

**Cramlington**  
**Housing Needs Assessment**  
**2016**

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Northumberland County Council  
Cramlington Town Council

**Final Report**  
October 2016

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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.

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# 1. Introduction

## Background and objectives

- 1.1 A comprehensive Housing Needs Assessment (HNA) covering the parish of Cramlington has been commissioned by Northumberland County Council and Cramlington Town Council to provide an up-to-date evidence base to help shape the future planning and housing policies and strategies for the area.
- 1.2 As set out in the project brief, the HNA is intended to supplement the Northumberland Strategic Housing Market Assessment (SHMA)(October 2015), which was also prepared by arc4, and the earlier SHMA of December 2014. While the SHMA documents provide evidence at the County and Delivery Area level, the HNA provides parish-level data analysis to inform planning and housing policies at a more local level. In particular, the HNA will provide the evidence to assist in the formulation and implementation of housing policies contained in the emerging Cramlington Neighbourhood Plan and the implementation of policies in the emerging Northumberland Core Strategy.
- 1.3 The HNA supports the requirements of the National Planning Policy Framework (NPPF, March 2012) and Planning Practice Guidance, *Housing and economic development needs assessments* (last updated February 2016). This HNA includes a review of housing market dynamics, housing need, affordable housing requirements and future housing market demand.

## National Planning Policy Framework (NPPF) requirements

- 1.4 The National Planning Policy Framework (NPPF) was published in March 2012 and sets out the Government's planning policies for England and how these are expected to be applied.
- 1.5 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 (SHMA) to assess their full housing needs. 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.
- 1.6 Planning Practice Guidance (PPG), *Housing and economic development needs assessments*, 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<sup>1</sup>.
- 1.7 Paragraph 47 of the NPPF 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". Supplementing the evidence of the SHMA, this HNA for Cramlington will provide more detailed

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<sup>1</sup> Paragraph: 008 Reference ID: 2a-008-20140306

local evidence to help the Councils "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 help them to "identify the size, type tenure and range of housing that is required in particular locations, reflecting local demand" (NPPF para 50).

## Definitions

- 1.8 Planning Practice Guidance, *Housing and economic development needs assessments*, defines need for housing at paragraph 3 as:

"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"<sup>2</sup>.

- 1.9 For the purposes of this study, the term housing need refers to "the housing that households are willing and able to buy or rent, either from their own resources or with assistance from the state"<sup>3</sup>.

- 1.10 Definitions relating to affordable housing have been revised in the National Planning Policy Framework (NPPF, March 2012):

- **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.

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<sup>2</sup> Paragraph: 003 Reference ID: 2a-003-20140306

<sup>3</sup> Planning Advisory Service Objectively Assessed Need and Housing Targets Advice Note July 2015

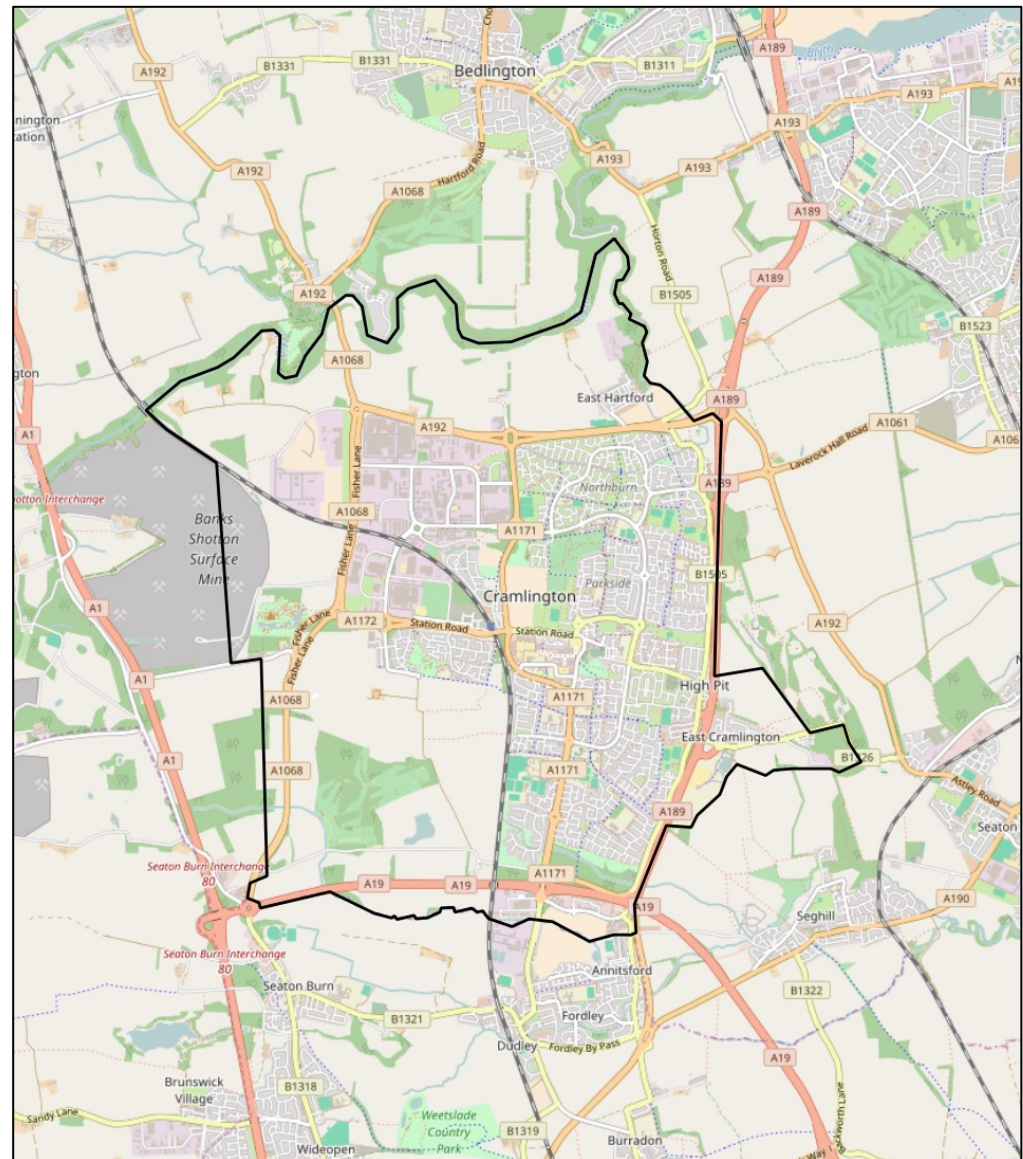
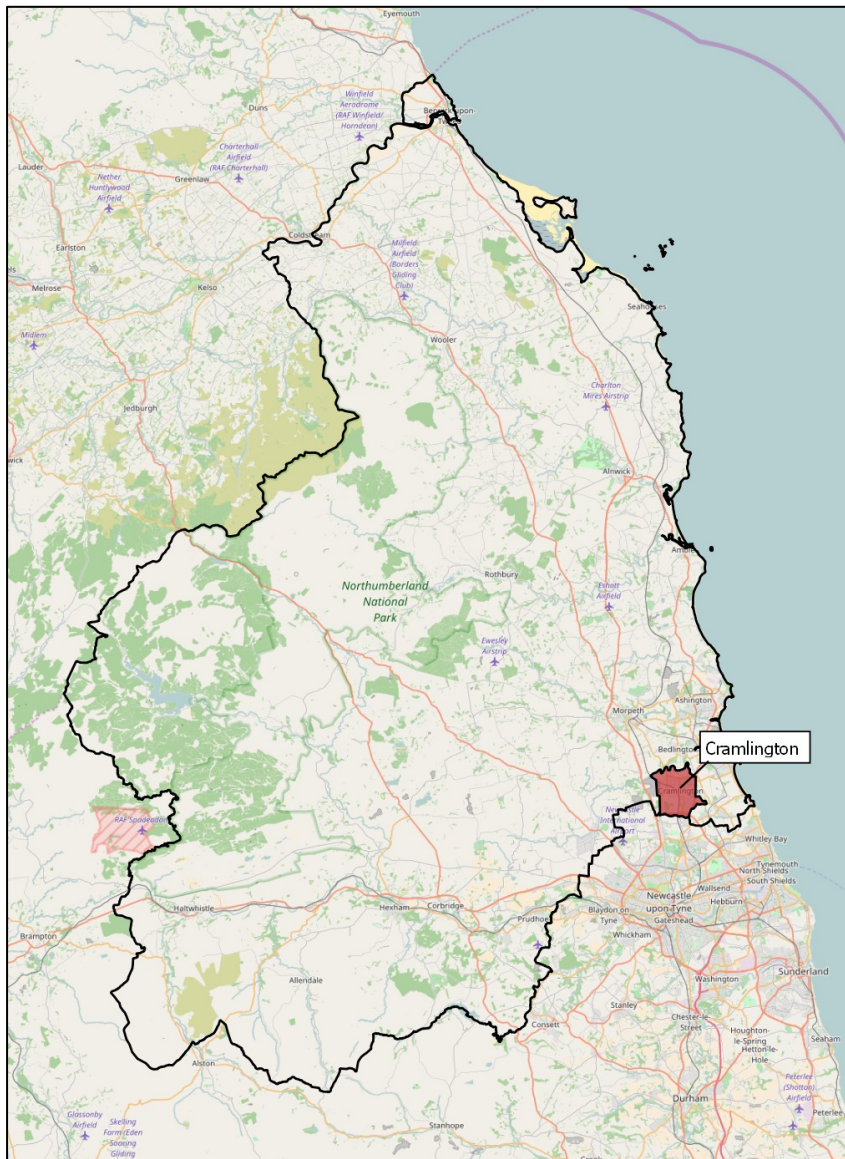
- Homes that do not meet the above definition of Affordable Housing, such as “*low cost market*” housing, may not be considered as Affordable Housing for planning.
- 1.11 Note that these definitions are subject to possible change in the forthcoming revisions to NPPF (anticipated to be published in Autumn 2016), particularly in the light of the requirement to provide **Starter Homes** under the provisions of the Housing and Planning Act 2016.

## Geography

- 1.12 Maps 1.1 and 1.2 illustrate the geographical context of Cramlington.



## Maps 1.1 and 1.2 Cramlington context maps



## Research methodology

- 1.13 To deliver the 2016 HNA, a multi-method approach was adopted, which comprised:
- A sample survey of households across Cramlington parish. A total of 2,650 households were contacted and 512 questionnaires were returned and used in data analysis. This represents a 19.3% response rate overall;
  - A review of relevant secondary data including the 2011 Census, house price trends, CORE lettings data and CLG Statistics; and
  - An online questionnaire of key stakeholders, with six separate responses obtained from representatives from the County Council, the Town Council, housing associations and a community action group.
- 1.14 Further information on the research methodology is presented at Appendix A.
- 1.15 Please note that the stakeholder feedback reported in this document is based on the comments received from people engaging with the research. As only six stakeholders responded to the online survey, their views and feedback have been included in Appendix D, rather than within the main body of the report.

## Presentation of data

- 1.16 Data presented in this report is based on the 2016 Household Survey carried out as part of the Housing Needs Assessment unless otherwise stated.
- 1.17 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 512 responses are therefore weighted and grossed up to 12,688 occupied dwellings<sup>4</sup>. All survey information presented in this report is for weighted and grossed responses which are rounded up where appropriate.
- 1.18 Household survey data is available down to postcode level and for the purposes of this report, data has been presented for the parish of Cramlington.

## Report structure

- 1.19 The Cramlington 2016 HNA report is structured as follows:
- **Chapter 2** reviews the national and regional policy context within which the research needs to be positioned;
  - **Chapter 3** reviews the current housing market dynamics;
  - **Chapter 4** considers current households in need, affordable housing requirements and a consideration of the relative affordability of different tenures;

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<sup>4</sup> 2016 Council Tax data

- **Chapter 5** looks at housing market demand and provides a suggested future development profile and a consideration of different market sectors including housing for older households; and
  - **Chapter 6** concludes the report with a summary of findings and a consideration of strategic issues.
- 1.20 The report includes a substantial technical appendix, which provides detailed material that underpins the core outputs of the HNA. The technical appendix material includes:
- General methodology (Appendix A);
  - Policy review (Appendix B);
  - Housing need calculations (Appendix C);
  - Stakeholder survey findings (Appendix D); and
  - Monitoring and updating (Appendix E).



## 2. Policy and strategic review

### Introduction

- 2.1 The purpose of this chapter is to set out the policy and strategic context for housing delivery in Cramlington.
- 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 recent passing of the Housing and Planning Act 2016 has put in place the legislative structure for implementing some of the Government's key policies, including Starter Homes, restrictions on lifetime tenancies and 'Pay to Stay'.
- 2.4 The recent outcome of the EU referendum and subsequent leadership changes within Government will clearly have an impact on the further evolution of economic, planning and housing policies in England. A detailed national policy review is presented at Appendix B.

