

Hexham

Housing Needs Assessment

2016

Northumberland County Council
Hexham Town Council
Acomb Parish Council

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

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1. Introduction

Background and objectives

- 1.1 A comprehensive Housing Needs Assessment (HNA) covering the parishes of Hexham, Acomb and Sandhoe (the study area) has been commissioned by Northumberland County Council, Hexham Town Council and Acomb Parish 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 Hexham 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 formation and implementation of housing policies in the emerging Hexham and Acomb Neighbourhood Plans, 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 occupants¹.
- 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

¹ Paragraph: 008 Reference ID: 2a-008-20140306

the evidence of the SHMA, this HNA for Hexham will provide more detailed local evidence to help the Council *"plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community"* and will 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"*².
- 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"*³.
- 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.

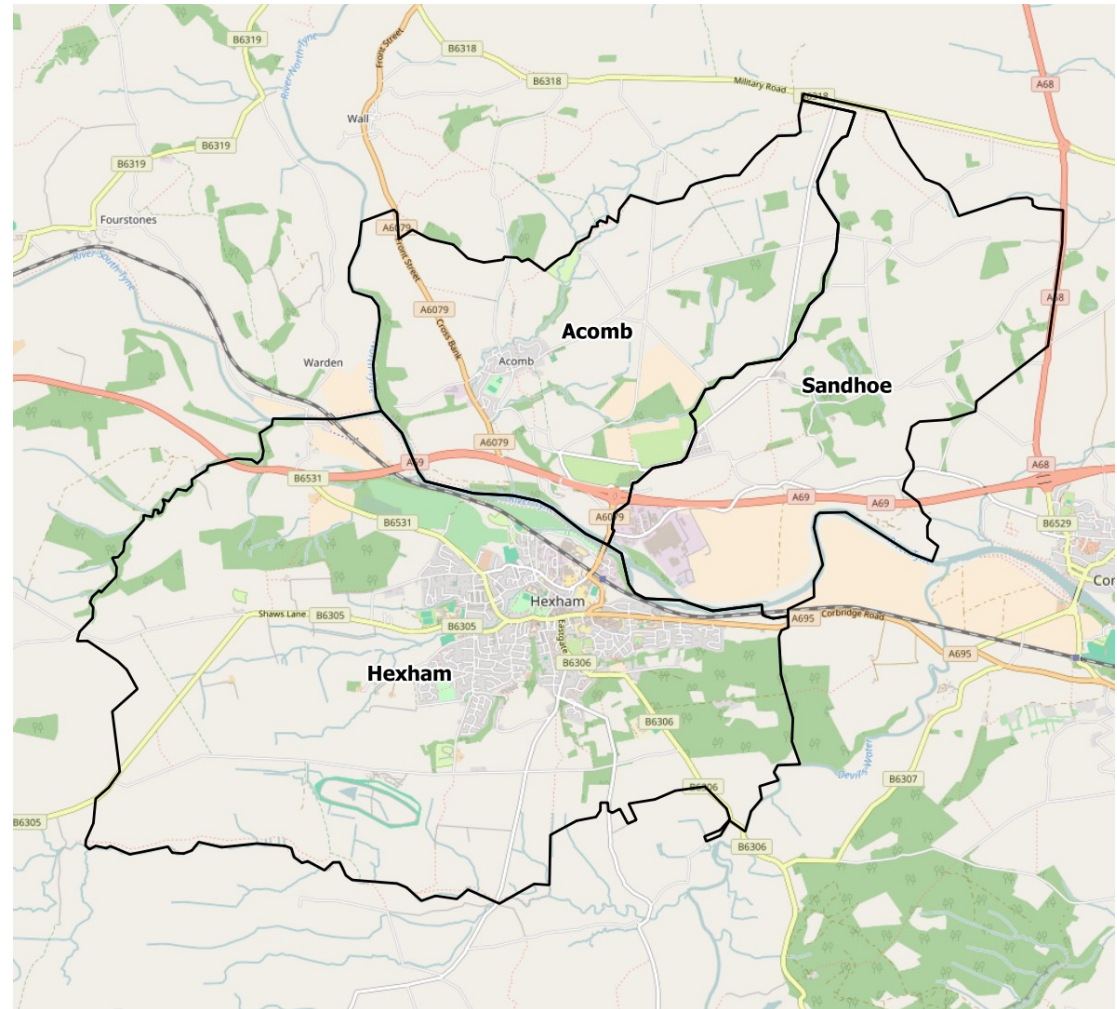
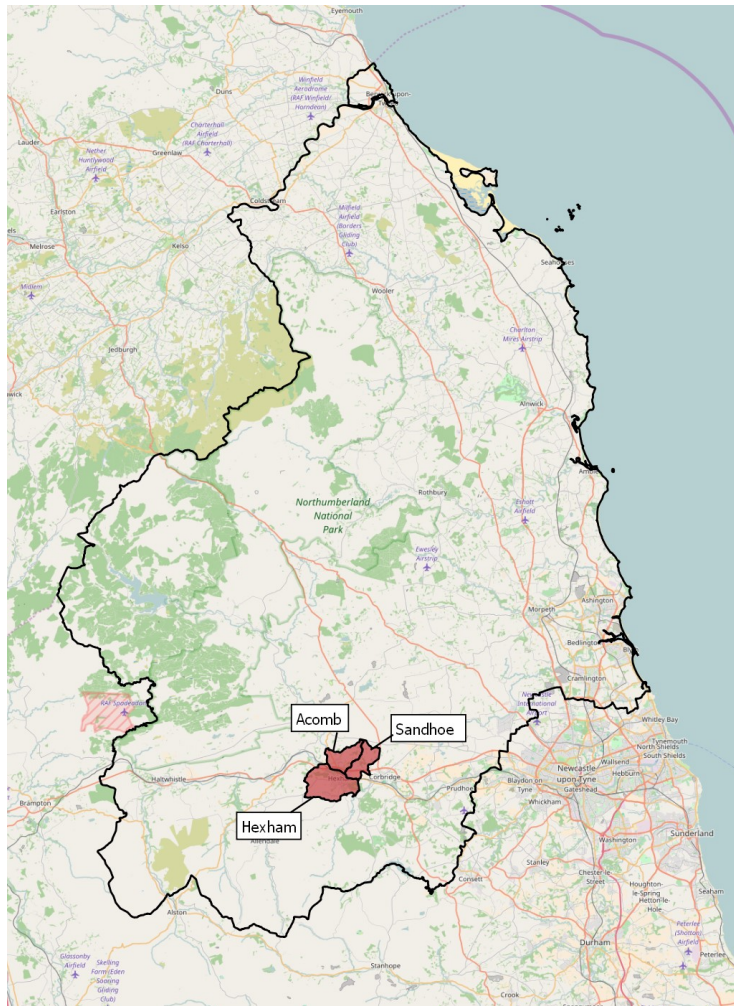
² Paragraph: 003 Reference ID: 2a-003-20140306

³ 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 the study area, within Northumberland and the local area. For the purpose of clarification, the ‘study area’ refers to the Parishes of Hexham, Acomb and Sandhoe.

Maps 1.1 and 1.2 Hexham area context maps

Research methodology

- 1.13 To deliver the 2016 HNA, a multi-method approach was adopted, which comprised:
- A full census survey of households across the Hexham, Acomb and Sandhoe parishes. A total of 5,964 households were contacted and 1,530 questionnaires were returned and used in data analysis. This represents a 25.7% 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 three separate responses received from representatives from the County Council and developers.
- 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 three 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 1,530 responses are therefore weighted and grossed up to 5,964 occupied dwellings⁴. 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. For the purposes of this report, data has been presented at a range of geographical levels, as considered most appropriate for the specific analysis undertaken. Some data is presented by parish and some data for the study area comprising the three parishes of Hexham, Acomb and Sandhoe combined.

