

Haltwhistle and Surrounding Parishes

Housing Needs Assessment

for

Northumberland County Council

Final Report

January 2021

Main Contact: Chris Broughton
Email: chris.broughton@arc4.co.uk
Telephone: 07901 048851
Website: www.arc4.co.uk

© 2020 arc⁴ Limited (Company No. 06205180)



This report takes into account the particular instructions and requirements of our client. It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party.

arc⁴ Limited accepts no responsibility or liability for, and makes no representation or warranty with respect to, the accuracy or completeness of any third-party information (including data) that is contained in this document.

Registered Address: arc4, 41 Clarendon Road, Sale, Manchester, M33 2DY

Email: businessteam@arc4.co.uk www.arc4.co.uk

arc4 Limited Registered in England & Wales 6205180 VAT Registration No: 909 9814 77

Directors - Helen Brzozowski - Michael Bullock

Table of Contents

1.	Introduction and study method.....	5
2.	Area profile	6
	Introduction	6
	Dwelling characteristics	6
	Population and household characteristics	10
	Area profile key findings	12
3.	Local house prices, rents and affordability	13
	Introduction	13
	Local rents and the household income required to service a rent.....	13
	House prices	14
	Local Household income and the affordability of housing.....	15
	Key findings: local house prices, rents and affordability.....	18
4.	Local Area Housing Need	19
	Introduction	19
	Affordable Rented Housing.....	19
	Intermediate housing and affordable home ownership	22
	Market housing	23
	Key findings of the analysis of local area housing need	24
5.	Further contextual information	25
	Estate and letting agents.....	25
	Registered providers	25
6.	Summary of key findings and conclusions	27
7.	Data appendix	28
8.	Appendix: Is the gross need of 49 households over 5 years a reasonable estimate?...	32

List of Tables

Table 3.1	Local area average rents (£ per calendar month (£pcm)) compared to Northumberland averages	13
Table 3.2	Average market rents and income required (Haltwhistle area).....	13
Table 3.3	Tyneside BRMA Local Housing Allowance rates.....	14
Table 3.4	Income required to service the rent at LHA rates	14
Table 3.5	Local prices compared to Northumberland prices by dwelling type.....	15
Table 3.6	Income needed to service a mortgage at lower quartile and median price points	15

Table 3.7	CAMEO Household income midpoint (£ p.a.).....	15
Table 3.9	The affordability of low-cost home ownership products	17
Table 4.1	Stages 1 and 2, gross flow of households in affordable need	19
Table 4.2	Stages 3 and 4, estimate of supply and net requirement	21
Table 4.3	Overall affordable need by number of bedrooms.....	22
Table 4.4	Comparison of bedrooms needed to the current stock	22
Table A1	Tenure	28
Table A2	Tenure: HRP aged 65 or over	28
Table A3	Number of bedrooms.....	28
Table A4	Tenure by number of bedrooms (parishes only).....	29
Table A5	House type by tenure (parish only).....	29
Table A6	Population age structure.....	29
Table A7	Population projections in broad age bands.....	30
Table A8	Household composition	31
Table A 8.1	Estimate annual affordable need using arc4 prevalence rates	33

List of Figures

Figure 2.1	Tenure of households.....	7
Figure 2.2	Tenure of households with HRP aged 65 or over	7
Figure 2.3	Number of bedrooms.....	8
Figure 2.4	Number of bedrooms by tenure (Haltwhistle area only)	9
Figure 2.5	Dwelling type by tenure	10
Figure 2.6	Age distribution (people)	10
Figure 2.7	County population projections 2018-2043	11
Figure 2.8	Household type	12

1. Introduction and study method.

- 1.1 The aim of this study is to gain an understanding of the housing market in the Haltwhistle neighbourhood area and any deficiencies in it, and to identify the need for affordable housing.
- 1.2 The study examines the factors that are driving unmet need for housing such as local imbalances between local housing and households; house prices, rents, affordability and population trends.
- 1.3 The methodology for assessing affordable need involves estimating the level of need from the Northumberland County Council (NCC) housing register. These findings are compared to those arrived at using different methods, one involving data from an NCC household survey in 2012 another involving prevalence rates for housing need.
- 1.4 The study area comprises the parishes of:
 - Featherstone;
 - Greenhead;
 - Haltwhistle;
 - Melkridge; and
 - Plenmeller with Whitfield.

2. Area profile

Introduction

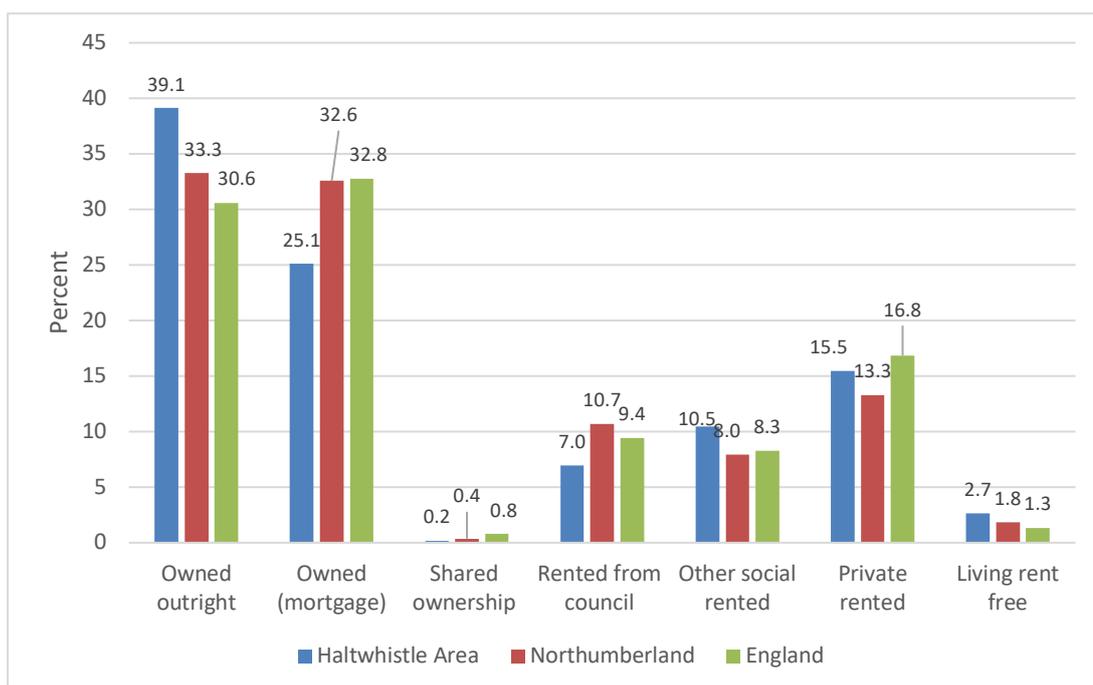
- 2.1 This section examines the imbalances between local household characteristics and the characteristics of the local housing capacity across all tenures.
- 2.2 According to the census 2011 there were 4,972 people living in 2,261 households within the study area. The average household size was 2.2 persons per household which is less than the average for England (2.3) but more than the average for Northumberland county (2.13).
- 2.3 The census 2011 revealed that there were 2,416 household spaces (156 with no usual residents). Valuation office agency data reported 2,476 dwellings in 2018 suggesting growth of around 60 dwellings (2,476 minus 2,416).
- 2.4 Data in the following figures is presented as proportions (percentages) as this is the most effective means of comparison between geographies. The numbers from which the percentages are derived are stated in the data appendix.

