beds	7.6
Terraced house/cottage 3 Beds	12.8
Terraced house/cottage 4+ Beds	2.5
Sunderland Cottage 1-2 Beds	3.5
Sunderland Cottage 3+ Beds	0.8
Bungalow 1-2 Beds	8.7
Bungalow 3 Beds	1.5
Bungalow 4+ Beds	0.3
Flat/Apartment 1 Bed	4.9
Flat/Apartment 2 Beds	6.5
Flat/Apartment 3+ Beds	0.6
Other 1-2 Bed	0.3
Other 3 Bed	0.2
Other 4+Bed	0.1
Total	100.0
Base (occupied dwellings)	120,504

Profile of households by age of Household Reference Person 2015-2033

F.4   The 2014-based CLG household projections show the number of households across Sunderland by age of the Household Reference Person (HRP) or head of household and how this is expected to change over the next few decades. Table F2 shows the change in households by HRP age over the period 2015-2033. Data indicates an overall increase of around 9,963 households over this period.

Table F2	Change in number of households by HRP 2015-33		
	Number of households		
Age Group of HRP	2015	2033	Change 2015-33
15-24	4,908	4,875	-33
25-34	16,434	15,500	-934
35-44	19,257	22,801	3,544
45-54	23,860	20,991	-2,869
55-59	11,754	9,422	-2,332
60-64	10,127	10,711	584
65-74	18,110	21,084	2,974
75-84	12,964	17,697	4,733
85 and over	4,428	8,724	4,296
Total	121,842	131,805	9,963

Source: DCLG 2014-based household projections

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Range of dwelling types and sizes occupied by households by age and type

F.5   The 2012 household survey can be used to assess the relationship between the age of the HRP and dwelling type/size occupied as shown in Table F3.

Table F3 Dwelling type/size by age group of HRP										
Dwelling type/size	**Age group of HRP**									**Total**
	15-24	**25-34**	**35-44**	**45-54**	**55-59**	**60-64**	**65-74**	**75-84**	**85+**	
Detached house/cottage 1-2 Beds	109	250	0	194	123	136	199	110	20	1141
Detached house/cottage 3 Beds	0	105	1005	734	577	774	723	379	43	4340
Detached house/cottage 4 or more Beds	0	448	1847	2476	1175	1487	945	168	0	8546
Semi-detached house/cottage 1-2 Beds	790	2048	1914	2539	994	2319	2012	1447	248	14311
Semi-detached house/cottage with 3 Beds	209	2432	4039	6140	2523	3724	4089	2279	653	26088
Semi-detached house/cottage 4 or more Beds	238	180	949	1443	583	848	668	268	138	5315
Terraced house/cottage 1-2 Beds	530	1155	880	1818	1353	1256	1220	853	94	9159
Terraced house/cottage 3 Beds	336	1629	2596	3595	1676	2507	1790	1013	259	15401
Terraced house/cottage 4+ Beds	0	149	720	727	425	511	342	84	34	2992
Sunderland Cottage 1-2 Beds	220	511	523	567	615	656	562	429	122	4205
Sunderland Cottage 3+ Beds	106	0	211	255	114	68	114	60	24	952
Bungalow 1-2 Beds	140	220	504	725	696	1610	2957	2840	760	10452
Bungalow 3 Beds	0	106	75	362	145	361	373	354	90	1866
Bungalow 4+ Beds	0	0	0	247	0	0	114	20	0	381
Flat/Apartment 1 Bed	296	621	489	1525	790	674	617	619	313	5944
Flat/Apartment 2 Beds	477	1560	1059	1376	625	980	1204	437	152	7870
Flat/Apartment 3+ Beds	41	77	102	207	132	105	70	0	0	734
Other 1-2 Bed	0	0	38	0	37	143	72	60	62	412
Other 3 Bed	0	0	136	40	0	34	24	23	0	257
Other 4+ Bed	137	0	0	0	0	37	0	0	0	174
Total	3629	11491	17087	24970	12583	18230	18095	11443	3012	120540

Source: 2012 household survey

Future dwelling requirements based on the anticipated change in household profile

F.6   Table F4 summarises the overall profile of dwellings based on the likely profile of households by HRP and household type in Sunderland. It uses data from the 2014-based CLG household projections for the period 2015-2033 to ascertain the likely change in households by age group and, assuming that the dwelling types/sizes by age group remain consistent over the period 2015-33, the likely change in dwelling requirements by type and size. This establishes the range of additional dwellings that are likely to be required to support the changing demography of Sunderland.