Report structure

- 1.19 The Hexham 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;

⁴ 2016 Council Tax data

- **Chapter 4** considers current households in need, affordable housing requirements and a consideration of the relative affordability of different tenures;
 - **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 Hexham.
- 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:*

Delivery Area	Average Annual Net Dwelling Provision	Total Delivery over Plan Period (2011-2031)
<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. This includes an allocation of 900 houses to Hexham during the plan period (45 per annum). This represents an increase compared with the allocation of 720 houses (36 per annum) set out in the Pre-Submission Draft.

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 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. The **Hexham Neighbourhood Plan** is being prepared by a steering group with support from the Hexham Town Council and with considerable input from public forum participants and town-wide public consultation. In this case, the Neighbourhood Area includes only the parish of Hexham.

2.16 The housing numbers in the Northumberland Local Plan Core Strategy for the Hexham 'small area' include Hexham, Acomb and Sandhoe parishes. Acomb Parish Council is starting work on the preparation of an **Acomb Neighbourhood Plan**. Consequently, the HNA includes all three parishes so that evidence is available for the different emerging planning strategies and associated housing policies.

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 following the EU referendum, this HNA for Hexham provides the Councils with an excellent range of material to inform policy decisions.

3. Housing market dynamics in Hexham

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 need⁵.
- 3.2 It is within this policy context that this HNA is being undertaken to investigate the housing market in Hexham in more detail. The purpose of this chapter is to explore the housing market dynamics of Hexham 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 Hexham is a market town located within Northumberland in the North East of England. The emerging Northumberland Local Plan (Core Strategy) identifies Hexham as one of the four 'main towns' (the others being Morpeth, Ponteland and Prudhoe) in the Central Northumberland Delivery Area.
- 3.5 The resident population of the study area is 13,616 (11,829 in Hexham, 1,268 in Acomb and 519 in Sandhoe)⁶. There is a total of 5,917 households across the three parishes (5,150 in Hexham, 575 in Acomb and 192 in Sandhoe)⁷.
- 3.6 The household survey data has been weighted based on 5,964 occupied dwellings (2016 Council Tax data).

Dwelling profile

Dwelling type

- 3.7 The 2016 Household Survey found that 75.8% of occupied dwellings are houses (29.5% semi-detached, 25.7% detached and 20.6 terraced), 15.7% are flats/maisonettes, 7.9% are bungalows and 0.6% are other property types.
- 3.8 These findings compare well with the 2011 Census, which identifies that the majority (81.3%) of households in the study area live in houses (including bungalows), of which 31.1% are semi-detached, 26.6% are detached and 23.6% are terraced. 18.2% of households live in flats, maisonettes or apartments and 0.5% live in other housing types.

⁵ Paragraph: 008 Reference ID: 2a-008-20140306

⁶ 2011 Census (age data)

⁷ 2011 Census (household type, tenure data)

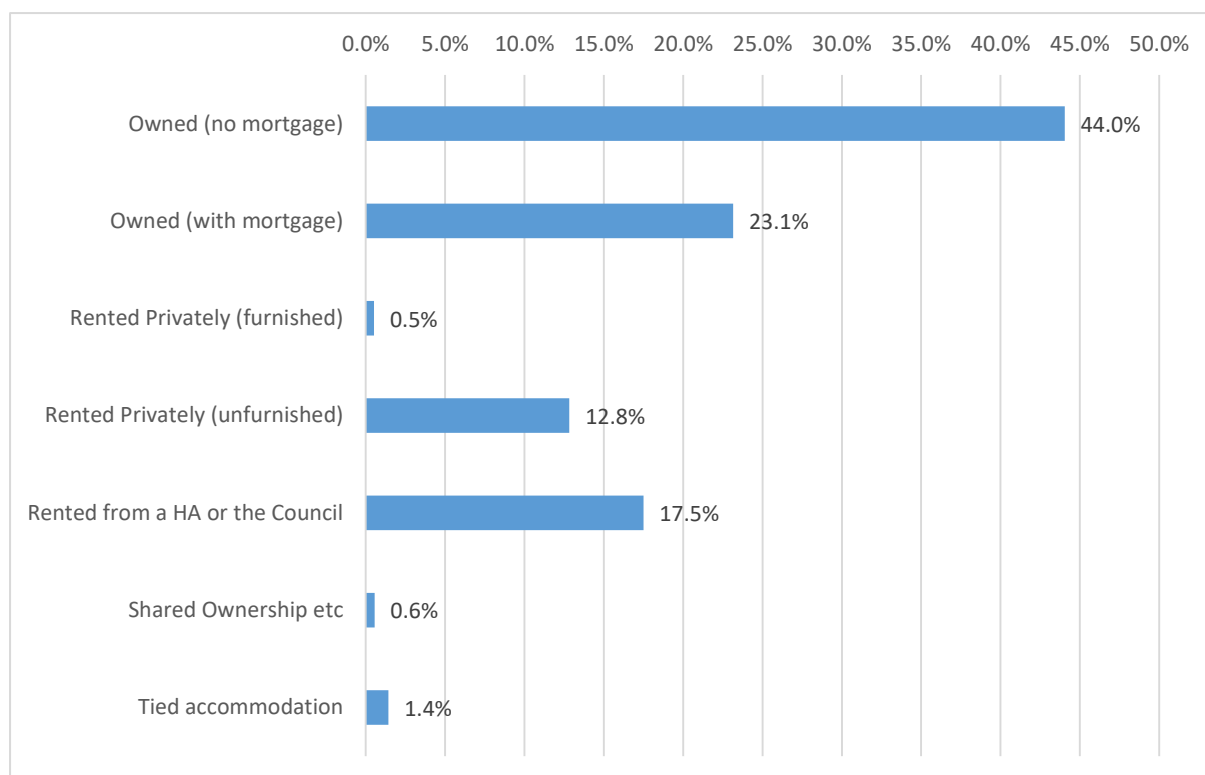
Property size and age

- 3.9 The Household Survey found that 33.9% of dwellings have three bedrooms, 31.3% have four or more bedrooms, 28.8% have two bedrooms and 6.0% have one bedroom/bedsit.
- 3.10 In terms of the age of property, 29.1% of the stock was built pre-1919, 13.8% between 1919 and 1944, 34.2% between 1945 and 1984 and 22.9% from 1985.

Housing tenure

- 3.11 In terms of tenure, the Household Survey identified that 67.1% of dwellings are owner-occupied, 14.7% are privately rented (including tied accommodation), 17.5% are social rented and 0.6% are intermediate tenure. This is broken down into further detail in Figure 3.1.
- 3.12 These findings compare well with 2011 Census data, which indicates that 67.2% of occupied dwellings are owner-occupied, 15.3% are private rented (including tied accommodation or living rent free), 16.7% are social rented and 0.8% are intermediate tenure dwellings.

Figure 3.1 Hexham study area: tenure profile of occupied dwellings



Source: 2016 Household Survey

Owner-occupied sector

- 3.13 The 2016 Household Survey found that 67.1% (4,006) of households across the Hexham area are owner-occupiers. 44.0% of all households (2,626) own outright and 23.1% of all households (1,380) have a mortgage.