Dwelling characteristics

Tenure

- 2.5 Figure 2.1 shows that the area had an above average level of dwellings that were owned outright and were 'other social rented' compared to Northumberland and England as a whole (the wider geographies). The area had a smaller proportion of dwellings owned subject to mortgage and rented from the council. Regarding rented housing there is a slightly larger proportion of social rented housing than private rented housing but both proportions are similar to county and national averages.

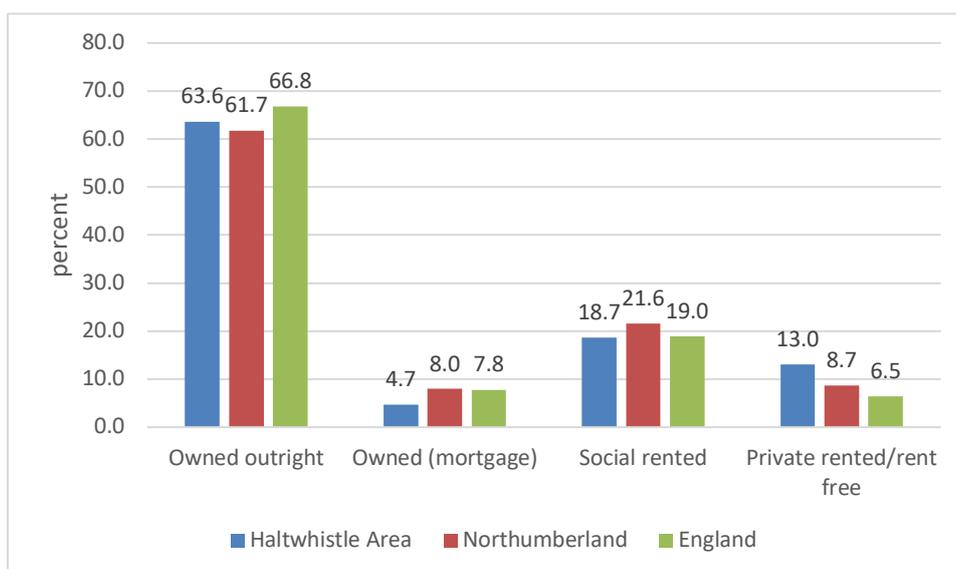
Figure 2.1 Tenure of households



Source Census 2011

2.6 Analysis of the tenure of households with the household representative person aged 65 and over shows lower proportions of households with a mortgage and those social renting than the wider geographies. However, a larger proportion live in the private rented sector or live rent free than the wider geographies. Nearly two thirds of households in this group own their homes outright across all geographies.

Figure 2.2 Tenure of households with HRP aged 65 or over

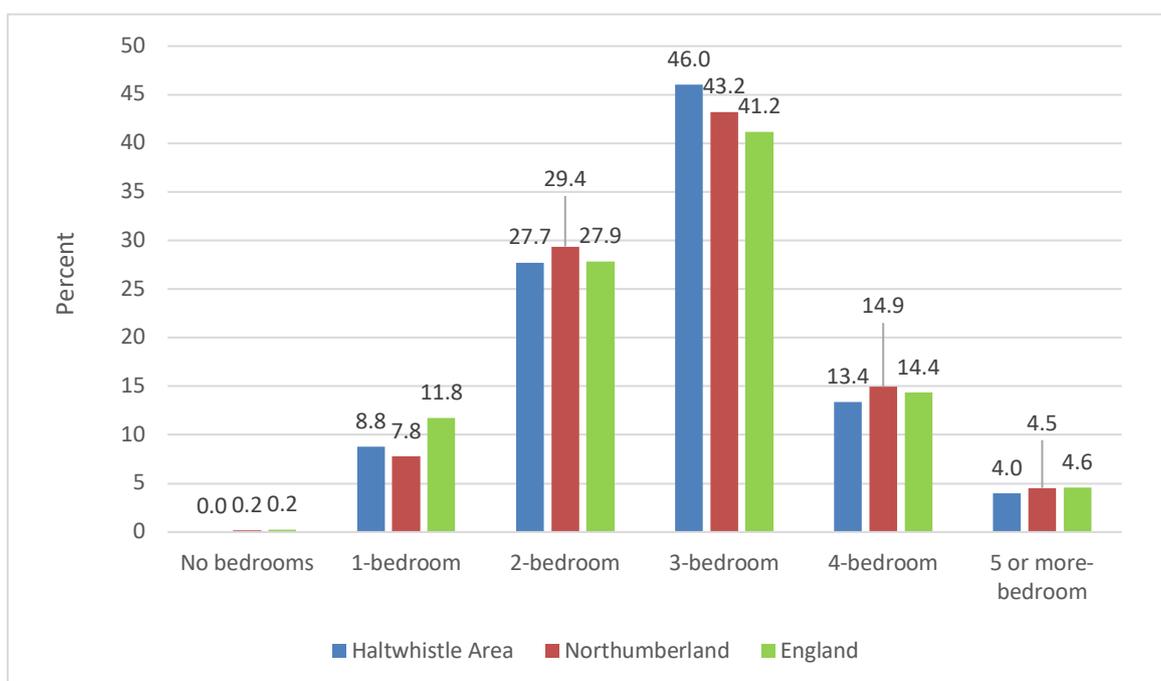


Source Census 2011

Number of bedrooms

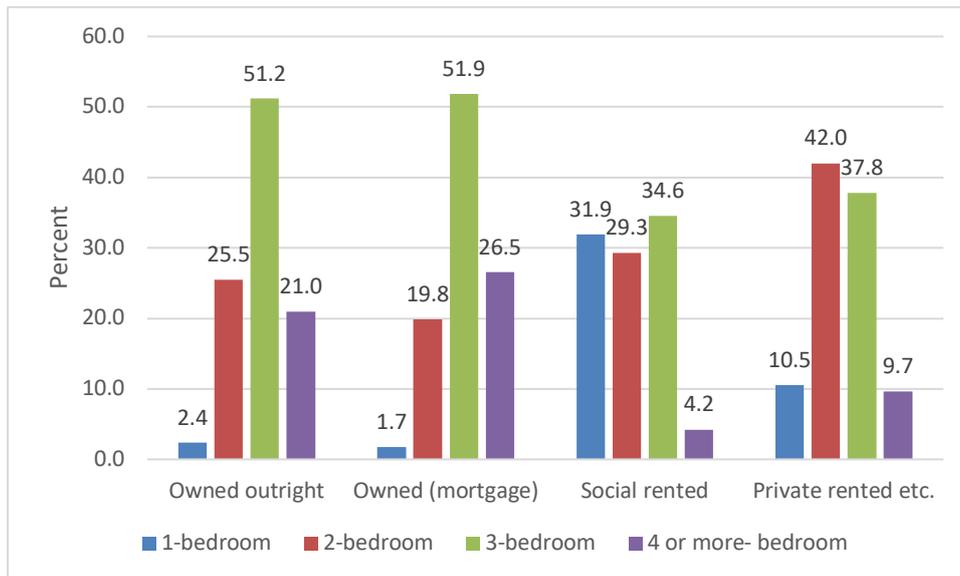
- 2.7 The Haltwhistle area has a larger proportion of 3-bedroom dwellings than the wider geographies.

Figure 2.3 Number of bedrooms



Source Census 2011

- 2.8 Analysis of the number of bedrooms by tenure within the Haltwhistle area is especially important and will feature in other parts of our analysis. It is noteworthy that there was a smaller proportion of 4 or more-bedroom dwellings in the social rented sector. Also, the social rented sector had a similar proportion of 1, 2 and 3-bedroom homes unlike the owner-occupied sector which had a large proportion of 3-bedroom homes. The private rented sector had the largest proportion of 2-bedroom homes compared to the other tenures.