### Local strategic priorities

#### North East Local Enterprise Partnership and Combined Authority

- 2.5 The abolition of regional development agencies and the creation of local enterprise partnerships were announced as part of the June 2010 Government Budget. Local authorities and business leaders were invited to submit proposals to replace regional development agencies in their areas with Local Enterprise Partnerships (LEPs). In October 2010, 24 bids were announced, establishing LEPs aimed at overseeing economic growth and job-creation in their relevant areas. There are now 39 partnerships, set up to be the key bodies determining strategic economic priorities for their areas, driving economic growth and local job creation.
- 2.6 Northumberland County lies within the North East Local Enterprise Partnership, which also includes the local authority areas of Newcastle, Gateshead, North Tyneside, South Tyneside, Sunderland and Durham. The LEP is a public/private partnership that brings together the public sector and partners from business and higher education to 'create growth' across the area.
- 2.7 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.
- 2.8 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 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.
- 2.9 Alongside 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.”

### Northumberland County strategies and plans

- 2.10 The Council's **Housing Strategy for Northumberland 2013-2018** outlines its plans for meeting people's housing need by delivering new affordable housing, maintaining and improving the existing housing stock, and through providing housing support to people who need it. The Strategy has three priorities:
- Affordable and quality housing;
  - Healthy people; and
  - Sustainable local economies and communities.
- 2.11 In terms of planning policy, Northumberland County Council is preparing a **Local Plan (Core Strategy)** which will provide the overarching planning policies to guide future development. A Pre-Submission Draft was published for public consultation in October 2015. Amendments to the document have been made, to address some of the issues raised during the consultation, and the Proposed Major Modifications have been subject to further consultation during June and July 2016.
- 2.12 Providing existing and future communities with a choice of decent, affordable homes is one of the Plan's strategic objectives. It is proposed in the Major Modifications (June 2016) that the **Local Plan Policy 15 (Housing Provision – scale and distribution)** makes the following provisions:
- “To ensure that housing development helps to support the plan to positively grow and diversify the Northumberland economy and meet housing need, the Core Strategy will:*
- A. Provide for the delivery of at least 24,320 additional net dwellings over the plan period (1,216 per annum), distributed as follows:*

<b>Delivery Area</b>	<b>Average Annual Net Dwelling Provision</b>	<b>Total Delivery over Plan Period (2011-2031)</b>
<i>South East Northumberland</i>	642	12,840
<i>Central Northumberland</i>	297	5,940
<i>North Northumberland</i>	210	4,190
<i>West Northumberland</i>	68	1,350

*B. In accordance with Policy 3, the majority of housing development will be focused in Northumberland's Main Towns and Service Centres. Table 6.2 provides a realistic but indicative scale and distribution of housing across each Delivery Area. The Northumberland Delivery Document and Neighbourhood Plans will allocate land in accordance with this distribution."*

2.13 **Table 6.2 (Indicative scale and distribution of housing)** sets out housing numbers for the 25 'small areas' that together make up the four Delivery Areas in Northumberland. Cramlington is identified as one of the 'Main Towns' in the South East Northumberland Delivery Area. Table 6.2 includes an allocation of 3,820 houses to Cramlington during the plan period (191 per annum).

2.14 Paragraph 6.16A explains that:

*"In the preparation of the Core Strategy, evidence base work divided the County into 25 'small areas' comprising of one or more parishes. The housing numbers presented in Table 6.2 refer to the small areas rather than just the settlements listed. However, within each small area, it is expected that the majority of development will be focused upon the larger settlement(s) and in sustainable locations."*

2.15 The **Cramlington Neighbourhood Plan** is being prepared by a steering group, formed by Cramlington Town Council. Under the new neighbourhood planning provisions, first introduced by the Localism Act 2011, neighbourhood plans can be prepared to give local residents, businesses, landowners and developers a direct say in the direction of future development of their area. In this case, the Neighbourhood Area comprises the parish of Cramlington.

2.16 The vision and objectives of the plan have been agreed by the steering group and evidence gathering is underway, to guide the planning policy development. A draft Pre-Submission Plan document will be published for community consultation later in 2016.

## Concluding comments

2.17 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. It is likely that this direction of travel will continue,

with the Conservative Government's legislative programme prioritising measures to increase access to home ownership, further reduce welfare spending, control immigration and assist devolution to cities.

- 2.18 The importance of having robust and up-to-date information to help inform decision making at local authority level is evermore essential. In the context of future uncertainties, particularly relating to the economic climate post-referendum, this Housing Need Assessment for Cramlington provides the Councils with an excellent range of material to inform policy decisions.

### 3. Housing market dynamics in Cramlington

#### Introduction

- 3.1 Planning Practice Guidance, *Housing and economic development needs assessments* (last updated February 2016) 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<sup>5</sup>.
- 3.2 It is within this policy context that this HNA is being undertaken to investigate the housing market in Cramlington in more detail. The purpose of this chapter is to explore the housing market dynamics of Cramlington focusing on the current stock profile, house prices and rent and household characteristics.
- 3.3 The analysis is based on the findings of the 2016 Household Survey and a range of secondary data. In addition, relevant findings from the stakeholder online survey are set out within this chapter.
- 3.4 Cramlington is a town and civil parish located within Northumberland in the North East of England. An important airbase in the First World War, Cramlington remained relatively rural in nature until it became a 'New Town' in 1964 and large areas were developed as housing estates.
- 3.5 The emerging Northumberland Local Plan (Core Strategy) identifies Cramlington as one of the 'main towns' in the South East Northumberland Delivery Area.
- 3.6 The resident population of Cramlington is 29,413<sup>6</sup>. There is a total of 12,534 households across the parish<sup>7</sup>.
- 3.7 The household survey data has been weighted based on 12,688 occupied dwellings (2016 Council Tax data).

#### Dwelling profile

##### Dwelling type

- 3.8 The 2016 Household Survey found that 78.0% of occupied dwellings are houses (38.2% semi-detached, 19.9% detached and 19.9% terraced), 12.1% are flats/maisonettes, 9.6% are bungalows and 0.3% are other property types.
- 3.9 These findings are similar to those of the 2011 Census, which identifies that the majority (87.1%) of households live in houses, of which 39.0% are semi-detached, 27.9% are terraced and 20.2% are detached. 12.9% of households live in flats, maisonettes or apartments and 0.1% live in other housing types.

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<sup>5</sup> Paragraph: 008 Reference ID: 2a-008-20140306

<sup>6</sup> 2011 Census (age data)

<sup>7</sup> 2011 Census (household type, tenure data)



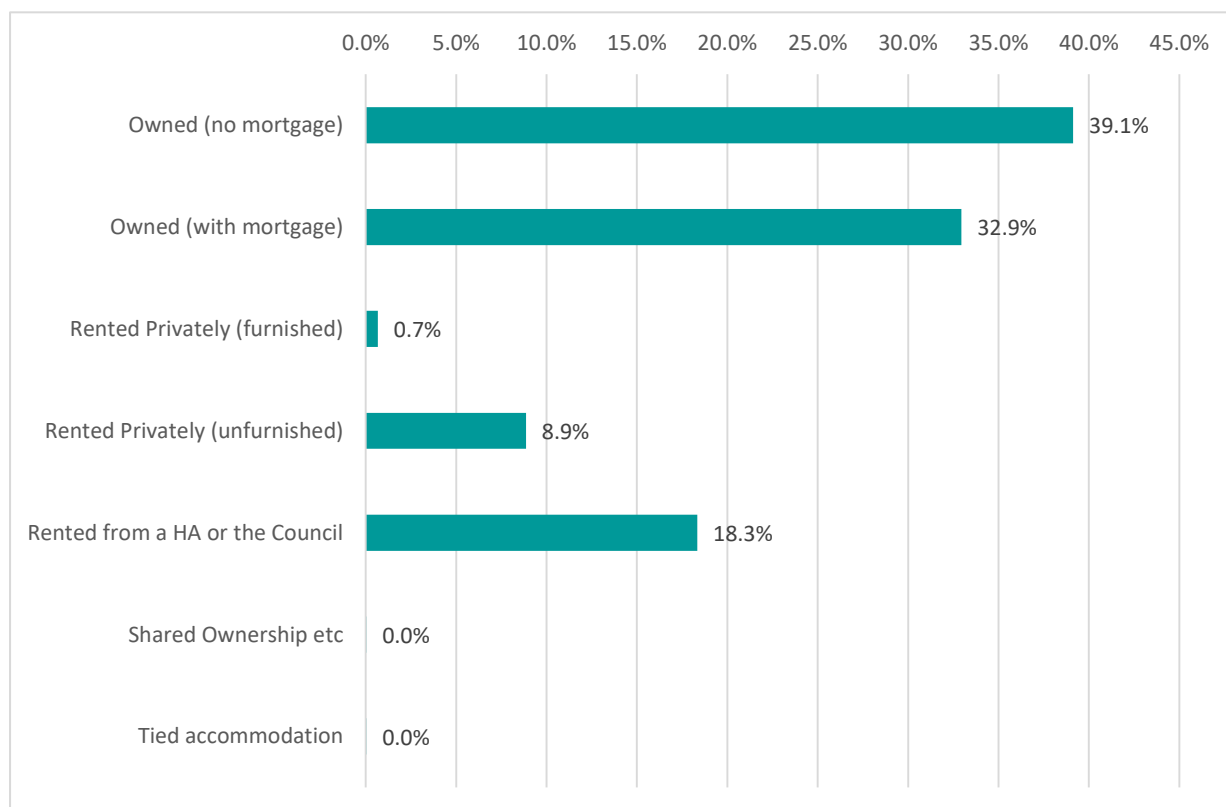
## Property size and age

- 3.10 The Household Survey found that 49.5% of dwellings have three bedrooms, 25.8% have two bedrooms, 17.6% have four or more bedrooms and 7.1% have one bedroom/bedsit.
- 3.11 In terms of property age, only 17.6% of the accommodation in Cramlington was built before 1965, while 61.8% was built between 1968 and 1984; a further 20.6% has been built from 1985 onwards. This reflects the designation of Cramlington as a New Town in the mid-1960s, and the rapid development that followed.

## Housing tenure

- 3.12 In terms of tenure, the Household Survey identified that 72.0% of dwellings are owner-occupied, 9.6% are privately rented (including tied accommodation), 18.3% are social rented and 0.1% are intermediate tenure. This is broken down into further detail in Figure 3.1.
- 3.13 These findings compare well with 2011 Census data, which indicates that 72.0% of occupied dwellings are owner-occupied, 9.6% are private rented (including tied accommodation or living rent free), 18.0% are social rented and 0.3% are intermediate tenure dwellings.

**Figure 3.1 Cramlington: tenure profile of occupied dwellings**



Source: 2016 Household Survey

## Owner-occupied sector

- 3.14 The 2016 Household Survey found that 72.0% (8,875) of households across Cramlington are owner-occupiers. 39.1% of all households (4,965) own outright and 32.9% of all households (4,180) have a mortgage.
- 3.15 The Household Survey provides the following information on owner occupied stock:
- Most owner-occupied properties are houses, with 27.4% detached, 38.5% semi-detached and 18.4% terraced; a further 8.2% are bungalows, 7.0% flats/maisonettes and 0.4% other property types;
  - 51.6% of properties have three bedrooms, 24.4% have four or more bedrooms, 23.1% have two bedrooms and 0.9% have one bedroom;
  - Around 1.8% of owner-occupied stock was built pre-1919, 11.4% was built between 1919 and 1964; 62.5% was built between 1965 and 1984 and 24.2% has been built since 1984;
  - 89.6% of owner-occupier households are satisfied or very satisfied with the state of repair in their accommodation, 5.7% are neither satisfied nor dissatisfied and 4.7% expressed degrees of dissatisfaction.
- 3.16 Over the six-year period 2010 to 2015, Land Registry data reveals that lower quartile, median and average (mean) house prices across Cramlington have all risen, although there has been some fluctuation in the case of lower quartile and median prices. Average (mean) house prices experienced a steadier trajectory, with year-on-year price increases from £130,781 in 2010 to £146,236 in 2015. By 2015, the median house price was £135,500 and the lower quartile price was £94,000. This is summarised in Table 3.1.

Table 3.1 House prices 2010-2015				
Year	Price (£)			
	Lower quartile	Median	Mean	No. Sales
2010	85,000	118,000	130,781	242
2011	83,970	122,000	133,659	275
2012	93,000	132,995	136,527	293
2013	89,000	122,250	134,479	330
2014	100,000	133,998	144,188	392
2015	94,000	135,500	146,236	360

Source: Data produced by Land Registry © Crown copyright 2016

- 3.17 It is interesting to note that in 2010, a household income of £21,857 was required for a lower quartile price to be affordable; by 2015 this had increased to £24,171 (Table 3.2). Similarly, an income of £30,343 was required for a median priced property to be affordable in 2010 compared with £34,843 in 2015. This indicates that house prices in Cramlington have become less affordable during the period.

**Table 3.2 Lower Quartile and median house price and income required to be affordable**

Cramlington	House Price (£)		Income to be affordable*	
	2010	2015	2010	2015
Lower Quartile	85,000	94,000	21,857	24,171
Median	118,000	135,500	30,343	34,843

Source: Data produced by Land Registry © Crown copyright 2016

\*Assuming a 3.5x income multiple and a 10% deposit is available

3.18 A range of socio-economic and demographic information on residents has been obtained from the 2016 Household Survey. Some interesting observations relating to owner-occupiers include:

- In terms of household type, 27.9% of owner occupiers are older (65 or over) singles and couples, 20.5% are couples (under 65 with no children), 23.1% are couples with children under 18, 14.5% are singles (under 65), 11.3% are parent(s) with adult children, 1.9% are lone parents with children under 18 and 0.8% are other household types;
- 57.9% of Household Reference People (Heads of Household) living in owner occupied dwellings are in employment and a further 37.1% are wholly retired from work;
- 21.8% of owner occupied households receive less than £15,600 gross per year, 32.8% receive between £15,600 and £26,000 per year and 45.4% receive at least £26,000 per year; and
- In terms of length of residency, 41.9% of owner occupiers have lived in the same property for 20 years or more.