- 3.14 The Household Survey provides the following information on owner occupied stock:
- Most owner-occupied properties are houses, with 34.4% detached, 27.2% semi-detached and 22.1% terraced; a further 8.6% are bungalows, 7.0% flats/maisonettes and 0.5% other property types;
 - 42.5% of properties have four or more bedrooms, 36.9% have three bedrooms, 19.1% have two bedrooms and 1.5% have one bedroom/bedsit;
 - Around 32.8% of owner-occupied stock was built pre-1919, 27.2% was built between 1919 and 1964; 18.9% was built between 1965 and 1984 and 21.1% has been built from 1985;
 - 94.9% of owner-occupier households are satisfied or very satisfied with the state of repair in their accommodation, 3.5% are neither satisfied nor dissatisfied and 1.6% expressed degrees of dissatisfaction.
- 3.15 Over the six-year period 2010 to 2015, Land Registry data reveals that median house prices across the Hexham area rose to a peak of £195,000 in 2013, but have since fallen slightly. In 2015, the median house price was £175,000. Similarly, lower quartile house prices peaked at £135,000 in 2013, falling to £125,000 in 2014 and £126,376 in 2015. This is summarised in Table 3.1.

Table 3.1 House prices in the study area 2010-2015				
Year	Price (£)			
	Lower quartile	Mean	Median	No. Sales
2010	128,000	218,296	180,000	195
2011	117,500	217,766	180,750	176
2012	123,000	200,954	170,000	145
2013	135,000	232,787	195,000	172
2014	125,000	207,592	180,000	233
2015	126,376	210,413	175,000	240

Source: Data produced by Land Registry © Crown copyright 2016

- 3.16 It is interesting to note that in 2010, a household income of £32,914 was required for a lower quartile price to be affordable assuming a 10% deposit was available; by 2015 this had fallen slightly to £32,497 (Table 3.2). Similarly, an income of £46,286 was required for a median priced property to be affordable in 2010 compared with £45,000 in 2015. This indicates that house prices in the Hexham area have become slightly more affordable during the period.

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

Study Area	House Price (£)		Annual income to be affordable* (£)	
	2010	2015	2010	2015
Lower Quartile	128,000	126,376	32,914	32,497
Median	180,000	175,000	46,286	45,000

Source: Data produced by Land Registry © Crown copyright 2016

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

3.17 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, 35.8% of owner occupiers are older (60 or over) singles and couples, 19.7% are couples with children under 18, 16.0% are couples (under 60 with no children), 13.4% are parent(s) with adult children, 10.5% are singles (under 60), 2.8% are lone parents with children under 18 and 1.9% are other household types;
- 54.3% of Household Reference People (Heads of Household) living in owner occupied dwellings are in employment and a further 41.4% are wholly retired from work;
- 17.8% of owner occupied households receive less than £15,600 gross per year, 23.2% receive between £15,600 and £26,000 per year and 58.9% receive at least £26,000 per year; and
- In terms of length of residency, 62.5% of owner occupiers have lived in the same property for 10 years or more (33.4% have lived there for 20 years or more).

Private rented sector

3.18 The Household Survey indicates that the private rented sector accommodates around 14.7% (881) of households across the Hexham area. Of these households, 765 rent unfurnished properties, 31 rent furnished accommodation and 85 rent with their job (tied accommodation).

3.19 The Household Survey found that most private rented properties (61.6%) are houses (of which 24.0% are terraced, 22.0% are semi-detached and 15.6% are detached); a further 35.3% are flats/maisonettes, 2.2 % are bungalows and 0.9% are other types of property. 8.3% of privately rented properties have one bedroom/bedsit, 48.2% have two bedrooms, 25.5% have three bedrooms and 17.9% have four or more bedrooms.

3.20 The characteristics of tenants are diverse and the Household Survey revealed that in particular the private rented sector accommodates couples with children under 18 (26.5%), singles under 60 (26.2%), younger couples (no children) (20.5%), parent(s) with adult children (7.3%), lone parents with children under

- 18 (6.9%), older singles and couples (3.2%) and other household types including students (9.4%).
- 3.21 41.7% of private renting households have lived in their accommodation for less than two years and 70.1% have lived in their accommodation for less than five years. 89.7% of those living in private rented accommodation were satisfied or very satisfied with their neighbourhood as a place to live; 8.0% were neither satisfied nor dissatisfied; and 2.3% expressed degrees of dissatisfaction.
- 3.22 In terms of income, the Household Survey found that 29.0% of privately renting households receive less than £15,600 gross per year, 34.1% receive between £15,600 and £26,000 per year and 36.8% receive at least £26,000 per year, indicating that the private rented sector tends to accommodate lower income households.
- 3.23 78.4% of Household Reference People (Heads of Household) living in private rented accommodation are employed, 6.3% are wholly retired from work, 5.7% are permanently sick/disabled, 6.1% are carers or looking after the home and 2.3% are unemployed.
- 3.24 Table 3.3 summarises the lower quartile, median and mean private sector rental prices over the period 2010-2015. Over the six-year period, lower quartile rents fluctuated between £481 and 524 per month and median rents between £550 and 633.

Table 3.3 Private sector rental prices in the study area 2010-2015				
Year	Price per calendar month (£)			
	Lower quartile	Mean	Median	No. Rentals
2010	524	626	594	138
2011	498	709	633	194
2012	481	611	550	265
2013	520	703	594	135
2014	494	603	576	177
2015	485	624	559	215

Source: Zoopla 2016

- 3.25 Table 3.4 sets out the Local Housing Allowance Rates that are applicable in the Hexham area. As the former Tynedale area, these are the same as the rates in Tyneside rather than the rest of Northumberland. 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	Former Tynedale area
Shared room rate	£60.00
One room	£90.90
Two rooms	£103.56
Three rooms	£115.07
Four rooms	£149.59

Source: VOA, August 2016

Affordable sector

- 3.26 The 2016 Household Survey found that there are around 1,076 households who live in an affordable (social rented, affordable rented or shared ownership) property across the Hexham area, accounting for 18.1% of all occupied dwellings. Of these, 1,043 households live in accommodation rented from a Housing Association or Registered Provider and 33 live in shared ownership properties (intermediate tenure).
- 3.27 The Household Survey identified that houses account for 57.7% of occupied affordable accommodation (44.6% semi-detached, 11.9% terraced and 1.2% detached), 32.1% are flats/maisonettes and 10.3% are bungalows. Affordable dwellings tend to have two (48.9%) or three (30.3%) bedrooms, with a further 21.1% having one/bedsit.
- 3.28 The Household Survey found that 28.6% of households living in affordable dwellings are singles under 60, 19.3% are lone parents with children under 18, 15.1% are couples with children under 18, 13.3% are older singles and couples, 12.6% are couples under 60 with no children, 6.5% are couples/lone parents with adult children and 4.7% are other household types.
- 3.29 51.3% of Household Reference People living in affordable housing are in employment. 16.1% are permanently sick/disabled, 14.5% are wholly retired from work, 12.0% look after the home/are caring for someone and 6.0% are unemployed.
- 3.30 Incomes are generally low, with 61.6% receiving an income of less than £15,600 gross per year and 27.7% receiving less than £7,800 gross per year.
- 3.31 The Household Survey found that 78.1% of those living in affordable accommodation were satisfied or very satisfied with their neighbourhood as a place to live; 11.1% were neither satisfied or dissatisfied; while 10.9% expressed degrees of dissatisfaction.
- 3.32 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

- 3.33 The 2016 Household Survey found that over one-quarter (26.8%) of households in the study area are older (65 years or over) singles or couples; 19.9% are couples with children under 18, 16.3% are single adults, 16.1% are couples with no children, 11.2% are couples/lone parents with adult children, 6.2% are lone parents with children under 18 and 3.3% are other household types.
- 3.34 The Household Survey identified that 26.6% of households across the study area are single-person households; 39.6% include two people, 13.7% three people, 15.4% four people and 4.7% five or more people. This means that 66.2% of households comprise of either one or two people.
- 3.35 In terms of the age of the Household Reference Person (HRP), the Household Survey reveals that 14.4% are 16-39 years, 43.8% are 40-59 years, 30.7% are 60-74 years and 11.1% are 75+ years.
- 3.36 In terms of socio-economics, 57.5% of HRP are in employment, 31.3% are retired, 4.5% are looking after the home or a carer, 4.4% are permanently sick or disabled, 2.0% are unemployed and 0.3% were in full-time education. 27.3% of households across the study area have an income of less than £15,600 per annum, 26.5% receive between £15,600 and £26,000 and 46.3% receive over £26,000.
- 3.37 The Household Survey asked how much households pay for their rent or mortgage. 44.4% pay under £100 per week; 39.4% pay £100-200 per week; and 6.3% pay £200 or more per week. 25.0% of households are fairly concerned about their ability to pay their rent or mortgage; a further 9.3% are very concerned.
- 3.38 The Household Survey found that 6.2% of occupied dwellings across the Hexham area have been adapted or purpose-build for a person with a long-term illness, health problem or disability.
- 3.39 91.1% of households are satisfied or very satisfied with their neighbourhood as a place to live; 5.5% are neither satisfied or dissatisfied; and 3.3% expressed degrees of dissatisfaction of whom 1.1% were very dissatisfied.