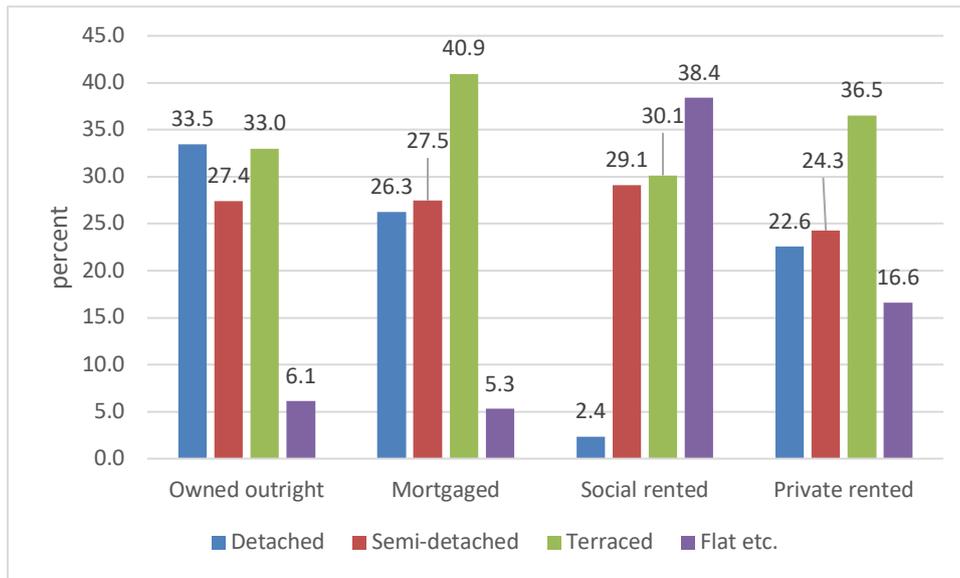
Figure 2.4 Number of bedrooms by tenure (Haltwhistle area only)

Source Census 2011

Dwelling type

- 2.9 In the Haltwhistle area, the largest proportion of outright homeowners lived in detached dwellings with a slightly lower proportion living in terraced dwellings. The largest proportion of homeowners with a mortgage lived in terraced dwellings. The largest group of social renters lived in flats which are also present in the private rented sector, but flats were less of a feature of home-owner occupancy.

Figure 2.5 Dwelling type by tenure

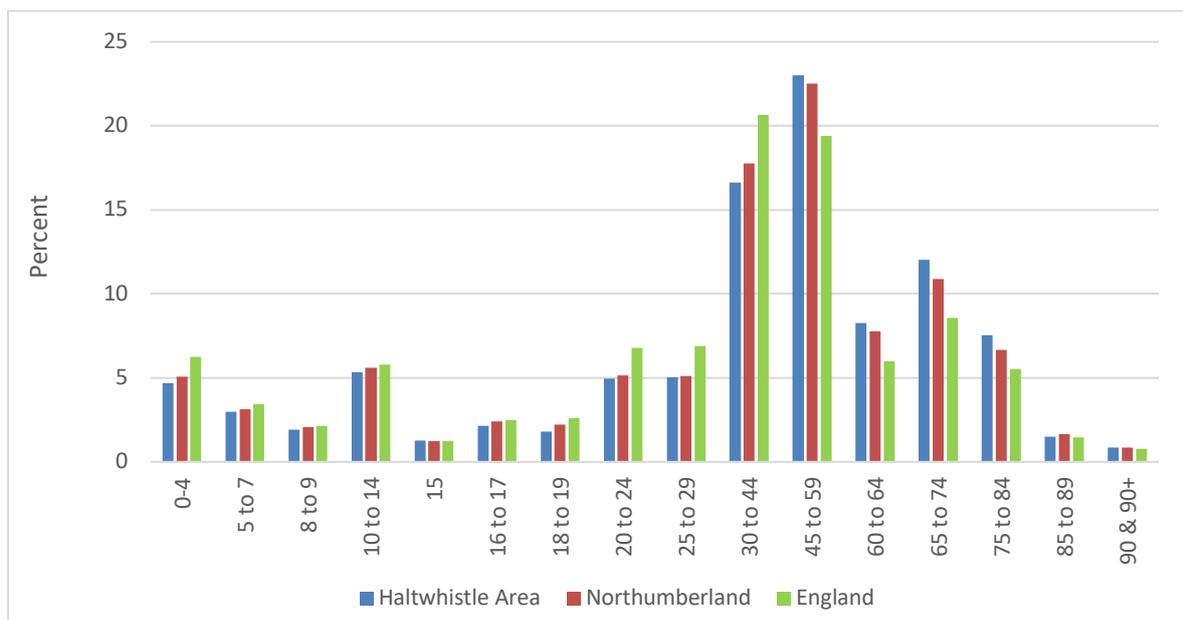


Source Census 2011

Population and household characteristics

2.10 The population profile of the local area according to the census showed that the age group with the largest proportion of people was those aged 45-59 or over. The local population had higher proportions of people in this age group and older age groups up to those 84 years of age than the wider geographies. There was a smaller proportion of children and young adults resident in the local area compared to the wider geographies.

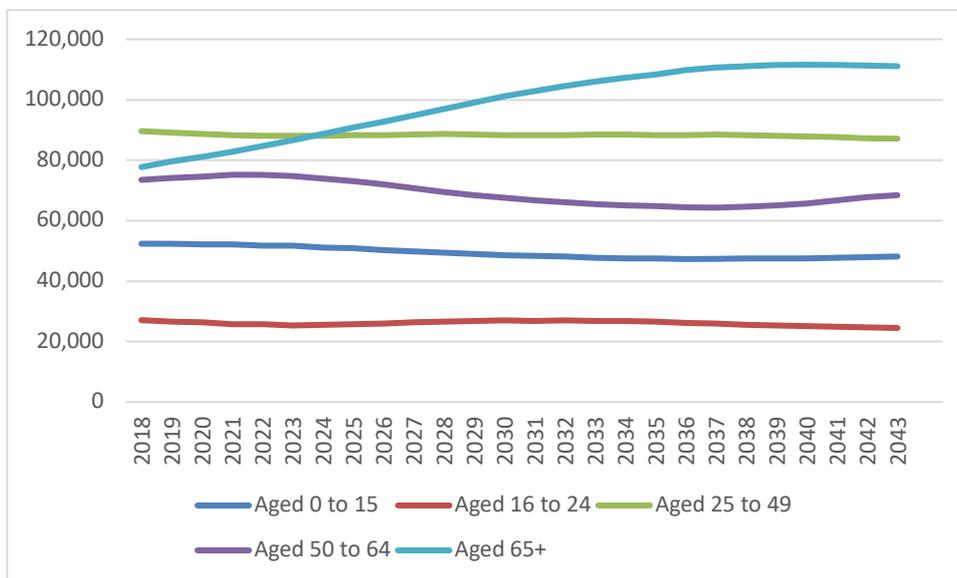
Figure 2.6 Age distribution (people)



Source Census 2011

2.11 Population projections 2018-2043 are not available at the local level however projections for the county estimate a net loss of population across all age groups over the 25-year projection except for those aged 65 or over.