## Private rented sector

- 3.19 The 2016 Household Survey indicates that the private rented sector accommodates around 9.6% (1,213) of households across Cramlington. Of these households, 1,124 rent unfurnished properties, 85 rent furnished accommodation and 4 rent with their job (tied accommodation).
- 3.20 The Household Survey found that most private rented properties (63.4%) are houses (of which 35.2% are semi-detached, 28.2% are terraced); a further 35.4% are flats/maisonettes, 0.9% are bungalows and 0.3% are other types of property.
- 3.21 7.9% of privately rented properties have one bedroom/bedsit, 35.4% have two bedrooms and 56.7% have three bedrooms;
- 3.22 The characteristics of tenants are diverse and the Household Survey revealed that in particular the private rented sector accommodates couples with children under 18 (48.8%), singles under 65 (27.9%), lone parents with children under 18 (13.9%), older singles and couples (65+)(2.1%) and other household types (7.3%).

- 3.23 36.0% of private renting households have lived in their accommodation for less than two years and 56.0% have lived in their accommodation for less than five years.
- 3.24 In terms of income, the Household Survey found that 24.2% of privately renting households receive less than £15,600 gross per year, 38.2% receive between £15,600 and £26,000 per year and 37.5% receive at least £26,000 per year, indicating that the private rented sector tends to accommodate lower income households.
- 3.25 91.1% of Household Reference People (Heads of Household) living in private rented accommodation are employed, 1.9% are wholly retired from work and 7.0% are unemployed and available for work;
- 3.26 Table 3.3 summarises the lower quartile, median and mean private sector rental prices over the period 2010-2015. Over the six-year period, the annual average rents fluctuated around a lower quartile of £420-429 per month, a median of £451-494 per month and a mean of £481-499 per month.

Table 3.3 Private sector rental prices 2010-2015				
Year	Price per calendar month (£)			
	Lower quartile	Median	Mean	No. Rentals
2010	425	466	496	246
2011	429	494	499	254
2012	425	451	489	407
2013	425	477	490	271
2014	420	451	481	410
2015	425	451	494	411

Source: Zoopla 2016

- 3.27 Table 3.4 sets out the Local Housing Allowance Rates that are applicable to private renting households in Cramlington. Local Housing Allowance is used to work out how much housing benefit you can get if you rent your home from a private landlord.

Table 3.4 Local Housing Allowance Rates 2016 (Weekly)	
No. Bedrooms	Northumberland (Local Authority)
Shared room rate	£65.65
One room	£74.15
Two rooms	£87.45
Three rooms	£103.56
Four rooms	£138.08

Source: VOA, August 2016

## Affordable sector

- 3.28 The 2016 Household Survey found that there are around 2,330 households who live in an affordable (social rented or shared ownership) property across Cramlington, accounting for 18.3% of all occupied dwellings. Of these, 2,326 households live in accommodation rented from a Housing Association or Registered Provider and 4 live in shared ownership properties (intermediate tenure).
- 3.29 The Household Survey identified that houses account for 60.7% of occupied affordable accommodation (38.9% semi-detached, 21.2% terraced and 0.6% detached), 19.3% are bungalows and 20.0% are flats/maisonettes. Affordable dwellings tend to have one/bedsit (31.2%), two (31.3%) or three (37.6%) bedrooms;
- 3.30 The Household Survey found that 28.3% of households living in affordable dwellings are singles under 65, 25.2% are older singles and couples (65+), 12.6% are couples under 60 with no children, 4.9% are couples/lone parents with adult children, 15.7% are couples with children under 18, 12.6% are lone parents with children under 18 and 0.6% are other household types.
- 3.31 32.8% of Household Reference People living in affordable housing are in employment. 23.6% are wholly retired from work, 17.9% are permanently sick/disabled, 14.3% are unemployed and 10.7% look after the home/are caring for someone.
- 3.32 Incomes are generally low, with 67.7% receiving an income of less than £15,600 gross per year and 30.0% receiving less than £7,800 gross per year.
- 3.33 The Housing and Planning Act 2016 includes a requirement that registered providers should uprate the rents of households earning over £31,000 (or £40,000 in London). Only taxable income will be assessed, some tenants on benefit would be exempted. The thresholds will be reviewed annually and uprated in line with the Consumer Price Index. There has not been time nationally to assess the precise implications of the compromise clause that emerged between the Lords and Commons.

## Household characteristics

- 3.34 The 2016 Household Survey found that one-quarter (24.9%) of households in the study area are older singles or couples (65 years or more); 8.2% are single adults, 24.2% are couples with children under 18, 16.7% are couples with no children, 9.0% are couples/lone parents with adult children, 5.0% are lone parents with children under 18 and 1.3% are other household types.
- 3.35 The Household Survey identified that 26.5% of households across the study area are single-person households; 38.1% include two people, 16.9% three people, 15.0% four people and 3.4% five or more people. This means that 64.7% of households comprise of either one or two people.
- 3.36 In terms of the age of the Household Reference Person (HRP), the Household Survey reveals that 22.2% are 16-39 years, 38.1% are 40-59 years, 32.4% are 60-74 years and 7.4% are 75+ years.

- 3.37 In terms of socio-economics, 57.0% of HRP are in employment, 31.3% are retired, 3.7% are permanently sick or disabled, 4.1% are unemployed, 3.8% are looking after the home or a carer and 1.8% were in full-time education. 37.0% of households across the study area have an income of less than £15,600 per annum, 29.7% receive between £15,600 and £26,000 and 33.3% receive over £26,000.
- 3.38 The Household Survey asked how much households pay for their rent or mortgage. 52.3% pay under £100 per week; 41.7% pay £100-200 per week; and 6.0% pay £200 or more per week. 22.4% of households are fairly concerned about their ability to pay their rent or mortgage; a further 7.3% are very concerned.
- 3.39 The Household Survey found that 6.6% of occupied dwellings across Cramlington have been adapted or purpose-build for a person with a long-term illness, health problem or disability.
- 3.40 83.9% of households are satisfied or very satisfied with their neighbourhood as a place to live; 8.2% are neither satisfied or dissatisfied; and 7.9% expressed degrees of dissatisfaction of whom 1.4% were very dissatisfied.

## Migration and moving patterns

### Out-migration

- 3.41 The 2016 Household Survey asked whether, in the preceding five years, anyone in the household had moved away from the Cramlington area due to difficulties in finding a suitable home locally. 3.9% (482 households) said that this had happened within their household. Of the moving household members, 32.9% had moved to elsewhere in Northumberland and 67.1% had moved outside of Northumberland.
- 3.42 In terms of reasons for moving, lack of affordable housing and to take up work elsewhere were the two reasons mentioned the most.

### In-migration and movement within Cramlington

- 3.43 The 2016 Household Survey indicated that around 30.6% (3,885 households) had moved home in the preceding five years. Of these households, 57.0% (2,214 households) originated within Cramlington and 43.0% (1,671 households) originated from outside the area. Many moved from elsewhere in Northumberland or Tyne and Wear, including 5.2% from Ashington.
- 3.44 Information from the Household Survey relating to households moving within and into Cramlington, within the preceding five years includes:
- A majority (67.4%) moved into a house, particularly semi-detached (42.8%), terraced (16.6%) and detached (8.0%), 20.0% moved into a flat/apartment/maisonette, 12.4% into a bungalow and 0.1% into another type of property;

- Almost half (47.9%) moved into properties three bedrooms, 42.2% moved into properties with one or two bedrooms and 9.9% moved into properties with four or more bedrooms;
- 47.1% moved into owner occupied properties, 28.9% moved into private renting and 24.1% moved into affordable (social rented/intermediate tenure) dwellings;
- Couples with children under 18 accounted for 38.0% of moving households; 25.6% were single adults (under 65); 14.9% were younger couples with no children (under 65); 8.5% were older households (over 65); 8.5% were lone parents; 2.0% were couples/lone parents with adult children; and 2.5% were other households;
- 93.3% of in-migrant Household Reference People (Heads of Household) were aged under 65 years and 6.7% were aged 65 or over;
- The majority of Heads of Household of in-migrant households were in employment (71.3%) with a further 10.1% unemployed, 8.2% retired, 6.2% looking after the home or caring for someone, 3.9% permanently sick/disabled and 0.4% in full-time education;
- 26.1% of households had an annual income of less than £15,600 per annum; 30.7% had an income of between £15,600 and £26,000 per annum; and 43.1% had an income of at least £26,000 per annum;
- 6.6% of moving Heads of Household in employment worked in Cramlington and 93.4% worked outside the study area.

3.45 Table 3.5 reviews the tenure choices of households moving within and into Cramlington, within the preceding 5 years, based on data from the 2016 Household Survey. The majority of those moving remain in the same tenure, with 68.7% of those in affordable accommodation, 67.4% of those in owner occupied properties and 66.6% of those in private rented housing staying in the same tenure. Respondents who had previously lived with family and friends (i.e. newly forming households) tended to move into owner occupation (70.3%).

**Table 3.5 Residential mobility – movement between different tenures**

Current Tenure	Previous Tenure				Total
	Owned	Social/ Affordable Rented	Private Rented	Previously living with family/friend s	
Owned	67.4	0.0	31.8	70.3	47.9
Social/Affordable	13.7	68.7	1.5	29.7	20.3
Private Rented	18.9	31.3	66.6	0.0	31.8
Total	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Base (Valid responses)</i>	<b>1814</b>	<b>553</b>	<b>908</b>	<b>246</b>	<b>3522</b>

Source: 2016 Household Survey



## Households planning to move

- 3.46 The 2016 Household Survey found that around 2,283 households plan to move in the next five years. The main reasons for planning to move were the need for either a larger or smaller property. Most of those planning to move were of working age, with only 2.0% aged 65 or over, but 62.8% aged 45-64.
- 3.47 Table 3.6 summarises the moving intentions of households based on the first preference they stated in the Household Survey. Overall, 60.7% of households intend on remaining in Cramlington and 39.3% intend to move out.
- 3.48 Of the 39.3% of households planning to move out, the Household Survey found that 23.5% were planning to move to elsewhere in Northumberland and 15.8% were planning to move outside Northumberland.

Table 3.6 First choice destination of households planning to move in next five years	
Destination	% stating as first preference
<b>Within Cramlington</b>	
North East Cramlington	28.1
South East Cramlington	19.5
West Cramlington	13.1
<b>Total within Cramlington</b>	<b>60.7</b>
<b>Outside Cramlington</b>	
Elsewhere in Northumberland	23.5
Outside Northumberland	15.8
<b>Total outside of Cramlington</b>	<b>39.3</b>

Source: 2016 Household Survey

## Concluding comments

- 3.49 The purpose of this chapter has been to consider the general housing market dynamics of Cramlington and its inter-relationships with other areas. By reviewing the dwelling profile, house prices and rents, household characteristics and movements, a picture of the market dynamics of Cramlington emerges.
- 3.50 In summary, the 2016 Household Survey found that 72.0% of dwellings are owner-occupied, 9.6% are privately rented (including tied accommodation), 18.3% are social rented and 0.1% are intermediate tenure.
- 3.51 Analysis of house prices over the past five years indicates that there has been an increase in prices, meaning that accessing owner-occupation has been more unaffordable in recent years. On the other hand, private rental prices have been relatively static over the same five-year period.
- 3.52 The Household Survey identified that around 30.6% of households had moved house in the past five years. Of these, 57.0% originated within the study area, and 43.0% from outside the study area. Most moved into the private housing sector, with around 47.1% moving into owner occupation and 28.9% into private renting.



## 4. Housing need, affordable housing requirements and relative affordability

### Introduction

- 4.1 This Chapter considers housing need and affordable housing requirements within Cramlington. Primary and secondary data sources have been used to assess existing housing need across all households in the study area. There is also a full analysis of how housing need varies by tenure and household type.
- 4.2 The affordable housing requirements arising are set out, including a suggested tenure split (between social/affordable rented and intermediate/shared ownership) and a consideration of existing and newly-forming households' property type preferences.
- 4.3 In addition, there is a consideration of the relative affordability of different tenures, including Starter Homes.

### Current households in need

- 4.4 A robust and defensible assessment of housing need is essential for the development of affordable housing policies. Housing need is defined in NPPG 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'*<sup>8</sup>.
- 4.5 The 2016 Household Survey and a range of secondary data provide the robust and transparent evidence base required to assess housing need across the Cramlington area. This is presented in detail at Appendix C of this report and follows CLG modelling guidance.
- 4.6 Across Cramlington there are 870 existing households in need which represents 6.9% of all households. Reasons for housing need are summarised in Table 4.1.

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<sup>8</sup>DCLG, NPPG, *Housing and economic development needs assessments*, paragraph 22

Table 4.1 Housing need in Cramlington		
Category	Factor	No. of Households in Need
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	114
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	117
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	116
	N4 Too difficult to maintain	250
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	83
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	171
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	11
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	142
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	187
<b>Total no. households in need (with one or more housing needs)</b>		<b>870</b>
Total Households		12,688
<b>% households in need</b>		<b>6.9%</b>

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

Source: 2016 Household Survey

- 4.7 Tables 4.2 and 4.3 demonstrate how the proportion of households in housing need varies by tenure and household type for Cramlington. Private renters are more likely to be in housing need, at around one-fifth (21.8%) of households; along with lone parent with one or two children (15.9%), couples with one or two children (12.4%) and lone parents with adult children (9.2%).