Migration and moving patterns

Out-migration

- 3.40 The 2016 Household Survey asked whether, in the preceding five years, anyone in the household had moved away from the Hexham area due to difficulties in finding a suitable home locally. 4.8% (276 households) said that this had happened within their household. Of the moving household members, 23.3% had moved to elsewhere in Northumberland and 76.7% had moved outside of Northumberland.
- 3.41 In terms of reasons for moving, the main reasons mentioned include lack of affordable housing, to take up employment elsewhere and lack of public transport.

In-migration and movement within the Hexham area

- 3.42 The 2016 Household Survey indicated that around 32.5% (1,941 households) had moved home in the preceding five years. Of these households, 50.4% (979 households) originated within the Hexham area and 49.6% (962 households) originated from outside the area.
- 3.43 Information from the Household Survey relating to households moving in the preceding five years includes:
- A majority (65.3%) moved into a house, particularly semi-detached (25.9%), terraced (20.2%) and detached (19.2%), 25.0% moved into a flat/apartment/maisonette, 8.4% into a bungalow and 1.3% into another type of property;
 - Almost half (49.0%) moved into smaller properties with one or two bedrooms and 51.0% moved into properties with three bedrooms or more;
 - 46.4% moved into owner occupied properties, 32.5% moved into private renting and 21.2% moved into affordable (social rented/intermediate tenure) dwellings;
 - Couples with children under 18 accounted for 24.2% of moving households; 22.1% were singles (under 65); 17.2% were older households (over 65); 16.1% were younger couples with no children (under 65); 9.2% were lone parents with children under 18; 5.8% were couples/lone parents with adult children; and 5.3% were other households;
 - 84.0% of moving Household Reference People (Heads of Household) were aged under 65 years and 16.0% were aged 65 or over;
 - The majority of Heads of Household of moving households were in employment (62.6%) with a further 22.5% retired, 7.6% looking after the home or caring for someone, 3.7% permanently sick/disabled, 3.0% unemployed and 0.5% in full-time education;
 - 30.3% of households had an annual income of less than £15,600 per annum; 29.2% had an income of between £15,600 and £26,000 per annum; and 40.6% had an income of at least £26,000 per annum; and
 - 38.0% of moving Heads of Household in employment worked in the Hexham area and 62.0% worked outside the study area.
- 3.44 Table 3.5 reviews the tenure choices of households moving in the preceding five years, based on data from the 2016 Household Survey. The majority of those moving remain in the same tenure, with 85.7% of those in affordable accommodation, 77.7% of those in owner occupied properties and 50.2% 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 private renting (53.4%), with 25.9% moving into owner-occupation and 20.7% into affordable housing.

Table 3.5 Residential mobility – movement between different tenures

Current Tenure	Previous Tenure				Total
	Owned	Social/ Affordable Rented	Private Rented	Previously living with family/friends	
Owned	77.7	5.9	29.4	25.9	49.9
Social/Affordable	1.5	85.7	20.5	20.7	19.3
Private Rented	20.8	8.4	50.2	53.4	30.8
Total	100.0	100.0	100.0	100.0	100.0
Base (Valid responses)	933	238	620	116	1907

Source: 2016 Household Survey

Households planning to move

- 3.45 The 2016 Household Survey found that around 1,286 households plan to move in the next five years. Table 3.6 summarises the moving intentions of households based on the first preference they stated in the Household Survey. Overall, 66.9% of households intend on remaining in the Hexham area and 33.1% intend to move out.
- 3.46 Of the 33.1% of households planning to move out, the Household Survey found that 10.7% were planning to move to elsewhere in Northumberland and 22.4% to somewhere outside of Northumberland.

Table 3.6 First choice destination of households planning to move in next five years

Destination	% stating as first preference
Within Hexham	
Hexham Central	21.9
Hexham East	7.6
Hexham West	32.8
Acomb	2.9
Sandhoe	1.7
Total within the Hexham area	66.9
Outside Hexham	
Elsewhere in Northumberland	10.7
Outside Northumberland	22.4
Total outside the Hexham area	33.1

Source: 2016 Household Survey

Concluding comments

- 3.47 The purpose of this chapter has been to consider the general housing market dynamics of the Hexham area. By reviewing the dwelling profile, house prices and rents, household characteristics and movements, a picture of the market dynamics of Hexham emerges.

- 3.48 In summary, the 2016 Household Survey found that 67.1% of dwellings are owner-occupied, 14.7% are privately rented (including tied accommodation), 17.5% are social rented and 0.6% are intermediate tenure.
- 3.49 Analysis of house prices indicates that owner occupation has become slightly more affordable over the past five years, taking into account average house prices alone. However, individual incomes, saving, access to a deposit and mortgage availability are also key factors. There is clear evidence that affordability remains a particular problem for many households. Only one-quarter (25.9%) of newly-formed households in the past five years (previously living with family and friends) moved into owner-occupation.
- 3.50 In terms of households who had moved house in the preceding five years, most are young households in employment with 38.0% working in Hexham. The main reasons for moving identified by the Household Survey include lack of affordable housing, to take up employment elsewhere and lack of public transport. In addition, 4.8% of households have had other members of their household move away from the area in the past five years because of difficulties in finding a suitable home locally.
- 3.51 The Household Survey identified that around 32.5% of households had moved house in the past five years. Of these, 50.4% originated within the study area, and 49.6% from outside the study area. Most moved into the private housing sector, with around 46.4% moving into owner occupation and 32.5% 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 the Hexham area. 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'*⁸.
- 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 Hexham area. This is presented in detail at Appendix C of this report and follows DCLG modelling guidance.
- 4.6 Across the study area there are 687 needs across 588 households, recognising that a household may have more than one need which represents 9.9% of all households. Reasons for housing need are summarised in Table 4.1.

⁸DCLG, NPPG, *Housing and economic development needs assessments*, paragraph 22

Table 4.1 Housing need in the Hexham area		
Category	Factor	Number of Households in Need
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	97
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	94
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	97
	N4 Too difficult to maintain	158
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	54
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	131
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	18
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	5
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	33
Total number of needs expressed		687
Total no. households in need (with one or more housing needs)		588
Total Households		5,964
% households in need		9.9%

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 Hexham. Private renters are more likely to be in housing need, at almost one-fifth (19.3%) of households; along with lone parents with children under 18 (one or two children, 20.1%, and three or more children, 31.4%) and lone parents with adult children (18.0%).