Figure 2.7 County population projections 2018-2043

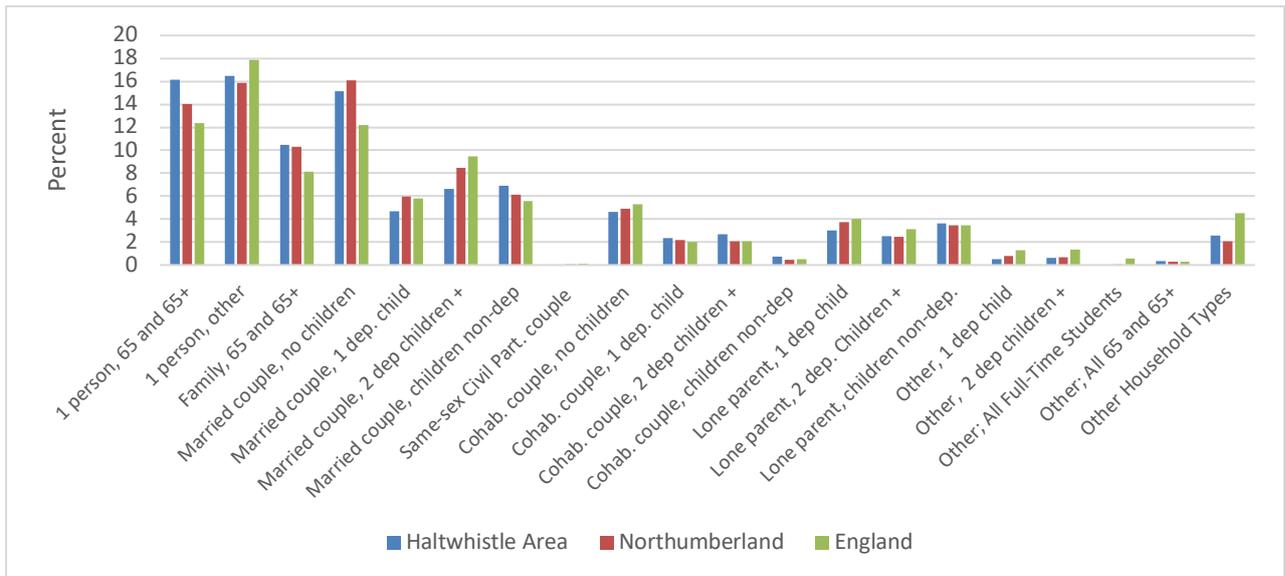


Source: ONS

2.12 If the census is taken as a baseline age profile, the population projections show the impact of the aging population and the relatively low proportions of younger people in the population. This is an important finding.

2.13 The household composition figure below shows that, compared to the wider geographies, the local area had a higher proportion of 1-person households; family aged 65 or over, married couples and lone parent households with non-dependent children. Amongst the larger household groups, it is clear that the local area has significantly fewer households with dependent children.

Figure 2.8 Household type



Source Census 2011

Area profile key findings

- 2.14 The evidence suggests that the characteristics of Haltwhistle’s housing capacity vary by tenure. Whilst overall the predominant dwelling type is that of the terraced house, the social rented sector has a particularly large proportion of flats. Similarly, the predominant type in terms of number of bedrooms is the 3-bedroom house or bungalow, however social rented housing has a more even distribution of dwellings by number of bedrooms except for 4-bedroom dwellings or larger which is a much smaller proportion than the other tenures.
- 2.15 Regarding population and household characteristics the evidence suggests that the local population has a high proportion of people aged 45 or over and a relatively low proportion of younger people compared to the wider geographies. There was a smaller proportion of children and young adults resident in the local area compared to the wider geographies. When population projections are taken into account the proportion of older people is likely to increase and the proportion of young adults aged 16-24 and older adults aged 25-59 are likely to decrease. This is significant as these groups are likely to be the most economically active.

3. Local house prices, rents and affordability

Introduction

- 3.1 The aim of this section is to assess the affordability of market housing to the local household population. This will help us to understand the extent to which house prices and rents drive the need for affordable housing and the options available to households.
- 3.2 The following tables state prices and household income at benchmark levels. The 25th percentile value is particularly significant as this is widely accepted as the entry level market level, being the lowest price at which there is a reasonable supply of housing in reasonable condition.
- 3.3 The percentile value is calculated by listing all lettings or sales in a given period in ascending order according to their price or rent. The number of sales or rentals is divided by 100. The percentile price or rent corresponding to each percentile can be read off. The percentiles most frequently used in this study are the 25th (or lower quartile price point) or the 50th (the median price point).

Local rents and the household income required to service a rent

- 3.4 Table 3.1 states the average percentile across all lettings in 2019 across all dwelling types and number of bedrooms. On this basis it is apparent that rents across Northumberland are broadly more expensive than for the Haltwhistle area.

Table 3.1 Local area average rents (£ per calendar month (£pcm)) compared to Northumberland averages

	Percentile 25 £pcm	Median £pcm	Percentile 75 £pcm
Haltwhistle area	399	477	524
Rest of Northumberland	425	494	598

Source: Zoopla

- 3.5 Table 3.2 states the household income required to service local rents at the main percentile points. This is using an assumed rental to income gross ratio of 25%.

Table 3.2 Average market rents and income required (Haltwhistle area)

	Percentile 25	Median	Percentile 75
Monthly rental price (£pcm)	399	477	524
Annual gross household income required	19,152	22,896	25,152

Source: Zoopla and arc4

- 3.6 Table 3.3 states the 2020 value of the local housing allowance (LHA) that applies to the Haltwhistle area. This is significant as it is the maximum rent level that is eligible for

housing benefit. Any household eligible for housing benefit and seeking a private rental would need to 100% fund any rent above this level. Note that Haltwhistle is in the Tyneside Broad Rental Market Area (BRMA) and LHA rates are significantly more expensive than for the Northumberland BRMA.

Dwelling type	£ per week	£ pcm
Shared accommodation	70.19	304.16
1-bedroom	97.81	423.84
2-bedrooms	109.32	473.72
3-bedrooms	126.58	548.51
4-bedrooms	182.96	792.83

Source VOA as at April 2020

- 3.7 Table 3.4 states the household income required to service local rents at the LHA rates. This is based upon a rental to income ratio of 25%.

Dwelling type	Monthly rental price £pcm	Annual gross household income required £
Shared accommodation	304.16	14,600
1-bedroom	423.84	20,344
2-bedrooms	473.72	22,739
3-bedrooms	548.51	26,329
4-bedrooms	792.83	38,056

Source: VOA as at April 2020 and arc4

House prices

- 3.8 The broad average local lower quartile price across all dwelling types for calendar year 2019, as published by the Land Registry, is estimated at £89,750. Similarly, local median prices for 2019 are estimated at £125,000. These are the main benchmark prices used in this analysis.
- 3.9 However, for information, table 3.5 shows that the above broad average prices show a considerable variation by dwelling type. On average, prices are consistently lower in the local area compared to the rest of the county. Note that the Land registry does not publish data by the number of bedrooms in a dwelling.

		Percentile 25 £	Median £	Percentile 75 £
Detached house or bungalow	Haltwhistle	155,000	204,000	240,000
	Northumberland	212,500	269,995	369,995
Flat	Haltwhistle	26,000	42,000	70,000
	Northumberland	45,000	80,000	130,973
Semi-detached house or bungalow	Haltwhistle	95,000	131,000	155,000
	Northumberland	110,000	144,000	183,000
Terraced house or bungalow	Haltwhistle	82,000	93,000	118,500
	Northumberland	102,000	157,500	245,000

Source: Land Registry price paid

- 3.10 In table 3.6, using average dwelling prices for the local area we estimate the income required to service a mortgage or loan based upon arc4 standard assumptions of a 10% deposit and 3.5 income multiplier. arc4 has recently undertaken a detailed analysis of alternative affordability benchmarks which has considered different income multipliers and separate analysis of disposable income. It has concluded that for the majority of households, especially those on lower income a multiplier of 3.5 is prudent. It also maintains consistency with the Strategic Housing Market Assessment (SHMA).
- 3.11 Throughout the following affordability analysis, it must be borne in mind that a larger deposit, whether funded through savings, equity or the bank of mum and dad will reduce the size of the loan and the income required to service it.