**Table 4.2 Housing need by tenure**

Tenure	No. H'holds in need	% H'holds in need	Total no. households
Owner Occupier	445	4.9	9,147
Private Rented	265	21.8	1216
Affordable	160	6.9	2,326
<b>Cramlington Total (All households in need)</b>	<b>870</b>	<b>6.9</b>	<b>12,689</b>

Source: 2016 Household Survey

**Table 4.3 Housing need by household type**

Household Type	No. H'holds in need	% H'holds in need	Total no. households
Single Adult (under 65)	142	6.1	2326
Single Adult (65 or over)	27	2.6	1041
Couple only (both under 65)	87	4	2170
Couple only (one or both over 65)	67	3.2	2122
Couple with 1 or 2 child(ren) under 18	330	12.4	2663
Couple with 3 or more children under 18	29	7.2	404
Couple with child(ren) aged 18+	44	5.2	843
Lone parent with 1 or 2 child(ren) under 18	101	15.9	636
Lone parent with 3 or more children under 18	0	0	0
Lone parent with child(ren) aged 18+	29	9.2	316
Other type of household	14	8.3	168
<b>Cramlington Total (All households in need)</b>	<b>870</b>	<b>6.9</b>	<b>12,689</b>

Source: 2016 Household Survey

## Affordable housing requirements

4.8 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.

4.9 The needs assessment model advocated by the CLG has been used and detailed analysis of each stage of the model is presented at Appendix C. In addition to establishing the overall affordable housing requirements, analysis considers the supply/demand variations by 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) and a net figure (which takes into account supply of existing affordable accommodation). Modelling suggests an annual gross imbalance of 126 dwellings and after

taking account of affordable supply an annual net imbalance of 22 affordable dwellings across Cramlington as shown in Table 6.5.

**Table 4.4 Annual affordable housing imbalance by property size and designation over 5 years 2016/17 to 2020/21(including affordable capacity)**

Designation	Number of Bedrooms	Housing Need (per annum)		
		Gross	Affordable Supply	Net
General Needs	1	24	28	-4
	2	48	40	7
	3	40	28	12
	4+	0	2	-2
Older Person	1	2	3	-1
	2+	11	2	10
<b>Total</b>		<b>126</b>	<b>104</b>	<b>22</b>

Note: This does not include new build supply

Sources: 2016 Household Survey; RP CORE Lettings and Sales

- 4.10 In terms of the size of affordable housing required, the gross need is split by smaller general needs one/two bedrooms (57.1%), general needs three or more bedroom (31.7%) and older person two bedrooms (10.3%). It is therefore appropriate for the continued delivery of affordable housing to reflect underlying need.
- 4.11 Analysis is based on the next five years and in the absence of any updated information this could be extrapolated forward to the Local Plan period.

### Tenure split

- 4.12 In terms of the split between social rented and intermediate tenure products, the 2016 Household Survey identified tenure preferences of existing and newly-forming households and also the extent to which intermediate tenure products could be afforded.
- 4.13 Table 4.5 indicates that existing households in need mainly considered social/affordable renting as a preferred tenure option but newly-forming households had a stronger preference for Starter Homes and intermediate tenure options.

**Table 4.5 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	79.3	29.5	40.7
Intermediate	20.7	30.4	28.8
Starter Homes	0.0	40.1	31.4
<b>Total</b>	100.0	100.0	100.0
<i>Base (annual requirement)</i>	27	98	125

Source: 2016 Household Survey

- 4.14 Overall, analysis would suggest a tenure split of 40.7% social/affordable rented, 28.8% intermediate tenure and 31.4% Starter Homes across Cramlington based on household preferences.

### Property type preferences of households in need

- 4.15 Analysis of property type preferences from the Household Survey (Table 4.6) suggests that the delivery of flats and houses are of highest priority, with 46.9% expecting to move into a flat and 44.9% a house), followed by bungalows (8.2%).

**Table 4.6 Property type preferences**

Type preferences	Existing (%)	Newly-forming (%)	Total (%)
House	67.0	30.1	44.9
Flat	16.8	67.2	46.9
Bungalow	16.2	2.7	8.2
<b>Total</b>	100.0	100.0	100.0
<i>Base</i>	27	98	125

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

Source: 2016 Household Survey

### Relative affordability of housing options

- 4.16 The relative cost of alternative housing options across Cramlington parish is explored in Table 4.7. This includes affordable and market rent options, owner occupation and intermediate tenure options, as well as Starter Homes.
- 4.17 Table 4.8 shows the income required for alternative tenure options to be affordable. Table 4.9 presents the assumptions underpinning the analysis.

**Table 4.7 Cost of alternative tenure options**

Tenure option	Price (2015)
Social Rent (average)	£334
Affordable Rent (80% of average private rent)	£395
Market Rent - Lower Quartile	£425
Market Rent – Median	£451
Market Rent – Average	£494
Market Sale - Lower Quartile	£94,000
Market Sale – Median	£135,500
Market Sale – Average	£146,236
Starter Home	£108,400
Shared ownership (50%)	£67,750
Shared ownership (25%)	£33,875
Help to buy	£135,500

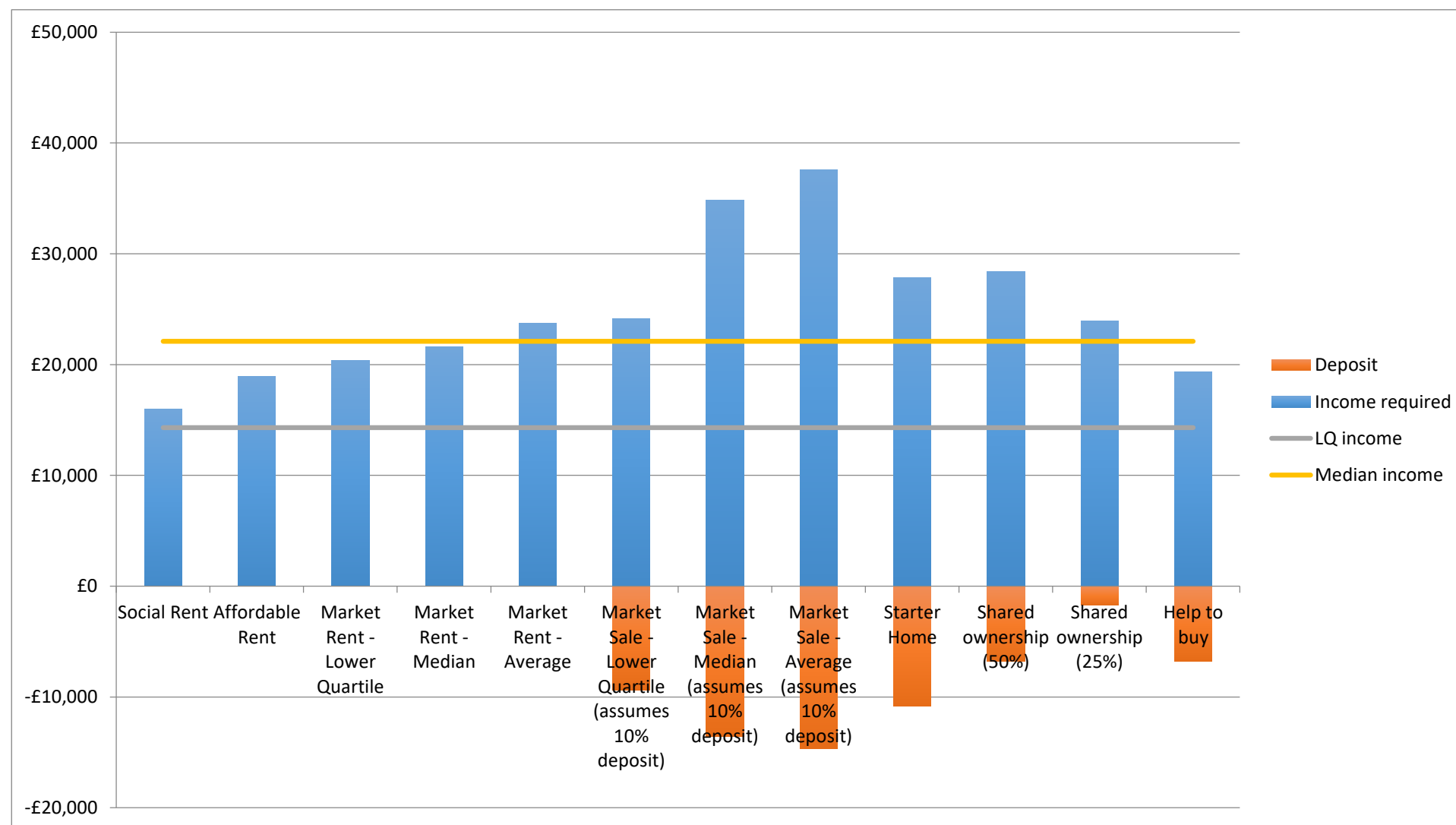
**Table 4.8 Income required for alternative tenure options**

Tenure option	Income required (2015)
Social Rent	£16,016
Affordable Rent	£18,970
Market Rent - Lower Quartile	£20,400
Market Rent - Median	£21,648
Market Rent - Average	£23,712
Market Sale - Lower Quartile (assumes 10% deposit)	£24,171
Market Sale - Median (assumes 10% deposit)	£34,843
Market Sale - Average (assumes 10% deposit)	£37,604
Starter Home	£27,874
Shared ownership (50%)	£28,426
Shared ownership (25%)	£23,925
Help to buy	£19,357

**Table 4.9 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 average 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 Rent - average	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

- 4.18 This analysis indicates that for open market housing, the minimum income required is £20,400 for lower quartile or entry-level renting and £24,171 for lower quartile or entry-level house prices.
- 4.19 Figure 4.1 summarises the relative affordability of alternative tenures in Cramlington Parish. It uses lower quartile and median earnings derived from the 2016 Household Survey.

**Figure 4.1** Cramlington household income and housing costs

Source: Land Registry, Zoopla, DCLG, 2016 Household Survey



- 4.20 Table 4.10 provides an indication of the proportion of households who could afford different types of tenure in Cramlington using household income data derived from the Household Survey. Overall across Cramlington and excluding Housing Benefit, social renting is affordable to 70.4% of households and affordable rent 63.1%; lower quartile private renting to 56.1% and median renting to 56.1%. In terms of market sale, lower quartile prices are affordable to 46.9%, median prices are affordable to 25.8% and average prices are affordable to 26.8%. Regarding affordable home ownership options, Starter Homes are affordable to 84.9% of eligible households<sup>9</sup>, shared ownership to 39.1% (50% and 25% equity) and Help to Buy to 56.1%.

**Table 4.10 Percentage of households who could/could not afford the tenure option**

Tenure option	Cramlington	
	Could afford	Could not afford
Social Rent	70.4%	29.6%
Affordable Rent (50% of average private rent)	63.1%	36.9%
Market Rent - Lower Quartile	56.1%	43.9%
Market Rent - Median	56.1%	43.9%
Market Rent - Average	46.9%	53.1%
Market Sale - Lower Quartile	46.9%	53.1%
Market Sale - Median	25.8%	74.2%
Market Sale - Average	26.8%	73.2%
Starter Home*	84.9%	15.1%
Shared ownership (50%)	39.1%	60.9%
Shared ownership (25%)	39.1%	60.9%
Help to buy	56.1%	43.9%
<i>Base (all households providing income data)</i>	<i>10,955</i>	<i>10,955</i>

Note: \*Starter Homes analysis based on the incomes of households where the Household Reference Person is aged between 23 and under 40 and not currently living in owner occupied property.