Table 4.2 Housing need by tenure

Tenure	No. H'holds in need	% H'holds in need	Total no. households
Owner Occupier	269	6.7	4,007
Private Rented	177	19.3	916
Affordable	142	13.6	1,042
Hexham Area Total (All households in need)	588	9.9	5,964

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)	56	5.8	972
Single Adult (65 or over)	36	5.8	616
Couple only (both under 65)	93	9.7	962
Couple only (one or both over 65)	67	6.8	984
Couple with 1 or 2 child(ren) under 18	119	12.3	965
Couple with 3 or more children under 18	19	8.6	221
Couple with child(ren) aged 18+	28	6.3	457
Lone parent with 1 or 2 child(ren) under 18	64	20.1	319
Lone parent with 3 or more children under 18	16	31.4	51
Lone parent with child(ren) aged 18+	38	18.0	211
Other type of household	52	25.1	207
Hexham Area Total (All households in need)	588	9.9	5,964

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 (deficit) of 124 dwellings and after taking account of affordable supply an annual net imbalance (deficit) of 68 affordable dwellings across the Hexham area as shown in Table 4.4.

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

Designation	Number of Bedrooms	Housing Need (per annum)		
		Gross	Affordable Supply	Net
General Needs	1	3	16	-13
	2	60	23	37
	3	32	8	24
	4+	23	0	23
Older Person	1	0	6	-6
	2+	6	2	3
Total		124	56	68

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 (50.8%), general needs three or more bedroom (44.4%) and older person two bedrooms (4.8%). 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 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	51.1	37.5	39.7
Intermediate	46.1	43.7	43.8
Starter Homes	2.8	18.8	15.6
Total	100.0	100.0	100.0
<i>Base (annual requirement)</i>	23	101	124

Source: 2016 Household Survey

- 4.14 Overall, analysis would suggest a tenure split of 39.7% social/affordable rented, 43.8% intermediate tenure and 15.6% Starter Homes across the Hexham area, based on household preferences. This analysis is based on the tenure preferences of households and further analysis is presented in Table C6 (Appendix C) which considers the ability of households to afford intermediate tenure. Overall, 43.7% could afford properties priced at up to £80,000, 24.6% could afford properties priced at up to £100,000 and 15.4% could afford properties priced at up to £120,000. The actual tenure split could be moderated based on the likely price of intermediate tenure products in the area.

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 houses is a priority (with 44.8% stating an expectation of moving to a house), closely followed by flats (43.6%) and bungalows (11.6%).

Table 4.6 Property type preferences

Type preferences	Existing (%)	Newly-forming (%)	Total (%)
House	66.1	35.1	44.8
Flat/Apartment	15.2	56.5	43.6
Bungalow	18.6	8.3	11.6
Total	100.0	100.0	100.0
<i>Base</i>	23	101	124

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 in the Hexham area 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 an indicative income required for alternative tenure options to be affordable. Table 4.9 presents the assumptions underpinning the analysis.
- 4.18 The data is presented for Acomb Parish, Hexham Parish and for the whole study area (comprising of the three parishes including Sandhoe). Sandhoe Parish has so few transactions that they are not reported separately. Likewise, it is worth noting that Acomb Parish has a low number of house sale and rental transactions per year, which means that the average price is easily skewed by a few high or low values. The analysis in this section is based on the house price and rental data from 2015, in which average prices in Acomb were slightly higher than those in Hexham Parish. This consequently indicates that Acomb is more expensive for many tenures, which in reality may or may not be the case during the plan period. The data and analysis must be considered with this caveat in mind, and for the purposes of this HNA the commentary is focused upon the study area as a whole (and with a larger dataset this analysis is statistically more accurate).

Table 4.7 Cost of alternative tenure options

Tenure option	Price by area (2015)		
	Acomb Parish	Hexham Parish	Study Area
Social Rent (average)	£334	£334	£334
Affordable Rent (80% of average private rent)	£684	£479	£499
Market Rent - Lower Quartile	£576	£477	£485
Market Rent – Median	£650	£550	£559
Market Rent – Average	£855	£599	£624
Market Sale - Lower Quartile	£131,000	£126,000	£126,376
Market Sale – Median	£181,000	£170,000	£175,000
Market Sale – Average	£198,083	£211,510	£210,413
Starter Home	£144,800	£136,000	£140,000
Shared ownership (50%)	£90,500	£85,000	£87,500
Shared ownership (25%)	£45,250	£42,500	£43,750
Help to buy	£181,000	£170,000	£175,000

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

Table 4.8 Income required for alternative tenure options

Tenure option	Income required by parish (2015)		
	Acomb Parish	Hexham Parish	Study Area
Social Rent	£16,016	£16,016	£16,016
Affordable Rent	£32,832	£23,002	£23,962
Market Rent - Lower Quartile	£27,648	£22,896	£23,280
Market Rent - Median	£31,200	£26,400	£26,832
Market Rent - Average	£41,040	£28,752	£29,952
Market Sale - Lower Quartile (assumes 10% deposit)	£33,686	£32,400	£32,497
Market Sale - Median (assumes 10% deposit)	£46,543	£43,714	£45,000
Market Sale - Average (assumes 10% deposit)	£50,936	£54,388	£54,106
Starter Home	£37,234	£34,971	£36,000
Shared ownership (50%)	£36,778	£34,759	£35,677
Shared ownership (25%)	£30,767	£29,113	£29,865
Help to buy	£25,857	£24,286	£25,000

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

Table 4.9 Assumptions in assessing income required for alternative tenure options

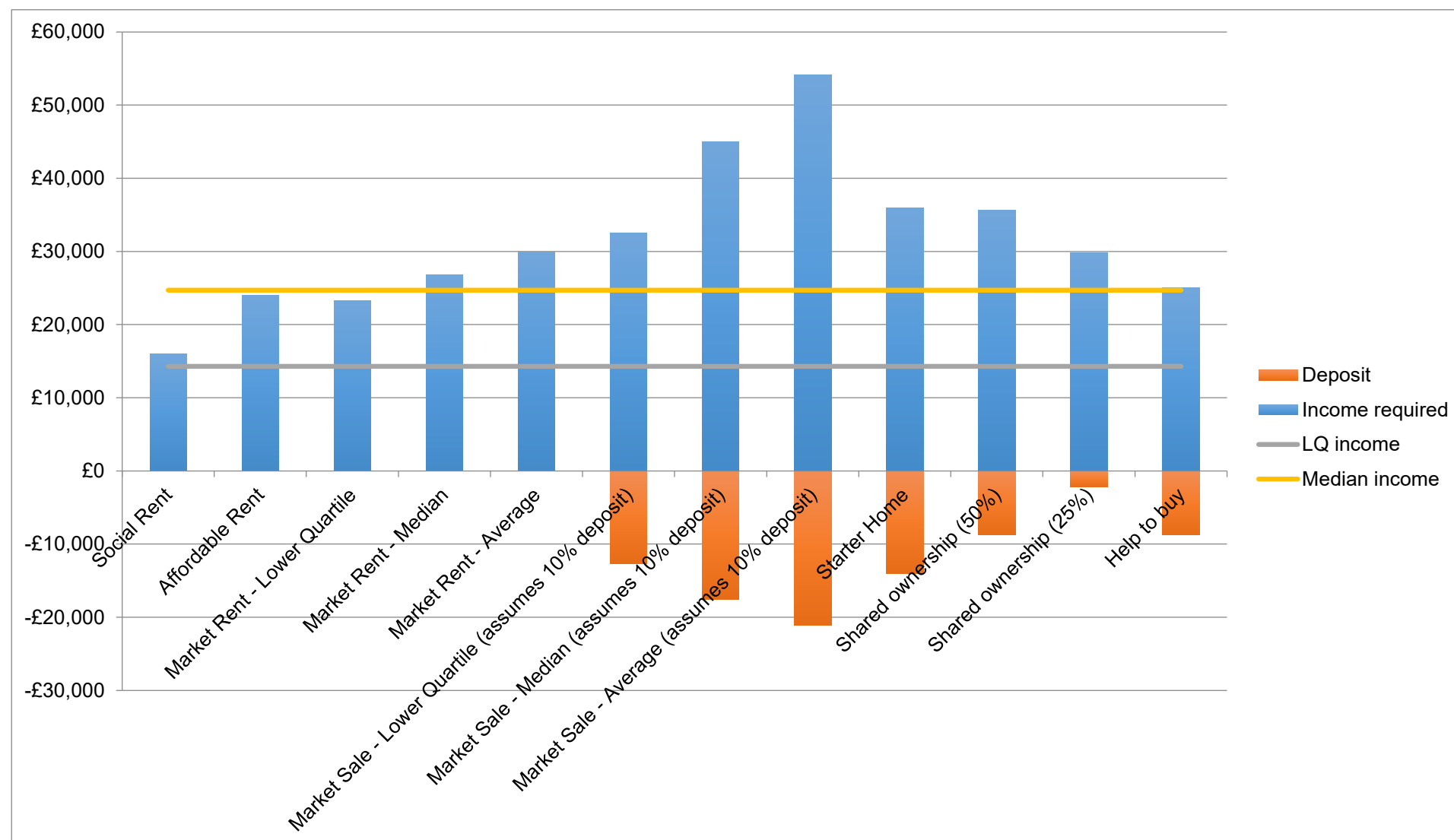
Tenure	Tenure price assumptions	Affordability assumptions
Social rent	Prevailing prices	Affordability 25% of income
Affordable rent	80% of average market rent	Affordability 25% of income
Market Rent - lower quartile	Prevailing prices	Affordability 25% of income
Market Rent - median	Prevailing prices	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