	Lower quartile £	Median £
Purchase price	89,750	125,000
Minimum deposit (10%)	8,975	12,500
Mortgage required	80,775	112,500
Annual gross household Income required	23,079	32,143

Source: Land Registry price paid and arc4

Local Household income and the affordability of housing

- 3.12 Table 3.7 states the midpoint of the range of incomes of local households.

	Percentile 25	Median
Haltwhistle Area	15,000	25,000

Source: Transunion Cameo Market Segmentation

- 3.13 Comparing tables 3.6 and 3.7 it is clear that in general terms, households on median incomes could afford average lower quartile house prices. Households on lower quartile income could not afford lower quartile house prices. The same conclusion can be reached for rents if tables 3.2 and 3.6 are compared.
- 3.14 Table 3.8 estimates the affordability of lower quartile prices for the stated benchmark incomes.
- 3.15 It is apparent that using the 3.5 income multiplier only households with two incomes could afford average entry level prices. Referring to table 3.4 it is apparent that flats might be affordable to many of the household groups. Some terraced houses might be affordable to a wider group of households with a single income.
- 3.16 Finally, in table 3.9 we consider the affordability of low cost housing home ownership (LCHO) products defined as affordable housing within the NPPF 2019 annexe B definitions. 25% shared ownership would be affordable to a number of household groups listed in table 3.8 using our assumptions including an income multiplier of 3.5. In table 3.9, average median prices rather than lower quartile prices are used. This is because new build housing attracts a premium over resale prices. The Land Registry produces separate price paid data for new build housing.

Table 3.8 The affordability of lower quartile average prices to selected household groups

Benchmark households	Gross Household Income 2018 (£)	Income x 3.5	Income x 4	Income x 4.5	Income x 5	LQ price 2019
Police officer	£23,124	£80,934	£92,496	£104,058	£115,620	£89,750
Nurse	£17,652	£61,782	£70,608	£79,434	£88,260	£89,750
Fire officer	£23,862	£83,517	£95,448	£107,379	£119,310	£89,750
Teacher	£23,720	£83,020	£94,880	£106,740	£118,600	£89,750
Minimum wage (single person household)	£16,010	£56,033	£64,038	£72,043	£80,048	£89,750
Minimum wage (1 full-time and 1 part-time)	£24,014	£84,050	£96,057	£108,064	£120,071	£89,750
Minimum wage (two full-time working adults)	£32,019	£112,067	£128,076	£144,086	£160,095	£89,750
Living wage (single person household)	£17,550	£61,425	£70,200	£78,975	£87,750	£89,750
Living wage (1 full-time and 1 part-time)	£26,325	£92,138	£105,300	£118,463	£131,625	£89,750
Living wage (two full-time working adults)	£35,100	£122,850	£140,400	£157,950	£175,500	£89,750

Table 3.9 The affordability of low-cost home ownership products	
Shared ownership 50%	Haltwhistle Area
Full price (based on median)	£125,000
Equity 50%	£62,500
10% deposit on equity share	£6,250
Mortgaged amount	£56,250
Service Charge (monthly)	£35
Rent (per month based on 2.75% on remaining equity p.a.)	£143
Income required for mortgage	£16,071
Income required for rent/service charge	£8,555
TOTAL	£24,626
Shared ownership 25%	Haltwhistle Area
Full price (based on median)	£125,000
Equity 25%	£31,250
5% deposit on equity share	£1,563
Mortgaged amount	£29,688
Service Charge (monthly)	£35
Rent (per month based on 2.75% on remaining equity p.a.)	£215
Income required for mortgage	£8,482
Income required for rent/service charge	£11,993
TOTAL	£20,475
Help to buy	Haltwhistle Area
Full price (based on median)	£125,000
Equity 75%	£93,750
Loan 20%	£25,000
Deposit 5%	£6,250
Mortgaged amount	£87,500
Income required for mortgage	£25,000
Loan fee (1.75% in year 6)	£438
Discounted home ownership	Haltwhistle Area
Full price (based on average)	£138,548
Discounted price (30% lower than average)	£96,984
Deposit 5%	£4,849
Mortgaged amount	£92,134
Income required for mortgage	£26,324

Source: Land Registry and arc4

Key findings: local house prices, rents and affordability

- 3.17 Both rents and house prices within the local area are on average lower than the rest of Northumberland. Slightly lower levels of household income are required to fund entry level market rented housing compared to entry level home ownership.
- 3.18 In general terms, households on median incomes could afford average lower quartile house prices or rents. Households at lower quartile income levels could not afford lower quartile house prices or rents.
- 3.19 In general terms, using a 3.5 income multiplier, only households with 2 incomes could afford average entry level prices. However, it is apparent that flats might be affordable to many of the household groups. Some terraced houses might be affordable to a wider group of households with a single income.
- 3.20 Regarding the affordability of affordable home ownership products defined as affordable housing within the NPPF 2019 annex B definitions, only 25% shared ownership would be affordable to a number of household groups. 30% discounted sale dwellings would only be affordable to some key worker household groups if the household consisted of two incomes consistent with table 3.8.

4. Local Area Housing Need

Introduction

- 4.1 This section examines the available evidence in order to identify the type and mix of market housing required, the quantum of affordable housing needed, and considers the different tenures of affordable homes.

Affordable Rented Housing

- 4.2 According to the national planning policy framework (NPPF) 2019, Annexe 2, affordable housing need is defined as *‘the quantity of housing required for households who are unable to access suitable housing without financial assistance’*. The council’s housing register has been used as the principal source for quantifying the need for affordable rented housing, intermediate housing and affordable home ownership for existing households.
- 4.3 Quantifying household members that are planning to find a place of their own (newly forming households) is calculated using a demographic method. Government practice guidance recognises that numbers of existing and newly forming households in affordable need have to be expressed as an annual ‘flow’ of households, reflecting the fact that household circumstances are constantly changing and new households are constantly forming and dissolving due to death or relationship breakdown. These events happen across the population over time and it is important to recognise that although the rate of flow may increase or decrease, it will always exist.
- 4.4 The model used to assess the level of need for affordable rented housing in the study area is derived from the government’s planning practice guidance and consists of 4 stages:
- Stage 1: current gross housing need and affordable need;
- Stage 2: future gross housing need and affordable need;
- Stage 3: affordable housing supply; and
- Stage 4: estimate of net affordable need (gross need minus supply).
- 4.5 Table 4.1 summarises the findings for stages 1 and 2 of the affordable need model.

Ref.	Step	Total
1	Level of need from existing households that are in affordable need according to the housing register	129
2*	Annualised level of affordable need (level of affordable need above divided by 5)	26
3	Level of affordable need from newly forming households annually	23
4	Therefore, the annual gross flow of households in affordable need (sum of rows 2 and 3)	49
5	Therefore the 5-year annual gross flow of households is 5 x 49	245

Source: Housing Register and Survey of English Housing, Cameo, Land Registry and Zoopla.