Table F4	Overall dwelling requirement change by type/size 2015-33			
	No. households			
Dwelling type/size	**2015**	**2033**	**Change 2015-33**	**% change**
Detached house/cottage 1-2 Beds	1,153	1,248	94	0.9
Detached house/cottage 3 Beds	4,387	4,746	359	3.6
Detached house/cottage 4 or more Beds	8,638	9,345	706	7.1
Semi-detached house/cottage 1-2 Beds	14,466	15,648	1,183	11.9
Semi-detached house/cottage with 3 Beds	26,370	28,526	2,156	21.6
Semi-detached house/cottage 4 or more Beds	5,372	5,812	439	4.4
Terraced house/cottage 1-2 Beds	9,258	10,015	757	7.6
Terraced house/cottage 3 Beds	15,567	16,840	1,273	12.8
Terraced house/cottage 4+ Beds	3,024	3,272	247	2.5
Sunderland Cottage 1-2 Beds	4,250	4,598	348	3.5
Sunderland Cottage 3+ Beds	962	1,041	79	0.8
Bungalow 1-2 Beds	10,565	11,429	864	8.7
Bungalow 3 Beds	1,886	2,040	154	1.5
Bungalow 4+ Beds	385	417	31	0.3
Flat/Apartment 1 Bed	6,008	6,499	491	4.9
Flat/Apartment 2 Beds	7,955	8,605	650	6.5
Flat/Apartment 3+ Beds	742	803	61	0.6
Other 1-2 Bed	416	451	34	0.3
Other 3 Bed	260	281	21	0.2
Other 4+ Bed	176	190	14	0.1
Total	121,842	131,805	9,963	100.0

Final market mix

F.7   The final stage in analysis is to reflect upon the overall market mix (type, size and tenure). This brings together findings from housing need analysis, the OAN/Housing Requirement and likely split between market and affordable housing delivery to derive a market mix for future housing development.

Table F5	Overall market mix 2015-2033 (annual)			
Dwelling type	**Annual OAN/ Housing Requirement** 768	**Tenure**		
		Market 85%	Affordable 15%	Total
1-2 Bed House	157	108	49	157
3 Bed House	292	286	6	292
4+ Bed House	107	107		107
1-2 Bed Bungalow	93	76	17	93
3+ Bed bungalow	20	20	0	20
Flat/Apartment	93	51	42	93
Other	5	5		5
Total	768	653	115	768

Concluding comments

F.8   The purpose of this analysis has been to consider the likely dwelling type and size requirements of households in Sunderland linked to the OAN of 768 dwellings each year to 2033. Analysis has drawn upon the 2014-based CLG household projection data relating to age group of the HRP and the 2012 household survey which evidenced the variation in dwelling type/size occupied by households by HRP age group.

F.9   The analysis concludes that there are five key dwelling types particularly required across Sunderland: 3 bedroom houses, 1-2 bedroom houses, 4+ bedroom houses, 1-3 bedroom apartments and 1-2 bedroom bungalows in addition to ongoing development of other property types and sizes as illustrated in Table F5.

Technical Appendix E: Monitoring and updating

A framework for updating the housing needs model and assessment of affordable housing requirements

Introduction

E.1   Having invested considerable resources in obtaining an excellent range of primary and secondary data, it is vital that this information be used to the maximum effect and updated on a regular basis. The purpose of this appendix is to establish a framework for updating the housing needs model and affordable housing requirements. In addition, it recommends the regular monitoring and review of housing market activity and regular reflections on the wider strategic context.

Updating of baseline housing needs and affordable housing requirements

E.2   A baseline assessment of housing need across Sunderland has been derived from the household survey. This information should be taken as a baseline from which annual reviews of key aspects of the model proceed. It is recommended that the baseline information has a shelf-life of three to five years (with a recommended refresh of household information after 2018/19 through primary surveying).

E.3   Key elements of the needs assessment model can be readily updated on an annual basis to reflect:

- changes in house prices and rental costs;

- capacity of the social rented sector;

- availability of intermediate tenure housing.

Changes in house prices and rental costs

E.4   It is recommended that the annual purchase of address-level house prices to complement the existing dataset continues. This will result in an annual refresh of house price data by survey area and provide an indication of changing lower quartile prices. In turn, these can be applied to **Step 1.4** of the needs assessment model which considers the extent to which households in need can afford open market prices. As part of this analysis, updated information on private rented sector rents needs to be secured. Several websites can provide a snapshot of private rents and help inform this element of the update.

E.5   Lower quartile prices and private sector rents should also be compared with the income profile of newly-forming households at **Step 2.2** of the needs assessment model.

Capacity of the social rented sector

E.6   The capacity of the social rented sector needs to be reviewed annually using RP CORE lettings data (**Step 3.6)**.