- 4.19 This analysis indicates that for open market housing, the minimum indicative income required is £23,280 for lower quartile or entry-level renting in the study area as a whole. For lower quartile or entry-level house prices the minimum income required is £32,497.
- 4.20 Figure 4.1 summarises the relative affordability of alternative tenures in the study area. It uses lower quartile and median earnings derived from the 2016 Household Survey.
- 4.21 Table 4.10 then summarises the proportion of households who could afford different types of tenure by parish based solely on household income data derived from the Household Survey. Overall and excluding Housing Benefit, social renting is affordable to 72.6% of households and affordable rent 53.2% across the study area; median private renting to 46.7%. In terms of market sale,

lower quartile house prices are affordable to 46.7% and median prices are affordable to 30.1.

- 4.22 Regarding affordable home ownership options, Starter Homes are affordable to 32.4% of eligible households⁹, shared ownership to 42.2% (50% equity) and 50.0% (25% equity) and Help to Buy to 53.2%.

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

Figure 4.1 Hexham area household income and housing costs

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

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

Tenure option	Acomb Parish		Hexham Parish		Study Area	
	Could afford	Could not afford	Could afford	Could not afford	Could afford	Could not afford
Social Rent (average)	74.6%	25.4%	71.7%	28.3%	72.6%	27.4%
Affordable Rent (80% of average private rent)	50.8%	49.2%	54.7%	45.3%	53.2%	46.8%
Market Rent - Lower Quartile	54.0%	46.0%	57.7%	42.3%	53.2%	46.8%
Market Rent – Median	30.9%	69.1%	51.7%	48.3%	46.7%	53.3%
Market Rent – Average	45.6%	54.4%	24.7%	75.3%	46.7%	53.3%
Market Sale - Lower Quartile	50.8%	49.2%	45.4%	54.6%	46.7%	53.3%
Market Sale – Median	30.9%	69.1%	29.5%	70.5%	30.1%	69.9%
Market Sale – Average	26.9%	73.2%	25.7%	74.3%	30.1%	69.9%
Starter Home*	85.4%	14.6%	35.8%	64.2%	31.2%	68.8%
Shared ownership (50%)	44.8%	55.2%	29.5%	70.5%	42.2%	57.8%
Shared ownership (25%)	50.8%	49.2%	33.4%	66.6%	50.0%	50.1%
Help to buy	50.8%	49.2%	45.4%	54.6%	53.2%	46.8%
<i>Base (all households providing income data)</i>	<i>138</i>	<i>138</i>	<i>1,093</i>	<i>1,093</i>	<i>1,286</i>	<i>1,286</i>

Note:

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

Starter Homes

- 4.23 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 homes¹⁰. They are to be well-designed and suitable for young first time buyers (under 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.
- 4.24 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-year olds will not be allowed to buy Starter Homes. Other provisions relating to Starter Homes are subject to consultation and secondary legislation¹¹.
- 4.25 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.
- 4.26 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.
- 4.27 The 2016 Household Survey identified a total of 564 households across the study area that have a household reference person aged under 40 and currently not living in owner occupation. Of these households, 254 plan to move in the next five years.
- 4.28 When asked their tenure choices, 87.0% of these households said that they would consider owner occupation. 24.4% said that they would consider Starter Homes.
- 4.29 Analysis indicates that a Starter Home price in the study area would be around £140,000 based on a 20% discount on the median house price based on all sales.
- 4.30 A comparative analysis of the household incomes of the 23 to under 40 cohort not living in owner occupation and indicative Starter Home prices suggests that 31.2% of households in the study area could afford Starter Homes, which equates to around 85 households (this excludes any parental or other assistance with a deposit). Analysis therefore suggests that around one-third of

¹⁰ Planning Practice Guidance, *Starter Homes*, paragraph 002, Reference ID 55-002-20150318

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

existing households who qualify for Starter Homes could afford to buy one and there is an annual potential market from 16 existing households.

- 4.31 In terms of newly-forming households, housing needs analysis (see Appendix C) indicates that there is a total of 121 emerging households each year across the Hexham area, or 603 over five years. The Household Survey found that only a minority (18.8%) of newly-forming households would consider Starter Homes as a tenure choice. Once this and the relative affordability of Starter Homes has been considered, there is an annual potential market from 4 newly-forming households.
- 4.32 Taking into account both existing and newly-forming households who qualify for Starter Homes, the analysis suggests a total potential market for Starter Homes of around 20 each year (16 existing plus 4 newly-forming households) or 100 over a five year period
- 4.33 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

- 4.34 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.
- 4.35 Analysis has identified a total of 588 households in housing need, representing 9.9% of all households across the Hexham area. Detailed analysis of the affordability of open market dwellings and existing supply of affordable dwellings reveals that there is a net annual imbalance (deficit) of 68 affordable dwellings across the study area.
- 4.36 Overall, analysis would suggest a tenure split of 39.7% social/affordable rented, 43.8% intermediate tenure and 15.6% Starter Homes across the Hexham area based on household preferences. The actual ability to afford intermediate tenure has been tested and would suggest that 43.7% of households in need could afford intermediate tenure products priced at £80,000.
- 4.37 Analysis of the affordability of different tenure options, including eligibility criteria, suggests a total potential market of 100 Starter Homes over the next five years (20 per year).
- 4.38 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.
- 4.39 In terms of the size of affordable housing required the gross need is split by smaller general needs one/two bedrooms (50.8%), general needs three or more bedroom (44.4%) and older person two bedrooms (4.8%).

5. Future housing market demand in Hexham

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 the Hexham area.
- 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.

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 (77.2%), 14.8% would like to move to a bungalow and 6.3% to a flat. This compares with 79.5% who expect to move to a house, 11.9% to a bungalow and 6.5% a flat. A much higher proportion would like to move to a detached house (53.3%) but only 32.1% expect to. In contrast, higher proportions expect to move to a semi-detached house (27.5%) than would like to (14.7%).
- 5.7 This analysis of the 2016 Household Survey findings suggests that both houses with three bedrooms and bungalows are in stronger demand (both as a preference and expectation) than the supply of existing stock, as shown by the red indicators in Table 5.2.