- 4.6 Row 2* of table 4.1 is necessary because it is standard practice, consistent with planning practice guidance, to summarise the overall level of household need according to the housing register into an *annual flow* of households. We have assumed that the annual flow of households is equivalent to one fifth of the need recorded by the register. This means that the needs of households currently on the register would, on average, be met over a 5-year period. It is worth reiterating the point made in paragraph 4.3 above, that need is not finite. Even though it is expected that the need of individual households on the register might be met over a 5-year period according to the priority they are assessed as having under council policy, the list would still be of similar length. This is because new households would join the list as and when households fall into housing need and new households form as children move into adulthood and seek a place of their own.
- 4.7 We have assumed that 50% of the need will be some form of affordable rented housing and the other 50% some form of affordable home ownership as the evidence from the SHMA suggests that this is the current trend. In conclusion (using rounded numbers as 49 does not divide to form a whole number) we arrive at an annual flow of affordable need:
- 25 households p.a. (125 over 5 years) in affordable need seeking affordable rented housing; and
 - 25 households p.a. (125 over 5 years) in affordable need seeking some form of affordable home ownership.
- 4.8 In stage 3 of the model (table 4.2 below), we take into account supply of affordable housing. The annual flow of supply of social and affordable rented housing from vacancies is estimated using county wide letting rates based on the government's CORE database (**C**ontinuous **R**ecording of lettings 2019). There is 44 dwellings per annum 220 over 5 years. There will also be supply from planned first lettings of newbuild affordable rented housing. Supply from affordable home ownership is difficult to quantify. Table A1 in the appendix shows that at 2011, there were only 4 units of shared ownership affordable housing in the area. Further, there is likely to be little discounted sale supply as the product is relatively new. We have therefore considered supply of affordable rented and affordable home ownership separately.
- 4.9 Table 4.2 shows supply from first lettings and a first sales of affordable home ownership is also estimated. This is because there are currently 9 affordable new build homes permitted to be built in the area, which for the purposes of this analysis will occur at some point in the 5-year period. It is assumed that 50% would be affordable rented and 50% affordable home ownership. 9 divided by 2 does not result in a whole number so we have a 4/5 split between affordable rented and affordable home ownership new build.

Tenure	First Letting (5 yr.)	Relet supply (5 yr.)	Gross supply (5 yr.)	Gross need (5 yr.)	Net 5 yr. requirement	Net annual requirement
Social/affordable rent letting	4	220	224	125	Nil*	Nil*
Affordable home ownership sales	5	0	5	125	120	24

Source: NCC and Core Lettings

- 4.10 The finding that the need for affordable rented housing is nil should be considered in a wider context. It arises because Haltwhistle has a large stock and supply of social and affordable rented housing vacancies annually. Proportions are nearly identical to English and county proportions which is unusual for a study area that is largely rural in character (table A1 in the data appendix). Table A1 also shows that the area has a large proportion of market rented homes suggesting that there is likely to be a good supply of rented housing locally. However, there is always a risk that vacancies do not match the needs of households that have registered for accommodation. Figure 2.5 shows that a very high proportion of the social rented stock in the area are flats. Our consultation with the registered provider has drawn our attention to the need for newbuild social and affordable rented housing to facilitate local regeneration and management of the affordable housing stock.
- 4.11 The estimate is valid for a 5-year period.

Is the gross affordable need of 49 households per annum a reasonable estimate?

- 4.12 We have based our findings on housing register data as it provides information on the requirements of registered households in terms of current location, desired location and household characteristics. However, it must be recognised that the information has limitations and may not fully reflect the quantity of households in housing need for any given location:
- not everyone in affordable need will register;
 - some on the register may not be in housing need;
 - it records demand for social and affordable rented housing; and
 - it does not specifically record demand for affordable home ownership although some applicants may seek it.
- 4.13 Therefore, we have triangulated (compared) housing register information with information from an arc4 proprietary method based upon prevalence rates. Detailed analysis is contained in appendix 8.

- 4.14 The analysis concludes that estimates of *gross* affordable need as stated in table 4.1 (housing register) and outputs of our prevalence rate method are a similar order of magnitude, (49 and 48 households per annum).
- 4.15 Therefore, our key finding is that the gross flow of affordable need is currently around 49 households per annum over a 5-year period.

What type of affordable housing and number of bedrooms are needed?

- 4.16 The following is based upon analysis of the housing register.

Number of bedrooms	General needs	Older person	Total	Total %
One	29	10	39	80
Two	10	0	10	20
Three	0	0	0	0
Four or more	0	0	0	0
Total	39	6	49	100

Source: housing register 2020

- 4.17 A re-analysis of information in table A4 in the appendix allows us to compare the profile of affordable housing across the study area to the findings in table 4.3.

Bedrooms required	Existing stock (2011) %	Future requirement %
1-bedroom	32	80
2-bedrooms	30	20
3-bedrooms	34	0
4 or more-bedrooms	4	0
All categories	100	100

Source: housing register 2020 and census 2011

- 4.18 It is evident from tables 4.3 and 4.4 that an additional supply of 3 and 4-bedroom homes are not needed unless they are needed by NCC and registered providers for the optimum management of the affordable housing stock locally.

Intermediate housing and affordable home ownership

- 4.19 The NCC SHMA Partial Update, 2018, contains empirical evidence about the proportion of households in need of intermediate and affordable home ownership products and recommends a 50% affordable rent and 50% intermediate housing division. Affordable home ownership would sit within the 50% intermediate housing fraction. So, on the basis of an annual flow of 49 households per annum (rounded to

50 households per annum, it would be reasonable to assume there is annual gross need for around 25 affordable home ownership dwellings (125 over 5-years). This assumption has been built into our modelling within tables 4.1 and 4.2. When supply from first sales is taken into account this reduces to 24 dwellings per annum over the next 5 years.

- 4.20 Returning to our analysis of affordability in section 3, tables 3.8 and 3.9 indicate that 25% shared ownership would be affordable to many of the household typologies listed in table 3.8 especially if the 4.5 income multiplier is applied. A 30% discount, the minimum level of discount for the emerging First Homes scheme would be within reach of many household typologies with more than a single income and again using the 4.5 income multiplier.
- 4.21 It is recommended that based upon the above analysis, future affordable home ownership provision should consist of 2 and 3-bedroom family houses. This differs from the recommendation for affordable or social rented housing. This is because the SHMA Partial Update 2018 recognises the aspirations of younger households that will seek the flexibility of a 3-bedroom home.

Market housing

- 4.22 This analysis draws upon the findings of the section 2 of this report (area profile), SHMA Partial Update 2018 and the NCC Draft Local Plan 2019.
- 4.23 According to the draft local plan 2019 table 7.1 the indicative housing requirement for the parish of Haltwhistle is 230 dwellings over the plan period 2016-2036 equivalent to 12 per annum. For the avoidance of doubt this is an overall requirement which includes market and affordable housing.
- 4.24 According to the Northumberland 5-year Housing Land Supply of Deliverable Sites 2020-2025 (forecast at March 2020) Sites Summary Schedule, two schemes are consented, one at Haltwhistle 19/02297/ful (7 dwellings) which is an allocated site The other is at Melkridge (6 dwellings) 15/02292/out.
- 4.25 The schedule indicates that this development will occur across the following timeframe:
- 2021/2, 3 dwellings;
 - 2022/3, 3 dwellings;
 - 2023/4, 3 dwellings; and
 - 2024/5, 4 dwellings.
- 4.26 According to the draft local plan 2019 policy Hou 4 (D) a further 2 sites are allocated within the plan in Haltwhistle, potentially creating an additional 150 to 185 homes over the period 2016-2036. As previously noted, a proportion of these dwellings would be affordable as the sites are larger sites and the council's affordable housing policy would apply (policy Hou 6).