E.7   A dataset has been prepared for RP CORE data for 2010/11, 2011/12 and 2012/13 as part of this research. This includes some additional variables identifying the characteristics of households (by designation i.e. under 65 or over 65) and previous housing circumstances (from out of area, previously social renter, previously other tenure and from supported/specialist accommodation). The capacity of the social rented sector is based on the number of lettings to households from within the Local Authority who were previously living in (non social rented or intermediate) tenure.

Availability of intermediate tenure housing

E.8   CORE Sales data can identify the availability of intermediate tenure housing **(Step 3.7)**. Data has been assembled for 2010/11, 2011/12 and 2012/13.

Annual adjustments to affordable requirements

E.9   Datasets can be provided from which annual reviews of affordable requirements can proceed. This will point to any adjustment in net requirements by survey area, designation and property size.

Updating of contextual information

E.10   This report has presented a range of contextual information relating to the economy, demography (including population projections and migration) and dwelling stock. This information should be updated where possible and in particular progression with economic growth and diversification should be carefully monitored.

Reflections on the general strategic context and emerging issues

E.11   As part of its strategic housing function, all LAs need to understand the general strategic housing market context and respond to emerging issues. Given the dynamic nature of housing markets, the Central and Local Government policy agenda and bidding for resources, any update of housing needs must be positioned within a wider strategic context.

E.12   Ongoing stakeholder consultation and engagement with local communities is also vital to maintain up-to-date intelligence on housing market issues.

Concluding comments

E.13   It is vital that mechanisms are in place to derive robust, credible and defensible estimates of housing need and affordable requirements across Sunderland City.

We believe that this study provides a robust evidence base which has the capacity to be updated.

E.14 Having established a baseline position on affordable housing and advice on open market provision to reflect aspirations, it is essential that housing market activity is regularly monitored. This is highly relevant given current housing market uncertainty. A range of methods have been suggested to ensure that housing need and affordability modelling is revised on an annual basis. Annual reviews should also take into account the changing strategic context and impact on housing market activity.

Technical Appendix F: National Planning Policy Framework and Planning Practice Guidance Checklist

National Planning Policy Framework

F.1 Paragraph 159 of the NPPF states that Local Planning Authorities should have a clear understanding of housing needs in their area and they should:

- Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where Housing Market Areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period that:

  - Meets household and population projections, taking account of migration and demographic change;

  - Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and

  - Caters for housing demand and the scale of housing supply necessary to meet this demand.

F.2 The SHMA has delivered the requirements of the NPPF.

Planning Practice Guidance

Paragraph (no.)	Response
Methodological Approach (014)	Guidance states that establishing future need is not an exact science and no single approach will provide a definitive answer. This SHMA has used a multi-method approach involving secondary data analysis, analysis of household survey material., stakeholder consultation and a review of demographic scenario analysis
Starting point for establishing the need for housing and use of projections (015)	Household projections published by the DCLG have provided the starting point to establish the need for housing through work carried out by Edge Analytics. The latest projections (2014-based) have been used
Adjusting household projections (017)	The SHMA has considered work carried out by Edge Analytics. In this work, sensitivity testing of CLG household projections using alternative assumptions in relation to underlying demographics and household formation rates has taken place
Employment trends	The likely change in jobs numbers using economic forecasts has been

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Paragraph (no.)	Response
(018)	considered in scenario work.
Market signals (019)	The SHMA has considered market signals relating to dwelling price and quantity. This has included comparative analysis of trends in similar local authorities, the North East and England
Response to market signals (020)	Market signals have been considered and an uplift of 10% in dwelling delivery is suggested
Need for all types of housing (021)	The SHMA has considered the range of market and affordable dwellings required for all household types, including family housing, housing for older people, people wanting to build their own homes and households with specific needs. The role of the Private Rented Sector has also been considered
Calculating affordable housing need (022)	Current unmet need and projected future housing need has been calculated and subtracted from the current supply of affordable housing stock
Households considered to be in need (023)	Analysis has considered the groups specified in guidance, namely: homeless households or insecure tenure; mismatch between need and dwelling; social or physical impairment and living in unsuitable housing; lacking basic facilities; particular social needs with the assumptions that such households are represented on the Housing Registers.
Calculating unmet gross need (024)	This has been calculated using household survey evidence
Newly arising affordable need (025)	Calculations have taken account of the proportion of newly-forming households who cannot afford lower quartile market housing (to buy or rent)
Total affordable supply (026)	Calculations take account of current supply of affordable housing through households in need moving, surplus stock, committed supply and units taken out of management
Future relets and intermediate tenure sales (027)	Calculations take account of the likely level of dwellings being let/sold based on the most recent 3 year trends in lettings and sales available
Total affordable need (028)	Annual flow (imbalance) of affordable need has been calculated based on total need from existing households and newly-forming households minus supply. The split between rented/intermediate tenure dwellings has been considered along with the size (no. beds) and designation (general needs/older person) of affordable dwellings.