## Starter Homes

- 4.21 The Government introduced the concept of Starter Homes to help meet the housing needs of young first time buyers by offering properties to buy at below their open market value. Planning Practice Guidance, *Starter Homes*, outlines the key characteristics of starter homes<sup>10</sup>. They are to be well-designed and suitable for young first time buyers (between the ages of 23 and 40 years of age). They are not expected to be priced after the discount significantly more than the average price paid by a first time buyer. This means the discounted price should be no more than £250,000 outside London.
- 4.22 The Housing and Planning Act 2016 provides the legislative framework for the provision of Starter Homes. Starter Homes was a topic of considerable debate during the Bill's passage through Parliament and it was decided that under 23-

<sup>9</sup> Based on households where the Household Reference Person is under 40 and not currently living in owner occupation

<sup>10</sup> Planning Practice Guidance, *Starter Homes*, paragraph 002, Reference ID 55-002-20150318

- year olds will not be allowed to buy Starter Homes. Other provisions relating to Starter Homes are subject to consultation and secondary legislation<sup>11</sup>.
- 4.23 There is concern that the requirement to provide Starter Homes on all developments of ten or more units will have an impact on the provision of affordable housing. This impact will be the product of a number of factors, however, including national policy as well as local markets, so it is not quantifiable at this early stage. In addition, it is important to note that the definition of Starter Homes and the qualification criteria for Starter Homes' candidates means that Starter Homes are not simply a sub-section of affordable housing need. Some eligible candidates would be classified as being in housing need, while others would not.
- 4.24 In terms of tenure, Starter Homes form a key part of the Government's policy of increasing home ownership and we assume that they would therefore be categorised as owner-occupied dwellings and not fall under intermediate tenure housing.
- 4.25 The 2016 Household Survey identified a total of 959 households who have a household reference person aged between 23 and under 40 and currently not living in owner occupation. Of these households, 485 plan to move in the next five years.
- 4.26 When asked their tenure choices, all (100.0%) of these households said that they would consider owner occupation and half (50.1%) said that they would consider Starter Homes.
- 4.27 Analysis indicates that a Starter Home price would be around £108,400 in Cramlington based on a 20% discount on the median house price based on all sales. This is used as a basis for testing the affordability of starter homes amongst eligible existing and newly-forming households.
- 4.28 An analysis of the household incomes of the 23 to under 40 cohort not living in owner occupation and indicative starter home prices suggests that 84.9% of households could afford Starter Homes which equates to around 412 households (this excludes any parental or other assistance with a deposit). Analysis therefore suggests that most existing households who qualify for Starter Homes could afford to buy one.
- 4.29 In terms of newly-forming households, housing needs analysis (see Appendix C) indicates that there are a total of 189 emerging households each year across Cramlington, or 945 over five years. The Household Survey found that 40.1% of newly-forming households would consider Starter Homes as a tenure choice but only 10.4% could afford a starter home price. Therefore, there is a potential starter home market from around 20 newly-forming households each year or 100 over 5 years.
- 4.30 Taking into account both existing and newly-forming households who qualify and could afford Starter Homes, the analysis suggests a total potential market for Starter Homes over the next five years of 512 households (412 existing households plus 100 newly-forming households) or 102 starter homes each year.

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<sup>11</sup> DCLG, Starter homes regulations: technical consultation, open for consultation 23 March to 30 June 2016

- 4.31 Given that social and private tenants tend to have low incomes, it is probable that the bulk of any Starter Home take up will be absorbed by households that would previously have been entering home ownership in any case. Where not, it is probable that a limited number of higher income private renters may switch.

## Concluding comments

- 4.32 This chapter and the associated appendix provides a clear definition of housing need and affordable housing required, along with a step-by-step explanation of the housing needs assessment model.
- 4.33 Analysis has identified a total of 870 households in housing need, representing 6.9% of all households across Cramlington. Assessment reveals that there is a gross annual imbalance of 126 dwellings but because there is a good supply of affordable lettings, the net annual imbalance is 22 affordable dwellings across Cramlington.
- 4.34 Overall, analysis would suggest a tenure split of 40.7% social/affordable rented, 28.8% intermediate tenure and 31.4% Starter Homes based on household preferences. The actual ability of afford intermediate tenure has been tested and would suggest that 54.8% of households in need could afford intermediate tenure products priced at £80,000.
- 4.35 Analysis of the affordability of different tenure options, including eligibility criteria, suggests a total potential market of 512 Starter Homes over the next five years (102 each year).
- 4.36 The economic viability of delivering different affordable housing products on sites across the study area will also be a consideration to the Councils as they consider policy options and housing targets.
- 4.37 In terms of the size of affordable housing required the gross need is split by smaller general needs one/two bedrooms (57.1%), general needs three or more bedroom (31.7%) and older person two bedrooms (10.3%).

## 5. Future housing market demand in Cramlington

### Introduction

- 5.1 This chapter considers a range of factors relating to future housing market demand in the study area.
- 5.2 Looking at the existing dwelling stock and comparing this with household aspirations and expectations, a suggested development profile is presented for open market housing in Cramlington.
- 5.3 In addition, this chapter analyses demand from different sectors of the housing market, including executive housing, self-build housing, accommodation for older people and previously-homeless households.
- 5.4 The findings are based on the 2016 Household Survey, supplemented with the analysis of stakeholders' views as expressed in the online survey.

### Suggested future development profile of market dwellings

- 5.5 Households intending to move in the open market were asked in the Household Survey 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/expectation. The findings are set out in Table 5.1 and a summary is provided in Table 5.2.
- 5.6 Of households moving, most would like to move to a house (62.5%), 26.4% would like to move to a bungalow and 8.9% to a flat. This compares with 81.8% who expect to move to a house, 7.4% to a bungalow and 10.3% a flat. A much higher proportion would like to move to a detached house (42.1%) but only 24.2% expect to. In contrast, higher proportions expect to move to a semi-detached house (32.6%) than would like to (16.1%).
- 5.7 This analysis of the 2016 Household Survey findings suggests that on the basis of household aspirations (likes), demand for the delivery of three and four-plus bedroom detached houses is highest. Comparing this with the stock profile, the aspiration for three-bedroom detached properties is reflective of the proportion of these dwellings available in Cramlington; however, the desire for a detached property with four or more bedrooms exceeds the proportion of stock currently available. There is also a strong desire for bungalows (26.4%), exceeding the stock of this type of dwelling that is currently available. Development more reflective of household expectation would result in an increased emphasis on developing larger detached and semi-detached family houses along with all sizes of bungalows.

**Table 5.1 Open market dwelling stock and preferences**

Dwelling type/size	Dwelling stock, likes and expectations			Variance from current private stock	
	Current private stock (%)	Like (%)	Expect (%)	Like %	Expect %
Detached house/cottage 1-2 Beds	0.2	2.2	0.0	● -2.0	● 0.2
Detached house/cottage 3 Beds	9.1	15.2	5.6	● -6.1	● 3.6
Detached house/cottage 4 or more Beds	14.9	24.7	18.6	● -9.8	● -3.7
Semi-detached house/cottage 1-2 Beds	5.9	0.8	2.3	● 5.1	● 3.6
Semi-detached house/cottage with 3 Beds	26.5	8.7	23.3	● 17.8	● 3.3
Semi-detached house/cottage 4 or more Beds	5.6	6.5	7.0	● -0.9	● -1.4
Terraced house/cottage 1-2 Beds	3.9	2.2	5.6	● 1.7	● -1.7
Terraced house/cottage 3 Beds	14.9	2.2	0.0	● 12.7	● 14.9
Terraced house/cottage 4+ Beds	0.8	0.0	0.0	● 0.8	● 0.8
Bungalow 1-2 Beds	5.6	19.1	18.0	● -13.5	● -12.5
Bungalow 3+ Beds	1.8	7.4	7.9	● -5.5	● -6.1
Flat/Apartment 1 Bed	1.3	6.7	0.3	● -5.4	● 1.0
Flat/Apartment 2 Beds	9.1	2.2	11.4	● 6.9	● -2.4
Flat/Apartment 3+ Beds	0.0	0.0	0.0	● 0.0	● 0.0
Other 1-2 Bed	0.3	0.0	0.0	● 0.3	● 0.3
Other 3 Bed	0.1	2.2	0.0	● -2.1	● 0.1
Total	100.0	100.0	100.0		
Base	10362	1331	1242		

Source: 2016 Household Survey

**Table 5.2 Summary of open market dwelling stock and preferences**

Dwelling type/size	Dwelling stock, likes and expectations			Variance from current private stock	
	Current private stock (%)	Like (%)	Expect (%)	Like %	Expect %
Summary					
House 1-2 Beds	10.0	5.2	7.9	● 4.9	● 2.2
House 3 Beds	50.5	26.1	28.8	● 24.5	● 21.7
House 4+ Beds	21.3	31.3	25.6	● -10.0	● -4.3
Bungalow	7.4	26.4	25.9	● -19.1	● -18.5
Flat	10.3	8.9	11.8	● 1.5	● -1.4
Other	0.4	2.2	0.0	● -1.8	● 0.4
Total	100.0	100.0	100.0		
Base	10362	1331	1242		

Source: 2016 Household Survey

## Executive housing

5.8 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.

5.9 This HNA 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 Cramlington, executive housing provision will have a role in response to the need for diversification and

expansion of the local economy and in contributing towards achieving wider population and economic growth objectives for the area.

- 5.10 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.
- 5.11 The 2016 Household Survey identifies 1,034 households with an income of at least £49,400 per annum (£950 each week). Of these households, 289 are intending to move in the next five years. Of this group of high income households, around 50.0% stated a first preference location within Cramlington. Outside of Cramlington, 40.0% mentioned elsewhere in Northumberland and 10.0% stated outside Northumberland.
- 5.12 In terms of dwelling preferences indicated in the Household Survey, likes and expectations are summarised in Table 5.3. This indicates strongest aspiration towards detached houses with four bedrooms; this is broadly in line with what households expect to move to, although more expect to move into semi-detached properties and three-bedroom properties than would choose to. Although the sample of households is relatively small, these trends concur with evidence from other comparable arc4 studies.

**Table 5.3 High income household dwelling aspirations and expectations**

Like/Aspiration							
No. Beds	Property type (Table %)						Total
	Detached house	Semi-detached house	Terraced house	Flat	Bungalow	Other	
Two	0.0	0.0	10.0	0.0	0.0	0.0	10.0
Three	20.0	0.0	0.0	0.0	0.0	0.0	20.0
Four	30.0	20.0	0.0	0.0	0.0	10.0	60.0
Five or more	10.0	0.0	0.0	0.0	0.0	0.0	10.0
<b>Total</b>	<b>60.0</b>	<b>20.0</b>	<b>10.0</b>	<b>0.0</b>	<b>0.0</b>	<b>10.0</b>	<b>100.0</b>
Expectation							
No. Beds	Property type (Table %)						Total
	Detached house	Semi-detached house	Terraced house	Flat	Bungalow	Other	
Two	0.0	0.0	11.1	0.0	0.0	0.0	11.1
Three	0.0	33.3	0.0	0.0	11.1	0.0	44.4
Four	33.3	0.0	0.0	0.0	0.0	0.0	33.3
Five or more	11.1	0.0	0.0	0.0	0.0	0.0	11.1
<b>Total</b>	<b>44.4</b>	<b>33.3</b>	<b>11.1</b>	<b>0.0</b>	<b>11.1</b>	<b>0.0</b>	<b>100.0</b>

Base: 289 households with an income of more than £950 planning to move in next 5 years

Source: 2016 Household Survey



## Self-Build

- 5.13 The National Planning Policy Framework (NPPF) set 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<sup>12</sup>. 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.
- 5.14 The 2016 Household Survey identified 29 households planning to move in the next five years who would like to move into a self-build property. The Household Survey identified that households considering self-build:
- All are currently owner-occupier households;
  - All are couples with adult children;
  - All have an annual income of at least £49,400; and
  - All are looking at self-build because they want a larger property, specifically of four bedrooms.<sup>13</sup>
- 5.15 The level of demand for self/custom build should be monitored closely by the Council and in particular the proportion of completions on plots for one or two houses, with this type of modest development likely to be self/custom build.

## Housing for older people

- 5.16 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.
- 5.17 The 2016 Household Survey found that the majority of older people (82.7%) want to stay in their own homes with help and support when needed (Table 5.4). 20.7% would consider buying a property on the open market, although this may be affected by the lack of supply of bungalows and other types of housing that are suitable for older people (as identified earlier in this chapter).
- 5.18 Specialist provision through Sheltered accommodation and Extra Care housing are attractive options. In terms of tenure, there is a preference for renting Sheltered or Extra Care housing, rather than owner occupation; and there is limited interest in part-rent/buying. 11.9% of older households would consider a residential care home. A further 18.7% would consider co-housing.
- 5.19 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.

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<sup>12</sup> National Planning Policy Framework, paragraph 021, Reference ID 2a-021-20150326

<sup>13</sup> Note: This data has been subject to weighting and grossing, as detailed in Appendix A

**Table 5.4 Older persons' housing options**

Housing option	% would consider		
	60-74 years	75+ years	Total
Continue to live in current home with support when needed	80.1	92.1	82.7
Buying a property on the open market	23.4	9.2	20.3
Rent a property from a private landlord	2.9	1.3	2.5
Rent from HA	15.0	7.2	13.3
Sheltered accommodation - To Rent	25.3	22.3	24.6
Sheltered accommodation - To Buy	20.6	16.7	19.7
Sheltered accommodation - Part Rent/Buy	7.3	4.6	6.7
Extra care housing - To Rent	21.1	19.9	20.8
Extra care housing - To Buy	16.2	13.9	15.7
Extra care housing - Part Rent/Buy	6.3	3.4	5.7
Residential care home	10.0	18.7	11.9
Co-housing	19.7	15.0	18.7
<i>Base (total households responding)</i>	<b>6215</b>	<b>1750</b>	<b>7964</b>

Source: 2016 Household Survey

- 5.20 Of all older person households, 4.4% would like to move in the next 5 years, 6.1% would like to move but are unable to and 89.5% do not want to move. Of households with a HRP aged 65 and over who were unable to move, 37.8% stated they could not afford to and just under half stated a lack of suitable properties in the area/type wanted.
- 5.21 Table 5.5 summarises the dwelling type and size aspirations and expectations of households containing an older person, as identified by the 2016 Household Survey. Aspirations and expectations tended to be similar and the majority of households aspired towards and expected to move to houses and bungalows. Aspirations and expectations of dwelling size tended to be similar, although higher proportions aspired to move to a 4+ bedroom dwelling and more expected to move to a three-bedroom dwelling.