Key findings of the analysis of local area housing need

Affordable housing

- 4.27 A 4-stage model has been used to arrive at an estimate of the gap between the annual flow of households in affordable need and the current rate of supply allowing for new build affordable housing over the 5-year period to 2024. We estimate that:
- according to the housing register the gross flow of households in affordable need is 49 households per annum over a 5-year period (table 4.1);
 - the number has been rounded to 50; households per annum;
 - 50% of this need is estimated to be for affordable rented housing (25 households per annum); and
 - 50% of this need will be for affordable home ownership housing (25 households per annum).
- 4.28 This number compares to 48 households in affordable need per annum estimated using an alternative method using prevalence rates.
- 4.29 When supply from vacancies and committed new build affordable housing is taken into account the net need for additional affordable housing changes to:
- affordable rented housing (0 dwellings per annum) over the next 5-years; and
 - affordable home ownership housing (24 dwellings per annum) over the next 5-years.
- 4.30 Further analysis of the housing register suggests that the requirement is for 1 and 2-bedroom affordable rented dwellings, mostly 1-bedroom affordable dwellings. The SHMA update 2018 suggests that the affordable home ownership dwellings should be 2 or 3-bedrooms.
- 4.31 The finding that the need for affordable rented housing is nil should be considered in a wider context. It arises because Haltwhistle's affordable rented housing stock generates a large supply of vacancies annually. However, there is always a risk that vacancies do not match the needs of households that have registered for accommodation. There is also the need for newbuild social and affordable rented housing to facilitate local regeneration and management of the affordable housing stock.

Market housing

- 4.32 According to the draft local plan 2019 table 7.1 the indicative housing requirement for the parish of Haltwhistle is 230 dwellings over the plan period 2016-2036 equivalent to 12 per annum. Note that this is all dwellings – both market and affordable. There is a small shortfall in the number of dwellings that may be produced from currently allocated sites. Few dwellings had planning permission at the time this report was written (January 2021).

5. Further contextual information

Parish council and neighbourhood plans

- 5.1 Based upon information contained in the Haltwhistle Town Council's website and information published by Northumberland County Council the town council does not currently envisage preparing a neighbourhood plan.

Estate and letting agents

- 5.2 The scope for consulting estate and letting agents is limited as this report considers affordable rather than market housing. However, benefit supported private rented sector housing can be seen as an alternative for some low-income households that are not considered a priority for social rented housing or are not eligible to join the housing register.
- 5.3 We spoke at length to a Haltwhistle based independent estate and letting agent who told us that:
- buy to let landlords were continuing to invest in their local portfolios but on a reduced scale due to government changes to stamp duty and taxation rules;
 - most landlords will consider taking tenants who claim housing benefit on a case by case basis although some households find it difficult to pay the deposit required;
 - shared ownership re-sales have proved slow to sell;
 - demand for private rented sector housing is strong and supply is not keeping up with demand
 - the impact large scale development from allocated sites is thought to be significant to the local economy in drawing in incomers. Associated increase in affordable supply may reduce demand for private rented sector lettings.

Registered providers

- 5.4 Karbon Homes is the principal registered provider serving the study area. A full response to our consultation questionnaire was received. The key points raised were:
- the number of relets from the affordable capacity in Karbon's management in the area was 44 vacancies per annum. This information has been fed into the annual affordable estimates described in section 4.
 - there are around 50 tenants seeking a transfer to more suitable housing in the area, mostly to facilitate regeneration. These are not counted in the affordable estimates in section 4, there is no net effect on the quantity of affordable housing needed from transfers;
 - only a small fraction of residents seeking affordable housing are seeking to be housed outside the study area; and a smaller fraction are seeking transfers needing to upsize;

- Karbon homes considers that there is limited demand for new build affordable housing in the area
- Karbon homes considers that this would be a medium or high priority;
- Karbon Homes told us that the priority groups for future new build would be families and older people and this would be for both affordable rent and shared ownership; and
- The current development of 9 3-bedroom houses in Haltwhistle was delayed due to the impact of the Covid-19 pandemic.

6. Summary of key findings and conclusions

- 6.1 The key finding of this study is that, based upon data from the housing register and the number of vacancies arising from the existing stock, no further affordable rented housing is needed for the time being.
- 6.2 However, context information reveals that there is likely to be unmet need for affordable rented housing outside the scope of the housing register.
- 6.3 The following factors may lead
- a potential mismatch between characteristics of housing from the existing stock becoming vacant and household characteristics of those registered with the council that are in affordable housing need;
 - this is likely to be exacerbated by an aging population;
 - regeneration initiatives aimed at dealing with obsolete housing stock; and
 - steps that need to be taken by the registered provider to ensure that best use of the affordable housing is achieved.
- 6.4 A further key finding is that there is likely to be an unmet need for affordable home ownership, specifically a new supply of around 24 per annum or 120 over 5-years. The evidence suggests that this should take the form of 2 and 3-bedroom housing.
- 6.5 This arises because it can be demonstrated that affordable home ownership can close the gap between households' income and the price of market housing for sale for many of the household groups considered in the report. The delivery vehicles for this are likely to prove popular:
- replacement for the Help to Buy scheme will only be available to first time buyers; and
 - the imminent introduction of the Government's First Home scheme.
- 6.6 These findings are valid for a 5-year period.

7. Data appendix

These tables provide the data to support figures 2.1 to 2.8. The source is census 2011 except for the population projections which are published by ONS.

Table A1 Tenure						
	Haltwhistle Area		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
Owned outright	884	39.1	46,086	33.3	6,745,584	30.6
Owned (mortgage)	567	25.1	45,121	32.6	7,229,440	32.8
Shared ownership	4	0.2	510	0.4	173,760	0.8
Rented from council	158	7.0	14,820	10.7	2,079,778	9.4
Other social rented	237	10.5	11,021	8.0	1,823,772	8.3
Private rented	350	15.5	18,417	13.3	3,715,924	16.8
Living rent free	60	2.7	2,559	1.8	295,110	1.3
Total	2,261	100.0	138,534	100.0	22,063,368	100.0

Table A2 Tenure: HRP aged 65 or over						
	Haltwhistle Area		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
Owned outright	482	63.6	25,851	61.7	3,822,366	66.8
Owned (mortgage)	36	4.7	3,331	8.0	444,300	7.8
Social rented	141	18.7	9,061	21.6	1,084,460	19.0
Private rented/rent free	99	13.0	3,627	8.7	370,598	6.5
Total	757	100.0	41,870	100.0	5,721,724	100.0

Table A3 Number of bedrooms						
	Haltwhistle Area		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
No bedrooms	1	0.0	220	0.2	54,938	0.2
1-bedroom	199	8.8	10,772	7.8	2,593,893	11.8
2-bedroom	627	27.7	40,698	29.4	6,145,083	27.9
3-bedroom	1,041	46.0	59,864	43.2	9,088,213	41.2
4-bedroom	303	13.4	20,701	14.9	3,166,531	14.4
5 or more-bedroom	91	4.0	6,279	4.5	1,014,710	4.6
Total	2,261	100.0	138,534	100.0	22,063,368	100.0

Table A4 Tenure by number of bedrooms (parishes only)										
	Owned outright		Owned (mortgage)		Social rented		Private rented etc.		Totals	
	Number	%	Number	%	Number	%	Number	%	Number	%
1-bedroom	21	1	10	0	126	6	43	2	200	9
2-bedroom	225	10	113	5	116	5	172	8	627	28
3-bedroom	453	20	297	13	136	6	155	7	1,041	46
4 or more-bedroom	186	8	152	7	17	1	40	2	393	17
All categories	884	39	572	25	394	17	410	18	2,261	100

Table A5 House type by tenure (parish only)										
	Owned outright		Owned (mortgage)		Social rented		Private rented etc.		Totals	
	Number	%	Number	%	Number	%	Number	%	Number	%
Detached	296	33	150	26	9	2	93	23	548	24
Semi-detached	243	27	157	27	115	29	100	24	614	27
Terraced	292	33	234	41	119	30	150	37	795	35
Flat etc.	54	6	30	5	151	38	68	17	304	13
Totals	884	100	572	100	394	100	410	100	2,261	100