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	1.3	3.9	2.9	-2.6	-1.6
Detached house/cottage 3 Beds	6.7	21	10.7	-14.3	-4.0
Detached house/cottage 4+ Beds	23	28.4	18.5	-5.4	4.5
Semi-detached house/cottage 1-2 Beds	4.9	2.8	6.3	2.1	-1.4
Semi-detached house/cottage with 3 Beds	13.5	9.9	14.4	3.6	-0.9
Semi-detached house/cottage 4+ Beds	7.8	2	6.8	5.8	1.0
Terraced house/cottage 1-2 Beds	7.1	5.2	9.3	1.9	-2.2
Terraced house/cottage 3 Beds	8.9	3.5	9.5	5.4	-0.6
Terraced house/cottage 4+ Beds	6.4	0.5	1.2	5.9	5.2
Bungalow 1-2 Beds	2.5	5.9	5.5	-3.4	-3.0
Bungalow 3+ Beds	5.6	8.9	6.4	-3.3	-0.8
Flat/Apartment 1 Bed	2.1	1.5	1.5	0.6	0.6
Flat/Apartment 2 Beds	8.5	3.4	3.6	5.1	4.9
Flat/Apartment 3+ Beds	1	1.4	1.5	-0.4	-0.5
Other 1-2 Beds	0.5	1.6	2.1	-1.1	-1.6
Other 3 Beds	0.2	0	0	0.2	0.2
Total	100	100	100		
Base	4896	790	751		

Source: 2016 Household Survey

Table 5.2 Summary of open market dwelling stock and preferences

Dwelling type/size summary	% Profile of new dwelling stock based on:			Variance from current private stock	
	Current stock	Like	Expect	Like %	Expect %
House 1-2 Beds	13.3	11.9	18.5	1.4	-5.2
House 3 Beds	29.1	34.4	34.5	-5.3	-5.4
House 4+ Beds	37.2	30.9	26.5	6.3	10.7
Bungalow	8.2	14.8	11.9	-6.6	-3.7
Flat	11.6	6.3	6.5	5.3	5.1
Other	0.7	1.6	2.1	-0.9	-1.4
Total	100	100	100		
Base	4896	790	751		

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 Hexham 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 1,063 households with an income of at least £49,400 per annum (£950 each week). Of these households, 278 are intending to move in the next five years. Of this group of high income households, 60.7% stated a first preference location within the Hexham area, including 38.9% who specified West Hexham; 11.1% stated elsewhere in Northumberland; and 28.2% outside of 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 houses, terraced houses and three-bedroom properties than would choose to.

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	1.5	0.0	0.7	1.5	3.3	0.7	7.7
Three	16.9	3.7	1.5	0.0	11.4	0.0	33.5
Four	43.7	0.0	0.0	1.5	1.1	0.0	46.3
Five or more	11.0	1.5	0.0	0.0	0.0	0.0	12.5
Total	73.1	5.2	2.2	3.0	15.8	0.7	100.0

Expectation

No. Beds	Property type (Table %)						Total
	Detached house	Semi-detached house	Terraced house	Flat	Bungalow	Other	
Two	0.0	1.5	0.8	2.3	5.7	0.8	11.1
Three	11.0	7.6	10.6	0.0	9.1	0.0	38.3
Four	33.9	7.6	0.0	0.0	0.8	0.0	42.3
Five or more	4.9	3.4	0.0	0.0	0.0	0.0	8.3
Total	49.8	20.1	11.4	2.3	15.6	0.8	100.0

Base: 278 households with an income of more than £950 planning to move in next 5 years (within study area or elsewhere)

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 option¹². 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 asked respondents who were planning to move what type of property they would like to move to. This included the option of selecting self-build. However, no respondents in the Hexham area selected self-build as a house type of choice.
- 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 (84.5%) want to stay in their own homes with help and support when needed (Table 5.4) and over one-quarter (28.6%) would consider buying a property on the open market. It is interesting to note that a higher proportion of 75+years households wish to stay in their own home, while a higher proportion of households aged 60-74 years would consider buying on the open market. Sheltered accommodation and Extra Care housing are attractive options, with a slight preference for owner-occupation over renting but limited interest in part-rent/buying. Almost one-quarter (23.7%) of older households would consider co-housing. This evidence suggests a need to continue to diversify the range of older persons' housing provision. Additionally, providing a wider range of older persons' accommodation has the potential to free-up larger family accommodation.

¹² National Planning Policy Framework, paragraph 021, Reference ID 2a-021-20150326

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	82.2	90.7	84.5
Buying a property on the open market	33.7	14.8	28.6
Rent a property from a private landlord	5.1	3.5	4.6
Rent from Housing Association	14.6	7.3	12.6
Sheltered accommodation - To Rent	23.8	16.5	21.8
Sheltered accommodation - To Buy	29.1	22.9	27.5
Sheltered accommodation - Part Rent/Buy	10.0	7.6	9.4
Extra Care housing - To Rent	21.5	17.2	20.3
Extra Care housing - To Buy	21.9	21.9	21.9
Extra Care housing - Part Rent/Buy	10.0	6.9	9.2
Residential Care home	17.0	24.3	19.0
Co-housing	27.1	14.3	23.7
<i>Base (total households responding)</i>	<i>1603</i>	<i>593</i>	<i>2196</i>

Source: 2016 Household Survey

- 5.18 Of all older person households, 12.9% would like to move in the next five years and a further 3.2% would like to move but are unable to. 83.9% do not want to move in the next five years. Of households who are unable to move, 34.2% stated they could not afford to, 23.5% stated a lack of suitable property in the area wanted and 23.5% stated a lack of suitable properties of the type wanted.
- 5.19 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. In terms of dwelling type, almost half (47.1%) of older (60+) households would like to move to a bungalow and 40.6% expect to. A slightly higher proportion of older households expect to move into flats (18.8%) than would like to (17.0%). Likewise, 14.5% expect to move to older/supported housing although only 8.5% aspire to this type of housing. Regarding the size of property, 53.6% of households would like a one- or two-bedroom property and this compares well with the proportion who expect to achieve this (52.9%), while 38.4% would like a three-bedroom property but only 31.4% expect to achieve it.

Table 5.5 Dwelling aspirations and expectations of households containing a HRP aged 60 or over

Dwelling type	Aspiration (%)	Expectation (%)
House	27.5%	26.1%
Bungalow	47.1%	40.6%
Flat	17.0%	18.8%
Other	0.0%	0.0%
Older/supported	8.5%	14.5%
Total	100.0%	100.0%
No. bedrooms	Aspiration (%)	Expectation (%)
1/2 Beds	53.6%	52.9%
3 Beds	38.4%	31.4%
4 or more beds	7.9%	15.7%
Total	100.0%	100.0%

Source: 2016 Household Survey

- 5.20 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 62.5% 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)	62.5
Staying same	33.6
Moving to larger property	4.0
Total	100.0
Base	253

Source: 2016 Household Survey

Households previously homeless

- 5.21 The 2016 Household Survey identified 52 households who had been previously homeless or living in temporary accommodation and had moved to their present accommodation in the past five years.
- 5.22 Table 5.7 presents a range of information relating to the characteristics of previously homeless households and the dwelling choices that they have made. 71.2% of previously homeless households have moved into the social rented sector. 51.0% moved into houses and 47.1% into flats/apartments. A total of 62.7% of previously homeless households include children aged under 18. Previously homeless households have come from within Hexham, from other parts of Northumberland and further afield.