**Table 5.5 Dwelling aspirations and expectations of households containing a HRP aged 65 or over**

Dwelling type	Aspiration (%)	Expectation (%)
House	27.8%	29.3%
Bungalow	48.1%	50.7%
Flat	10.1%	5.3%
Other	0.0%	0.0%
Older/supported	13.9%	14.7%
Total	<b>100.0%</b>	<b>100.0%</b>
No. bedrooms	Aspiration (%)	Expectation (%)
1/2 Beds	67.5%	64.5%
3 Beds	18.8%	35.5%
4 or more beds	13.8%	0.0%
Total	<b>100.0%</b>	<b>100.0%</b>

Source: 2016 Household Survey

5.22 Table 5.6 considers the future housing choices being considered by households with a HRP aged 60 or over with reference to the number of bedrooms in their current property and the number of bedrooms expected in their next home (if planning to move in the next five years). This shows that 78.3% of households are planning to downsize (i.e. move to a property with fewer bedrooms).

**Table 5.6 Future housing expectations (upsizing/downsizing)**

Housing choice	Expectation (%)
Downsizing (moving to a smaller property)	78.3
Staying same	21.7
Moving to larger property	0.0
Total	100.0
Base	336

Source: 2016 Household Survey

## Households previously homeless

5.23 The 2016 Household Survey identified 29 households who had been previously homeless or living in temporary accommodation and had moved to their present accommodation in the past five years. All of the previously homeless households have moved into owner-occupied houses, they were all single adults (under 65) and originated from Cramlington.

## Householder views on dwelling requirements

5.24 The Household Survey asked residents for their views on the type of housing that is needed in Cramlington. The findings are set out in Table 5.7. Of

households responding to these questions, 28.0% felt that homes for young people and 23.1% felt that homes for first-time buyers were particularly required. On the other side, however, 20.8% of respondents felt that no further homes are needed.

**Table 5.7 Residents' views on dwelling requirements**

Type of housing	Count	Percentage of households mentioning requirement
Homes for young people	3405	28.0
Homes for first-time buyers	2808	23.1
Small family homes	972	8.0
Large family homes	855	7.0
Homes for people with disabilities	1070	8.8
Homes for single people	718	5.9
Homes for older people	948	7.8
No further homes are needed	2524	20.8
Other	562	4.6
Base (households responding)	12157	

Note: Percentages do not add to 100% as respondents could indicate more than one answer

Source: 2016 Household Survey

## Summary

- 5.25 Strongest market demand is for detached houses with four bedrooms and bungalows, with household aspirations and expectations for both property types exceeding current supply.
- 5.26 High-income households planning to move indicated a strong preference for detached houses with four bedrooms and half of these households wanted to stay in Cramlington. There is a need to continue to provide executive-style housing as part of the housing profile, to ensure that the full range of market demand is met and to support the local economy.
- 5.27 With an ageing population, the accommodation needs and aspirations of older people is a key priority for the future. The 2016 Household Survey identified that over three-quarters of older households would like to stay in their own homes with support when needed. However, other housing options were also considered attractive. Analysis indicates that 78.3% of older households who are planning to move are looking to downsize. Ensuring that these future housing requirements can be met will also have the advantage of freeing-up larger, family sized housing.

## 6. Conclusions

- 6.1 This document has been prepared to equip Northumberland County Council, Cramlington Town 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 which came into effect in March 2012 and Planning Practice Guidance, *Housing and economic development needs assessments* (last updated February 2016).
- 6.2 The HNA will help the Councils plan for a mix of housing based on current and future market trends and the needs of different groups in the community. Specifically, the HNA identifies the size, type and tenure of housing required in Cramlington by considering current market demand relative to supply; and also identifies a continued affordable housing imbalance across the area.
- 6.3 This concluding chapter summarises key messages from the research findings.

### Housing market profile

- 6.4 This study provides up to date information on the housing stock in the study area.
- 6.5 This study assumes a total of 12,688 households<sup>14</sup> (occupied dwellings) in Cramlington. Overall, the 2016 Household Survey shows that:
- 78.0% of properties are houses, 12.1% are flats/apartments or maisonettes, 9.6% are bungalows and 0.3% are other property types (e.g. caravans);
  - 7.1% have one bedroom/bedsit, 25.8% have two bedrooms, 49.5% have three bedrooms and 17.6% have four or more bedrooms;
  - 7.9% of properties were built before 1945, 9.7% between 1945 and 1964, 61.8% between 1965 and 1984, 19.2% between 1985 and 2004 and 1.4% have been built since 2005; and
  - 72.0% of dwellings are owner-occupied, 9.6% are privately rented (including tied accommodation), 18.3% are social rented and 0.1% are intermediate tenure.

### Need for affordable housing

- 6.6 The scale of affordable requirements has been assessed by taking into account the annual need from existing and newly-forming households and comparing this with the supply of affordable (social/affordable rent and intermediate tenure dwellings).
- 6.7 There is a strong need for affordable housing (in terms of gross need). The analysis identified an overall gross need for affordable housing of 126 dwellings

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<sup>14</sup> 2016 Council Tax data

- each year. However, there is a good supply of affordable housing which addresses much of this need and modelling suggests an overall net imbalance of 22 affordable dwellings each year.
- 6.8 In terms of the size of affordable housing required, the gross need is split by smaller general needs one/two bedrooms (57.1%), general needs three or more bedroom (31.7%) and older person two bedrooms (10.3%). It is therefore appropriate for the continued delivery of affordable housing to reflect underlying need.
- 6.9 The analysis, based on the profile and views of respondents, suggests a tenure split of 40.7% social/affordable rented, 28.8% intermediate tenure and 31.4% Starter Homes.
- 6.10 The development of affordable rented accommodation is likely to be restricted as HCA funding is currently channelled towards intermediate tenure. However, the analysis does not take into account the actual ability of individual households to secure a mortgage on an intermediate tenure property. Overall, evidence would suggest an approximate 40% affordable rented and 60% intermediate/Starter Home tenure split.
- 6.11 In summary, key drivers in determining the tenure and type of future development include:
- Delivering additional affordable housing to help offset the identified net shortfall of 22 each year; and diversifying the range of affordable options by developing intermediate tenure dwellings for all age groups include Starter Homes for younger people;
  - The need to continue open market development to satisfy household aspirations, in particular the development of detached houses and bungalows;
  - Developing an increasing range of housing and support products for older people; and
  - The economic viability of delivering affordable housing on sites across Cramlington.

## Future housing market demand

- 6.12 Households intending to move in the open market were asked in the Household Survey 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/expectation. Of households moving, most would like to move to a house (62.5%), 26.4% would like to move to a bungalow and 8.9% to a flat. This compares with 81.8% who expect to move to a house, 7.4% to a bungalow and 10.3% a flat. A much higher proportion would like to move to a detached house (42.1%) but only 24.28% expect to. In contrast, higher proportions expect to move to a semi-detached house (32.6%) than would like to (16.1%). The proportion aspiring to live in a bungalow (26.4%) far exceed the current stock of this form of housing.

- 6.13 Analysis of the 2016 Household Survey findings suggests that on the basis of household aspirations (likes), strongest demand is for detached bungalows with three or four-plus bedrooms and bungalows with one or two bedrooms.
- 6.14 Future development should focus on delivering to address identified mismatches and reflect household aspirations.

### The ageing population and specialist need

- 6.15 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.
- 6.16 In terms of considering housing options for the future, the Household Survey found that older people generally were more likely to consider specialist options, rather than meeting their changing needs through a move in market housing. 24.6% of older households (60 years+) would consider renting sheltered housing and 20.8% would consider Extra Care housing.
- 6.17 Analysis of housing preferences compared with existing stock indicates that the demand for bungalows outstrips the existing supply within Cramlington. The development of open market housing designed for older people, such as bungalows, will be an important part of ensuring the ongoing supply of a range of housing options for older people.

### Final comments

- 6.18 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 Cramlington.
- 6.19 This research has reflected upon the housing market attributes of Cramlington. 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; 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: Housing need
- Technical Appendix D: Stakeholder survey findings
- Technical Appendix E: Monitoring and updating



## Technical Appendix A: Research Methodology

### Overall approach

- A.1 A multi-method approach was adopted in order to prepare a robust and credible Housing Needs Assessment for Cramlington:
- A sample survey of households across Cramlington. A total of 2,650 households were contacted and 512 questionnaires were returned and used in data analysis. This represents a 19.3% response rate overall;
  - A review of relevant secondary data including the 2011 Census, house price trends, CORE lettings data and CLG Statistics; and
  - An online questionnaire of key stakeholders, with six separate responses obtained from representatives from the County Council, the Town Council, housing associations and a community action group.

### Baseline dwelling stock information and survey sample errors

- A.2 Table A1 summarises total dwelling stock and the number of households contacted, achieved responses and sample errors.

Parish	Total Households	Households Contacted	Achieved Response	Response Rate	Representation Rate	Sample error +/-
Cramlington	12,688	2,650	512	19.3%	4.0%	+/-4.2%

Source: Council Tax Data 2016

1. Sample error is based on the 95% confidence interval which is the industry standard to establish result accuracy.

### 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 the most-up-to-date Council Tax data (2016) by both age (under and over 65 years) and tenure. The total by tenure is shown in Tables A2 and A3.

**Table A2 Unweighted sample information obtained**

Area	Tenure			
	Owner Occupied	Private Rented	Affordable	Total
<b>Study Area</b>	430	22	60	512

**Table A3 Weighted sample information for reporting**

Area	Tenure			
	Owner Occupied	Private Rented	Affordable	Total
<b>Study Area</b>	9145	1217	2326	12688

- 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.

### Stakeholder survey

- A.5 Stakeholders identified by Northumberland County Council and Cramlington Town Council were invited to participate in an online survey aimed at identifying a range of information, including establishing the key perceived housing market issues in the Cramlington area. Stakeholders were asked to respond to any of the questions within the survey that they felt related to their area of knowledge or experience.
- A.6 A total of six separate responses to the stakeholder consultation were obtained from representatives from the County Council, the Town Council, housing associations and a community action group. Respondents were asked to answer only the questions that they felt were relevant to their knowledge and experience. The findings of this consultation are set out in Technical Appendix D.

## 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 have been 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 Government's flagship Starter Homes scheme and including provisions relating to other important aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.
- B.5 The European Union Referendum of 23rd June 2016 will have significant implications on emerging policy, with the 'Brexit' discussions creating particular uncertainty regarding economic issues.

### 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 Government's 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 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 Government reaffirm their programme to reform 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"*<sup>15</sup>. 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"*<sup>16</sup>. The Government sets out an intention to support the growth of the private rented

<sup>15</sup> *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 22 para.11

<sup>16</sup> *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 33 Summary

- sector through innovation and investment, to meet continuing demand for rental properties.
- B.11 The National Housing Strategy reaffirms the Government's 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."*<sup>17</sup>
- 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<sup>18</sup>. **Planning Practice Guidance** on a range of more detailed topics has been revised and updated and made available through an online system since March 2014<sup>19</sup>. Planning Practice Guidance document 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.

## Emerging policy and legislation

- 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

<sup>17</sup> National Planning Policy Framework (November 2012), para. 14

<sup>18</sup> <http://planningguidance.communities.gov.uk/>

<sup>19</sup> <http://planningguidance.communities.gov.uk/>

Chancellor George Osborne on 8<sup>th</sup> 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, the Chancellor 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 Budget the Government published a 'Productivity Plan', ***Fixing the foundations: Creating a more prosperous nation*** (10<sup>th</sup> 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 Chancellor of the Exchequer delivered his **Spending Review and Autumn Statement 2015** to Parliament on 25<sup>th</sup> November 2015. Of relevance to housing are:

- An improvement in public finances, so a moderated approach to the reform of Tax Credits/Universal Credit;
- Plans to extend the 'Local Housing Allowance' to social landlords so that the Housing Benefit paid to tenants living in housing association properties will be capped at the LHA rate;



- A new 'Help to Buy Shared Ownership' scheme, removing current 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' – a new 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' will be built over the next five years; these are new build homes available at 20% off the market price to first-time buyers under 40, where the discounted price is less than £250,000 outside London and £450,000 in London. £2.3 billion will be given to housebuilders to provide the 20% discount on new homes;
  - From 1<sup>st</sup> April 2016 an extra 3% in stamp duty will be levied on people purchasing additional properties such as buy-to-let properties or second homes;
  - Right to Buy will be extended to housing association tenants during 2016, giving 1.3 million households the chance to become homeowners;
  - £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;
  - A commitment to extra funding for targeted homelessness intervention.
- B.19 In November 2015, DCLG announced a review of the Community Infrastructure Levy (CIL), which has been in use since April 2010 and seeks to provide a means of collecting developer contributions to infrastructure rather than individually-negotiated Section 106 planning obligations.
- B.20 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.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 Chancellor presented the **Budget 2016** to Parliament. This continued the policy emphasis on 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 by Brandon Lewis on 23<sup>rd</sup> 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).
- 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. Through this Act, the Government aims to take forward proposals to build more homes that people can afford, give more people the chance to own their own home and ensure housing management is improved. 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 Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.
- B.26 On 18th May 2016 the Queen's Speech announced a new **Neighbourhood Planning and Infrastructure Bill**, which will limit the use of pre-commencement planning conditions and reform the compulsory purchase order (CPO) system. It will also strengthen neighbourhood planning by making the making the local authority duty to support neighbourhood planning groups more transparent and improving the process for reviewing and updating local plans.