Table A6 Population age structure						
Age	Haltwhistle Area		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
0-4	234	4.7	16,003	5.1	3,318,449	6.3
5 to 7	148	3.0	9,863	3.1	1,827,610	3.4
8 to 9	95	1.9	6,482	2.1	1,145,022	2.2
10 to 14	266	5.3	17,677	5.6	3,080,929	5.8
15	64	1.3	3,841	1.2	650,826	1.2
16 to 17	106	2.1	7,631	2.4	1,314,124	2.5
18 to 19	89	1.8	6,992	2.2	1,375,315	2.6
20 to 24	247	5.0	16,224	5.1	3,595,321	6.8
25 to 29	250	5.0	16,187	5.1	3,650,881	6.9
30 to 44	827	16.6	56,156	17.8	10,944,271	20.6
45 to 59	1,145	23.0	71,135	22.5	10,276,902	19.4
60 to 64	410	8.3	24,533	7.8	3,172,277	6.0
65 to 74	599	12.0	34,366	10.9	4,552,283	8.6
75 to 84	375	7.5	21,018	6.7	2,928,118	5.5
85 to 89	74	1.5	5,233	1.7	776,311	1.5
90 & 90+	43	0.9	2,687	0.9	403,817	0.8
Total	4,972	100.0	316,028	100.0	53,012,456	100.0

Table A7 Population projections in broad age bands						
Projected Year	Aged 0 to 15	Aged 16 to 24	Aged 25 to 49	Aged 50 to 64	Aged 65+	All Ages
2018	52,355	27,082	89,621	73,491	77,725	320,274
2019	52,356	26,627	89,031	74,066	79,528	321,607
2020	52,194	26,302	88,720	74,544	81,094	322,852
2021	52,097	25,828	88,239	75,089	82,821	324,077
2022	51,809	25,664	88,049	75,153	84,597	325,272
2023	51,650	25,416	88,007	74,726	86,582	326,383
2024	51,151	25,527	88,167	73,908	88,691	327,446
2025	50,807	25,648	88,193	73,035	90,736	328,425
2026	50,324	26,000	88,308	72,049	92,714	329,398
2027	49,835	26,338	88,554	70,788	94,755	330,270
2028	49,359	26,684	88,767	69,443	96,856	331,105
2029	48,938	26,863	88,599	68,444	99,032	331,872
2030	48,641	26,920	88,330	67,526	101,161	332,580
2031	48,424	26,802	88,326	66,816	102,875	333,243
2032	48,035	26,925	88,271	66,122	104,524	333,880
2033	47,724	26,860	88,422	65,528	105,983	334,516
2034	47,443	26,882	88,438	65,040	107,322	335,127
2035	47,403	26,557	88,389	64,870	108,440	335,656
2036	47,368	26,213	88,365	64,444	109,756	336,147
2037	47,358	25,869	88,445	64,306	110,650	336,630
2038	47,406	25,606	88,289	64,620	111,206	337,126
2039	47,491	25,396	88,156	65,109	111,458	337,611
2040	47,612	25,196	87,940	65,731	111,594	338,071
2041	47,754	24,908	87,637	66,655	111,570	338,522
2042	47,917	24,686	87,319	67,698	111,342	338,968
2043	48,101	24,501	87,144	68,526	111,141	339,415
Change	-4,254	-2,581	-2,477	-4,965	33,416	19,141

Source Nomis. Base year 2018

	Haltwhistle Area		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
One person aged 65 and over	365	16.2	19,407	14.0	2,725,596	12.4
One person other	372	16.5	21,999	15.9	3,940,897	17.9
Family all aged 65 and over	237	10.5	14,239	10.3	1,789,465	8.1
Married couple no children	343	15.2	22,263	16.1	2,691,927	12.2
Married couple 1 dependent child	106	4.7	8,226	5.9	1,285,267	5.8
Married couple 2 or more dependent children	149	6.6	11,771	8.5	2,087,738	9.5
Married couple all children non-dependent	156	6.9	8,509	6.1	1,233,748	5.6
Same-sex Civil Partnership couple	0	0.0	121	0.1	30,775	0.1
Cohabiting couple no children	104	4.6	6,769	4.9	1,173,172	5.3
Cohabiting couple 1 dependent child	53	2.3	3,002	2.2	438,750	2.0
Cohabiting couple 2 or more dependent children	61	2.7	2,876	2.1	452,030	2.0
Cohabiting couple all children non-dependent	16	0.7	646	0.5	108,486	0.5
Lone parent 1 dependent child	68	3.0	5,189	3.7	883,356	4.0
Lone parent 2 or more dependent children	56	2.5	3,421	2.5	689,899	3.1
Lone parent all children non-dependent	82	3.6	4,777	3.4	766,569	3.5
Other with one dependent child	12	0.5	1,111	0.8	290,816	1.3
Other with two 2 or more dependent children	14	0.6	966	0.7	293,200	1.3
Other household types; all full-time students	0	0.0	22	0.0	124,285	0.6
Other; all aged 65 and over	7	0.3	384	0.3	61,715	0.3
Other household types	58	2.6	2,836	2.0	995,677	4.5
All households	2,261	100.0	138,534	100.0	22,063,368	100.0

8. Appendix: Is the gross need of 49 households over 5 years a reasonable estimate?

- 8.1 We have based our findings on housing register data as it provides information on the requirements of registered households in terms of current location, desired location and household characteristics. However, it must be recognised that the information has limitations and may not fully reflect the quantity of households in housing need for any given location:
- not everyone in affordable need will register;
 - some on the register may not be in housing need;
 - it records demand for social and affordable rented housing; and
 - it does not specifically record demand for affordable home ownership although some applicants may seek it.
- 8.2 Therefore, we have triangulated (compared) housing register information with information from a proprietary method based upon prevalence rates.

Triangulation using prevalence rates

- 8.3 From arc4's national database we are able to define prevalence rates for households likely to be in affordable need, whether existing households falling into need or newly forming households.
- 8.4 arc4 is the only national housing consultancy that offers household surveys as a component of large-scale district, borough or city wide SHMA or HNA studies. The database contains anonymous weighted data representative of over 2,500,000 households. This enables arc4 to understand the demographic and socio-economic characteristics and housing history of respondents by household type. Findings based upon this database have been found sound at local plan inquiries.
- 8.5 Table 4.3 summarises the impact of prevalence rates on the household population at study area levels. The table shows that this affordable need is made up of need from existing and newly forming households.

		Prevalence rate or factor	Households in area	Source
			2,200	Based upon number of households (census 2011) updated to 2019
1	Existing households in need	10%	220	Based on national arc4 estimate
2	% in affordable need	91.3%	201	Same assumption as used in the affordable need model
3	Divide to convert to annual need	5	25	Assume clearance over a 5-year period
4	Newly forming households per annum	1.55%	34	Based on national gross household formation rate from the Survey of English Housing
5	Newly forming household % in affordable need	69%	23	Same assumption as used in the affordable need model
6	Total GROSS annual need (3+5)		48	

Sources as stated

- 8.6 Note that we have updated the number of households in the area as the data we have used as a baseline number was according to the census in 2011 which is 9 years out of date. We have calculated the growth in the population by comparing the census baseline to the VOA 2019 and made an allowance for vacant homes.
- 8.7 Estimates of 5-year *gross* affordable need as stated in table 4.1 and A8.1 are nearly identical, (49 and 48).