## Overview of housing policy themes

B.27 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.'*<sup>20</sup>

B.28 Thus 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.29 In line with successive governments, the current Administration continues to seek an increase in the rate of housebuilding, setting a target of delivering one million new homes by 2020. Ongoing reform of the planning system and removing complex regulations are intended to speed up delivery. However, the policy focus is increasingly towards home ownership, with a shift from traditional social rented affordable housing to Starter Homes and shared ownership.

B.30 Following consultation in December 2014, the previous Government launched a national Starter Homes exception site planning policy 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."*<sup>21</sup> Sites where these homes are to be delivered are exempt from affordable housing requirements and the CIL.

B.31 In January 2016, the Prime Minister announced<sup>22</sup> 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:

- Northstowe, Cambridgeshire;
- Daedalus Waterfront, Hampshire;
- Old Oak Common, London;
- Connaught Barracks, Kent; and
- Lower Graylingwell, Chichester.

<sup>20</sup> <https://www.gov.uk/government/topics/housing>

<sup>21</sup> <https://www.gov.uk/government/speeches/housing-and-planning>

<sup>22</sup> <https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes>

- B.32 A range of financial incentives to encourage new housing development have been implemented. Since New Year 2016, a £1.2 billion Starter Homes Fund has been announced<sup>23</sup>, designed to prepare brownfield sites for at least 30,000 homes, along with £6.3 million of Housing Zones funding<sup>24</sup> for the 20 Housing Zones designated in March 2015. Together with eight further potential Zones these areas are considered to have the potential to deliver up to 45,000 new homes.
- B.33 Other projects to help finance housing development include:
- Get Britain Building programme,
  - Builders Finance Fund,
  - New Homes Bonus,
  - Build to Rent Fund,
  - Community Right to Build.
- B.34 To increase the supply of affordable rented homes the previous Government introduced the affordable rent model<sup>25</sup>, aimed at giving providers greater flexibility on rents and use of assets, whilst at the same time providing affordable housing for people in need. In July 2014 the Homes and Communities Agency announced the Affordable Homes Programme for 2015 to 2018, which aims to invest £1.7 billion in new affordable housing to deliver 165,000 new homes by March 2018.
- B.35 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. As part of the 2013 budget, £450 million was announced to support the delivery of up to 30,000 affordable homes in this way.

### Improving the quality of rented housing

- B.36 The Government have implemented a number of actions to improve the quality and quantity of properties for rent.

### *Social rented housing*

- B.37 Since 2010 a series of social housing reforms have been introduced including:
- Allowing local flexibility on waiting lists (allocations) and tenancy arrangements;
  - Helping social landlords stop tenant fraud and anti-social behaviour;

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<sup>23</sup> <https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes>

<sup>24</sup> <https://www.gov.uk/government/news/tens-of-thousands-of-homes-supported-by-housing-zone-funding>

<sup>25</sup> Allows Registered Providers to charge no more than 80% of local market rent for affordable housing.

- Changing the housing revenue account subsidy system to a locally-controlled system where local authorities are responsible for their housing services;
- 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.38 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. There have been a number of policy changes with implications for social rented accommodation since the General Election 2015. Many of these policies are to be implemented through the Housing and Planning Act 2016:

- Limiting new secure tenancies (for new council tenants);
- ‘Pay to Stay’, requiring tenants to pay market rents once their taxable income exceeds £31,000, or £40,000 in London but with a taper of 15p in the pound for every pound over the threshold;
- Rent cut of 1% per year for social renters with a household income of less than £60,000 (for four years from April 2016);
- 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 have led to the Government pledging to repeal the powers in the Housing and Regeneration Act 2008 which caused the reclassification.

### *Private rented housing*

B.39 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 include:

- 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 plans for the creation of a database of rogue landlords and agents and the power to impose civil penalties;
- £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.40 The primacy of home ownership remains central to the Government's housing policy approach. A number of measures promote homeownership<sup>26</sup>, 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 is to be met in lieu of delivering affordable housing on these sites.
- Help to Buy, which includes several current products<sup>27</sup>:
  - 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, some may be sold at a 25-50% discount. There are a number of criteria, including some set locally by the relevant council and housing 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.

<sup>26</sup> <https://www.ownyourhome.gov.uk/>

<sup>27</sup> <https://www.helpstobuy.gov.uk/>

- 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, announcing 11 local authorities to become Right to Build 'vanguards' in September 2014 and passing the Self-Build and Custom Housebuilding Act 2015. This Act requires councils to maintain a register of those who have expressed an interest in buying serviced plots.
- 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.41 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.42 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.43 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.44 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. The Care and Support Specialised Housing Fund is on track to deliver 4,000 new homes and a further allocation of £84.2 million announced in March 2016 will provide a further 2000 homes.
  - In January 2016 the Government announced that supported housing would be excluded from the 1% rent cut for 2016/17; however, welfare and other funding reforms have already had a significant impact on the financial viability of both existing and proposed supported housing schemes;
  - In March 2016 the Government also announced that there would be a delay in plans to apply local housing allowances to housing benefit and universal credit claims for disabled and older people within 'specialist housing' until April 2017;
  - 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.45 Other projects of relevance to housing include the 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.46 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.
- B.47 Launched in February 2016 the NHS's Healthy New Towns initiative seeks to deliver 76,000 new homes on 10 sites throughout the UK. They are:
- Whitehill and Bordon, Hampshire;
  - Darlington;
  - Cranbrook, Devon;
  - Ebbsfleet Garden City, Kent;
  - Barking Riverside;
  - Bicester, Oxfordshire;
  - Northstowe, Cambridgeshire;
  - Whyndyke Farm in Fylde, Lancashire;
  - Barton Park, Oxford; and
  - Halton Lea, Runcorn.



- B.48 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.49 From the April 1<sup>st</sup> 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.50 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.51 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 Funding, 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.52 On 17<sup>th</sup> 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”<sup>28</sup>. 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. Ministers are also set to consider the option of imposing a new legal ‘duty to prevent’ on local authorities.
- B.53 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 are still considering the proposed imposition of a new legal ‘duty to prevent’ on local authorities and this measure was not included in the March Budget as expected.

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<sup>28</sup> <https://www.gov.uk/government/news/radical-package-of-measures-announced-to-tackle-homelessness>

## National housing reviews

- B.54 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.55 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.56 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

## Summary of contents

### Stage 1: Current housing need (gross backlog)

- Step 1.1 Homeless households and those in temporary accommodation
- Step 1.2 Overcrowding and concealed households
- Step 1.3 Other groups
- Step 1.4 Total current housing need (gross)

### Stage 2: Future housing need (gross annual estimate)

- Step 2.1 New household formation (gross per year)
- Step 2.2 Proportion of new households unable to buy or rent in the market
- Step 2.3 Existing households falling into need
- Step 2.4 Total newly-arising housing need (gross per year)

### Stage 3: Affordable housing supply

- Step 3.1 Affordable dwellings occupied by households in need
- Step 3.2 Surplus stock
- Step 3.3 Committed supply of new affordable housing
- Step 3.4 Units to be taken out of management
- Step 3.5 Total affordable housing stock available
- Step 3.6 Total supply of social re-lets (net)
- Step 3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels
- Step 3.8 Annual supply of affordable housing

### Stage 4: Estimate of annual housing need

- Step 4.1 Total backlog need
- Step 4.2 Quota to reduce over 5 years (20%)
- Step 4.3 Annual backlog reduction
- Step 4.4 Newly-arising need
- Step 4.5 Total annual affordable need
- Step 4.6 Annual social rented capacity
- Step 4.7 Net Annual Shortfall

## 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 2016 Household Survey and secondary data provide a robust range of information to quantify housing need in Cramlington 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. 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 C1 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 Cramlington. 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 C1 CLG Needs Assessment Summary for Cramlington**

		Calculation	Cramlington
Step	Stage and Step description	Total households >>>	12688
Stage1: CURRENT NEED			
1.1	Homeless households and those in temporary accommodation	Annual requirement	114
1.2	Overcrowding and concealed households	Current need	116
1.3	Other groups	Current need	684
1.4	Total current housing need (gross)	Total no. of households with one or more needs	870
1.4A	TOTAL cannot afford open market (buying or renting)	%	34.2%
		Number	298
Stage 2: FUTURE NEED			
2.1	New household formation (Gross per year)	Based on average of past trends, national rate and aspirations to form	189
2.2	Number of new households requiring affordable housing	%	46.5%
		Number	88
2.3	Existing households falling into need	Annual requirement	10
2.4	TOTAL newly-arising housing need (gross each year)	2.2 + 2.3	98
Stage 3: AFFORDABLE HOUSING SUPPLY			
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	161
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	0
3.3	Committed supply of new affordable units	See comment at C.24	0
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	161
3.6	Annual supply of social re-lets (net)	Annual Supply (3yr ave.)	100
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply (3yr ave.)	4
3.8	Annual supply of affordable housing	3.6+3.7	103
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED			
4.1	Total backlog need	1.4A-3.5	137
4.2	Quota to reduce over 5 years (20%)		
4.3	Annual backlog reduction	Annual requirement	27
4.4	Newly-arising need	2.4	98
4.5	Total annual affordable need	4.3+4.4	125
4.6	Annual affordable capacity	3.8	103
4.7	NET ANNUAL IMBALANCE (4.5-4.6)	NET	22

Source 2016 Household Survey; RP Core Lettings and Sales data

#### IMPORTANT NOTES:

At Stage 1, the figure at 1.4 is not a direct sum of steps 1.1 to 1.3 as some households may have more than one housing need (for instance they may be overcrowded and also have some other need). The figure of 870 is the total number of households with one or more housing needs.

## 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 C2.

Table C2 Summary of current housing need across Cramlington		
Category	Factor	No. Households
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	114
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	117
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	116
	N4 Too difficult to maintain	250
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	83
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	171
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	11
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	142
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	187
Total no. households in need		870
Total Households		12,688
% households in need		6.9%

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

Source: 2016 Household Survey

### 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 The Household Survey identified a total of **114** households who were either under threat of homelessness or were living in temporary accommodation across Cramlington. This figure has been used in needs assessment modelling.

### Step 1.2 Overcrowding and concealed households

- C.7 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.8 Analysis identifies **116** households who are currently living in overcrowded accommodation or are concealed households and are intending on moving in the next 5 years.

### Step 1.3 Other groups

- C.9 Table C2 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.10 A total of **684** households across Cramlington 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.11 Having established the scale of need in Steps 1.1, 1.2 and 1.3, total current housing need from existing households across Cramlington before any analysis of the ability of households to afford open market solutions is **870**.
- C.12 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 on 3.5 x gross annual income of the respondent and partner (if applicable). To this is added any equity and savings



information to derive an affordability threshold. Regarding buying on the open market, the affordability threshold is compared with lower quartile property prices. It is possible to afford to buy a property if the affordability threshold is greater than lower quartile property prices. A private rented property is affordable if the rent is no more than 25% of gross household income.

- C.13 Lower quartile prices and rents at parish level for 2015 which were used in affordable testing were derived using Land Registry and Zoopla rental address-level data (Table C3).

Table C3 Lower quartile house prices (2015)		
Parish	Lower quartile house price (£)	Lower Quartile Private Rent (£)
Cramlington	£94,000	£425

Source: Land Registry and Zoopla

- C.14 Applying the affordability test to existing households in need establishes that 34.2% could not afford lower quartile prices or rents or **298** households.

### Step 2.1 New household formation (gross per year)

- C.15 The needs analysis assumes household formation based on an average of past household formation trends; a 1.688% gross household formation rate based on the latest three year average national rate reported in the English Housing Survey over the period 2010/11 to 2012/13; and the anticipated level of household formation over the next 3 years. Modelling assumes a gross household formation rate of **189** households each year.

### Step 2.2 New households unable to buy or rent in the open market

- C.16 Analysis of lower quartile market prices relative to the income/savings of households who are expecting to form in the next three years indicates that 46.5% overall could not afford lower quartile house prices or private sector rents.
- C.17 Therefore, the total number of newly-forming households who could not afford open market prices or rents across Cramlington is calculated to be **88** each year.

### Step 2.3 Existing households expected to fall into need

- C.18 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, an annual average of **10** 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.19 Total newly arising need is calculated to be **98** households each year across Cramlington.

## Stage 3: Affordable housing supply

- C.20 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.21 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<sup>29</sup>.
- C.22 A total of **161** 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.23 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 Cramlington.

### Step 3.3 Committed supply of new affordable units

- C.24 There is on-going delivery of affordable housing. Any additional affordable housing will help offset the identified requirements. It is anticipated that over the period 2016-21 a total of 52 affordable dwellings are to be built in Cramlington. If these are built, the underlying annual net imbalance would reduce to 11 each year.

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<sup>29</sup> Strategic Housing Market Assessment Guidance (CLG, August 2007)

### Step 3.4 Units to be taken out of management

- C.25 The model assumes there will be no social rented units taken out of management over the next five years.

### Step 3.5 Total affordable housing stock available

- C.26 It is assumed that there are **161** social (affordable) rented dwellings available over the 5 year period arising from households moving within the stock.

### Step 3.6 Annual supply of social re-lets

- C.27 The CLG model considers the annual supply of social re-lets. Address-level RP CORE lettings data for the three year period years 2010/11 and 2011/12 and 2012/13 is available for analysis. 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 Cramlington and households moving within the social rented stock; and
  - **Include** households who moved from within Cramlington into social renting from another tenure; newly-forming households originating in Cramlington and moving in social renting; and households moving from specialist/supporting housing from within Cramlington into affordable housing.
- C.28 Analysis suggests that there is an annual average of **100** social rented dwellings let to new tenants i.e. households originating in Cramlington who either moved into social renting from another tenure, were newly-forming households, or who moved from supported/specialist accommodation. Table C4 illustrates how the annual capacity figure is broken down by designation (general needs and older person) and property size.

### Step 3.7 Annual supply of intermediate re-lets/sales

- C.29 11 intermediate re-lets/sales were reported in Cramlington over the three year period 2010/11, 2011/12 and 2012/13 are recorded in CORE Sales data, or a rounded average of **3** each year.

### Summary of Stage 3

- C.30 Overall, the model assumes an existing affordable supply of **161** and an annual supply of **100** social/affordable lettings and an annual supply of **3** intermediate tenure lettings/sales.

## Stage 4: Estimate of annual housing need

### Overview

- C.31 Analysis has carefully considered how housing need is arising within Cramlington 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.32 This has been reconciled with the supply of affordable dwellings which considers size and designation (i.e. for general needs or older person). Based on the CLG modelling process, analysis suggests that there is an overall net annual imbalance of **22** dwellings. Any additional newbuild figures would reduce this figure.
- C.33 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 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.34 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.35 Step 4.1 is the total backlog need which is derived from the number of households identified to be in housing need who cannot afford open market prices (298) minus the total affordable housing stock available (161). 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.36 The affordability threshold was then tested against lower quartile property prices and the cost of privately renting. Lower quartile prices at area level for the period 2015 were derived using Land Registry address-level data and Zoopla rental data (Table C3).
- C.37 Overall, 34.2% of households in need could not afford open market prices or rents, resulting in a total of **298** existing households in need who wanted to move to offset their need and could not afford open market solutions. After taking into account affordable housing stock available (161) the final figure for total backlog need is **137**.

### Steps 4.2 to 4.6

- C.38 Step 4.2 is a quota to reduce the total backlog need which is assumed to be 20% each year. This is a standard assumption of 20% suggested in the CLG guidance.

- C.39 Step 4.3 is the annual backlog reduction based on step 4.2 (**27** each year).
- C.40 Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need (**98** each year).
- C.41 Step 4.5 is the total annual affordable need based on steps 4.3 and 4.4 (**125** each year).
- C.42 Step 4.6 is the annual social rented/intermediate tenure capacity based on step 3.8 (**103** each year).

### Step 4.7 - Total gross and net shortfalls

- C.43 Table C5 summarises the overall annual gross and net affordable housing requirements for Cramlington by designation (general needs and older person) and property size.

Table C4 Annual affordable imbalance 2016/17 to 2020/21				
Designation	No. Bedrooms	Gross	Affordable Supply	Net
General Needs	1	24	28	-4
	2	48	40	8
	3	40	28	12
	4+	0	2	-2
Older person	1	2	3	-1
	2+	11	2	9
<b>Total</b>		<b>125</b>	<b>103</b>	<b>22</b>

### Tenure and dwelling type profile of affordable dwellings

- C.44 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% 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.45 Households were asked to state tenure preferences. Table C5 summarises the preferences of both existing households in need and newly forming households by tenure. Overall, this gives a tenure split of 40.7% social/affordable rented, 28.8% intermediate tenure and 31.4% starter homes across Cramlington.

**Table C5 Affordable tenure preferences**

Tenure	Existing households in need (%)	Newly-forming households (%)	Total (%)
Affordable (Social) Rent	79.3	29.5	40.7
Intermediate Tenure	20.7	30.4	28.8
Starter Homes	0.0	40.1	31.4
Total	100.0	100.0	100.0
Base (annual requirement)	27	98	125

Source: 2016 Household Survey

C.46 An analysis of the ability of existing households in need and newly-forming households to afford intermediate tenure is summarised in Table C6. Analysis suggests that intermediate tenure options are relatively more affordable to existing households in need, with 54.8% of both existing and newly-forming households able to afford a property priced at up to £80,000; and 25.3% able to afford a property priced at up to £100,000.

**Table C6 Ability of existing households in need and newly-forming households requiring affordable housing to afford intermediate tenure dwellings**

Price	% could afford		
	Existing households in need	Newly-forming households	Total
up to £80,000	61.3	53.0	54.8
up to £100,000	61.3	15.3	25.3
up to £120,000	61.3	4.2	16.6
Base	27	98	125

Source: 2016 Household Survey

### *Dwelling type*

C.47 Table C7 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 and flats is a priority (with 44.9% stating an expectation of moving to a house and 46.9% flat), followed by bungalows (8.2%).

<b>Table C7      Property type preferences</b>			
<b>Type preferences</b>	<b>Existing (%)</b>	<b>Newly-forming (%)</b>	<b>Total (%)</b>
House	67.0	30.1	44.9
Flat/Apartment	16.8	67.2	46.9
Bungalow	16.2	2.7	8.2
Total	100.0	100.0	100.0
Base	27	98	125

Based on expectations of existing households in need and expectations of households intending on forming in the next five years

Source: 2016 Household Survey



## Technical Appendix D: Stakeholder survey findings

- D.1 Stakeholders identified by Northumberland County Council and Cramlington Town Council were invited to participate in an online survey aimed at identifying a range of information, including establishing the key perceived housing market issues in the study area. Stakeholders were asked to respond to any of the questions within the survey that they felt related to their area of knowledge or experience.
- D.2 A total of six separate responses to the stakeholder consultation were obtained from representatives from the County Council, the Town Council, housing associations and a community action group. Respondents were asked to answer only the questions that they felt were relevant to their knowledge and experience. The findings of this consultation are set out below.

### *Stakeholder views on the housing market*

- D.3 Stakeholders were asked in the online survey to identify what they perceive to be the main drivers of housing demand in the study area. The following views were expressed:
- Growth in economic activity in Cramlington, including the new hospital and new businesses;
  - Commuter demand (employment in Cramlington, Newcastle and North Tyneside) and in-migration due to relatively affordable private sector housing;
  - Demand from outside the area has contributed to boosting the prices, making it unaffordable for local, newly-forming households;
  - An ageing population; and
  - Improvements to health and social care services, with people with special needs living longer and in the community.
- D.4 In terms of current weaknesses of the housing market in the study area, the following were noted by the stakeholders:
- Lack of affordable housing, particularly smaller affordable rented housing;
  - Lack of diversity within the housing stock in general;
  - Lack of housing for older people;
  - Lack of specialist housing, and a lack of options for independent living, particularly 'group' options which would support people with specialist needs to live in 'clusters' to promote mutual support and more efficient service delivery;
  - Lack of infrastructure (schools, shops, etc) to support new housing development in south east Northumberland;
  - Lack of new-build activity due to landowners not bringing land forward for development, and delays in the planning system;

- Finance implications of the post-Brexit climate could impact on mortgage availability; and
  - Buy-to-let has become less profitable in recent years, with impacts on the housing market.
- D.5 The stakeholders who responded to the survey identified the following characteristics of households driving demand:
- Single person households;
  - Families with children, including in-migrants to the area;
  - Young people seeking affordable homes;
  - Older people seeking to downsize; and
  - People with learning disabilities, dementia and young adults with support needs.
- D.6 In terms of house prices and market trends, one stakeholder felt that the future was uncertain. Another anticipates a steady increase in house prices as developments and improvements are undertaken in the area. Concern was also expressed regarding the affordability of home ownership, with large deposits needed for first-time buyers to access owner occupied housing.
- D.7 Affordability was acknowledged to be a problem in Cramlington, particularly for local people who have grown up in the town. One respondent highlighted the lack of affordable housing to rent.
- D.8 When asked whether there is much new build housing development in Cramlington, one stakeholder said yes. Another respondent commented that there are also outstanding planning permissions for a significant number more new homes.
- D.9 In terms of the demand profile for new homes, one stakeholder expected that the emphasis on constructing family homes results in much being sold to in-migrants. Demand for specialist housing from people with learning disabilities, dementia and young adults was also highlighted.
- D.10 Asked whether demand for new-build housing comes from households living within the study area or people moving into Cramlington, one respondent confirmed that there is demand for both but considered that “a sizeable number” will be incomers. By contrast, demand for specialist housing is considered to predominantly come from people living within the study area.
- D.11 When asked where new housing should be developed, one stakeholder referred to Local Plan allocations and available land. In relation to specialist housing, population centres in the south east of Northumberland were considered the most appropriate locations to meet the distribution of needs.
- D.12 Respondents were asked to identify what types of housing they thought should be built and the following points were made:
- The majority should continue to be family housing;
  - Increased provision of older people’s housing;
  - Apartment-style developments suited to single person households and older people; and

- Specialist housing for those with support needs, including ‘cluster’ developments suitable for people with learning disabilities; two-bedroom bungalows for those with dementia and accommodation with flexible space for younger people.
- D.13 One stakeholder confirmed an interest in new development in the area, but none of the respondents acknowledged having any landholdings in Cramlington at the time of the online survey. None of the stakeholders are currently developing affordable housing products in the study area, although one stated that their organisation is looking at options to re-enter the market.
- D.14 In terms of barriers to development, one of the respondents mentioned cost and uncertainty, particularly regarding the market for shared ownership.
- D.15 Stakeholders were asked how they saw the market for new-build housing developing over the short to medium term. There was limited response to this question; one stakeholder considered the outlook to be positive, with major new developments coming on-stream.
- D.16 When asked what the key messages were that stakeholders wanted to see regarding housing markets in the study area, the following points were made:
- Increased diversity of housing provision;
  - More affordable housing; and
  - Greater support for the provision of specialist housing.

#### *Stakeholder views on housing priorities*

- D.17 The online survey asked stakeholders to rank a range of housing priorities as high, medium or low. Overall respondents felt that building executive homes was a low priority. Building homes to buy on the open market and building affordable homes to buy (shared ownership, shared equity, Starter Homes, rent to buy, etc) were considered medium priorities overall. Building affordable homes to rent, building properties designed for older people and improving the quality of existing stock were ranked as medium to high priorities by all stakeholders. Building properties designed for people with specialist needs was predominantly considered a medium to high priority, but with one stakeholder ranking it as low priority.
- D.18 Stakeholders gave a range of reasons for identifying these priorities, including:
- There is a lack of affordable housing and demand exceeds supply;
  - There is a lack of housing for older people in both the public and private sector;
  - There is a lack of specialist needs accommodation across the County as a whole; and
  - Improving existing stock would be better than building new homes.
- D.19 When asked to identify other additional priorities stakeholders identified the following points:
- Focusing new building on brownfield sites:

- Ensuring new homes have the necessary infrastructure; and
- Developing apartments for independent living, of which there are few in Cramlington.

#### *Stakeholder views on the private rented sector*

- D.20 The online stakeholder survey asked respondents for their view on the size of the private rented sector. One stakeholder considered that demand for PRS housing would suggest that the sector is too small. Another expressed the opinion that the PRS is not homogenous and the offer varies between landlords.
- D.21 In terms of the demand profile, one stakeholder noted that the flexibility offered by private renting might be particularly attractive to young people and newly-forming households.
- D.22 There was limited feedback from the stakeholders on the other survey questions relating to the PRS in Cramlington.

#### *Stakeholder views on affordable housing*

- D.23 The online survey asked stakeholders a series of questions relating to affordable housing within the study area.
- D.24 Asked whether they consider Decent Homes targets have been achieved, one stakeholder stated yes, they have been.
- D.25 One stakeholder stated that their stock profile includes a mix of property types and sizes, and a varied client group who are generally very satisfied with their affordable housing provision. The respondent confirmed that they are not currently not developing affordable products in Cramlington, but are looking at future opportunities.
- D.26 In terms of ethnic minority groups, one stakeholder said that they have not had demand or applications for properties from the BAME community. Another respondent said that BAME groups constitute a small proportion of the population and there have been no major issues to deal with. They stated that Cramlington will soon be accepting Syrian refugees and this will be monitored.
- D.27 The stakeholders were asked if anti-social behaviour is a problem in Cramlington. One respondent said no, while another said that this is a problem.
- D.28 In terms of the key message for the HNA in respect of affordable housing, one stakeholder highlighted the continued high demand for affordable rented housing - even though the national policy approach is away from this and toward shared ownership and other home ownership tenures.

#### *Stakeholder views on older people's and specialist housing*

- D.29 In the online survey of stakeholders, one respondent identified that they work with people with specialist needs, including people with disabilities.
- D.30 In terms of observed changes in their client groups and support services, stakeholders reported increased demand from older elderly groups (85+ years).

In addition, it was noted that improvements to health and care services mean that people with learning disabilities are living longer. This has increased the demand for support services, helping these groups of people to live independently within the community for longer.

- D.31 Asked what type and size of housing should be built to meet the requirements of older people, one respondent commented that this will vary according to the needs of older people, and their financial means. They suggested that initiatives such as co-housing should be investigated.
- D.32 Asked what they felt the key messages in the HNA should be in relation to supporting/independent living/older people the following points were made by the responding stakeholders:
- There is a need for housing schemes to support independent living for people with learning disabilities, including a consideration of 'cluster' homes;
  - There is a need to consider innovative approaches to supported accommodation for people with dementia; and
  - There is a need for flexible developments for young adults requiring support.

## 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 Cramlington 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 RSL 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 Borough 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 Cramlington. 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.