Table 5.7 Characteristics of households previously homeless			
Household Type	%	Property Type	%
Single Adult (under 65)	31.4	House	51.0
Single Adult (65+)	5.9	Bungalow	2.0
Couple with children under 18	39.2	Flat/apartment	47.1
Lone parent with children under 18	23.5		
Total	100.0	Total	100.0
Current tenure	%	Property size	%
Owner Occupied	13.5	0/1 bedroom	25.0
Private Rented	15.4	2 bedroom	46.2
Social Rented/Affordable	71.2	3+ bedrooms	28.9
Total	100.0	Total	100.0
Origin	%		
Within Hexham area	32.0		
Elsewhere in Northumberland	28.0		
Outside Northumberland	40.0		
Total	100.0		

Base: 52 households previously homeless

Source: 2016 Household Survey

Householder views on dwelling requirements

- 5.23 The household survey asked residents for their views on the type of housing that is needed across the study area. The findings are set out in Table 5.8. Of households responding to these questions, 41.1% felt that homes for young people and 30.1% felt that homes for first-time buyers were particularly required.

Table 5.8 Residents' views on dwelling requirements		
Type of housing	Count	Percentage of households mentioning requirement
Homes for young people	2340	41.1
Homes for first-time buyers	1713	30.1
Small family homes	632	11.1
Large family homes	271	4.8
Homes for people with disabilities	200	3.5
Homes for single people	331	5.8
Homes for older people	311	5.5
No further homes are needed	565	9.9
Other	220	3.9
Base (households responding)	5,691	

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

Source: 2016 Household Survey

Summary

- 5.24 A comparison of the existing stock profile with the aspirations and expectations of households intending to move suggests that strongest demand overall is for properties with 3 bedrooms, with demand for both 2- and 4-bedroomed properties also reasonably strong.
- 5.25 High-income households planning to move indicated a strong preference for detached houses with four bedrooms and the majority wanted to stay in the Hexham area, particularly the west of Hexham. 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.
- 5.26 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 84.5% of older households would like to stay in their own homes with support when needed. However, other housing options were also considered attractive including co-housing. Analysis indicates that 62.5% 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, Hexham Town Council, Acomb Parish 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 the Hexham area by considering current market demand relative to supply; and also identifies an overall affordable housing imbalance across the area.
- 6.3 This concluding chapter summarises key messages from the research findings.

The current housing market

- 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 5,964 households across the Hexham, Acomb and Sandhoe parishes¹³. Overall, the 2016 Household Survey shows that:
- 75.8% of occupied dwellings are houses (29.5% semi-detached, 25.7% detached and 20.6% terraced), 15.7% are flats/maisonettes, 7.9% are bungalows and 0.6% are other property types;
 - 6.0% have one bedroom/bedsit, 28.8% have two bedrooms, 33.9% have three bedrooms and 31.3% have four or more bedrooms;
 - 29.1% of the housing stock was built pre-1919, 13.8% between 1919-1944, 17.3% between 1945-1964, 16.9% between 1965-1984, 15.5% between 1985-2005 and 7.4% since 2005;
 - 67.1% of properties are owner-occupied, 18.1% are affordable (social/affordable rented or shared ownership) and 14.7% are private rented (or tied accommodation).

Housing need

- 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). The overall gross need for affordable housing is 124 dwellings each year. However, there is capacity of around 56 affordable dwellings each year,

¹³ 2015 Council Tax data

which results in an overall net imbalance (deficit) of 68 affordable dwellings each year.

- 6.7 In terms of the size of affordable housing required, the gross need is split by smaller general needs one/two bedrooms (50.8%), general needs three or more bedroom (44.4%) and older person two bedrooms (4.8%). It is therefore appropriate for the continued delivery of affordable housing to reflect underlying need.
- 6.8 A tenure split of 39.7% social/affordable rented, 43.8% intermediate tenure and 15.6% Starter Homes is suggested.
- 6.9 In summary, key drivers in determining the tenure and type of future development include:
- The need to continue open market development to satisfy household aspirations, in particular demand for detached houses;
 - Developing an increasing range of housing and support products for older people;
 - Delivering additional affordable housing to help offset the identified net shortfalls; and diversifying the range of affordable options by developing intermediate tenure dwellings and products; and
 - The economic viability of delivering affordable housing on sites across Hexham.

Future housing market demand

- 6.10 Households intending to move in the open market were asked in the 2016 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 (77.2%), 14.8% would like to move to a bungalow and 6.3% to a flat. A much higher proportion would like to move to a detached house (53.3%) but only 32.1% expect to. In contrast, higher proportions expect to move to a semi-detached house (27.5%) than would like to (14.7%).
- 6.11 This analysis of the 2016 Household Survey findings suggests that on the basis of household aspirations (likes), strongest demand is for detached properties with three or four-plus bedrooms.
- 6.12 Future development should focus on delivering to address identified mismatches and reflect household aspirations.

The ageing population and specialist need

- 6.13 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.
- 6.14 Additionally, the range of housing options available to older people needs to be diversified, for instance through the development of open market housing

marketed at older people. In terms of considering housing options for the future, the Household Survey found that 58.7% of older households (60 years+) would consider Sheltered housing and 51.4% would consider Extra Care housing.

Final comments

- 6.15 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 the study area.
- 6.16 This research has reflected upon the housing market attributes of the study area and interactions with other areas. 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:
- A full census survey of households across the Hexham, Acomb and Sandhoe parishes. A total of 5,964 households were contacted and 1,530 questionnaires were returned and used in data analysis. This represents a 25.7% 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 three separate responses received from representatives from the County Council and developers.

Baseline dwelling stock information and survey sample errors

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

Table A1 Household Survey sample information						
Area		Total Households	Households Contacted	Achieved Response	Response Rate	Sample error +/-
Parishes	Hexham	5210	5120	1288	24.7%	+/-2.4%
	Acomb	560	560	173	30.9%	+/-6.2%
	Sandhoe	194	194	69	35.6%	+/-9.5%
Study Area		5964	5964	1530	25.7%	+/-2.2%

Source: 2016 Council Tax Data

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
Parishes	Hexham	1031	116	141	1288
	Acomb	136	14	23	173
	Sandhoe	59	8	2	69
Study Area		1226	138	166	1530

Table A3 Weighted sample information for reporting

Area		Tenure			
		Owner Occupied	Private Rented	Affordable	Total
Parishes	Hexham	3481	793	936	5210
	Acomb	387	68	105	560
	Sandhoe	139	53	2	194
Study Area		4007	914	1043	5964

- 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. Furthermore, the survey findings are enhanced and corroborated through analysis of secondary data.

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"*¹⁴. 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"*¹⁵. The Government sets out an intention to support the growth of the private rented

¹⁴ *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 22 para.11

¹⁵ *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."*¹⁶
- 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 Homes¹⁷. **Planning Practice Guidance** on a range of more detailed topics has been revised and updated and made available through an online system since March 2014¹⁸. 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

¹⁶ National Planning Policy Framework (November 2012), para. 14

¹⁷ <http://planningguidance.communities.gov.uk/>

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

Chancellor George Osborne on 8th 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*** (10th July 2015). This sets out a 15-point plan that the Government will put into action to boost the UK's productivity growth, centred around two key pillars: encouraging long-term investment and promoting a dynamic economy.
- B.17 Of particular relevance to housing are the following points in the plan:
- Planning freedoms and more houses to buy: In order to increase the rate of housebuilding and enable more people to own their own home, a number of actions are identified including a zonal system to give automatic planning permission on suitable brownfield sites; speeding up local plans and land release, stronger compulsory purchase powers and devolution of planning powers to the Mayors of London and Manchester, extending the Right to Buy to housing association tenants, delivering 200,000 Starter Homes and restricting tax relief to landlords.
 - Resurgent cities, a rebalanced economy and a thriving Northern Powerhouse: In order to rebalance the economy, which is skewed towards London and the South East, the Government is committed to building a Northern Powerhouse through £13 billion of investment in transport in the North of England during this Parliament, backing new science, technology and culture projects, devolving significant powers to an elected Mayor for Manchester, taking steps to enable the Midlands Engine for Growth to reach its full potential and working towards devolution deals with the Sheffield City Region, Liverpool City Region and Leeds, West Yorkshire and partner authorities.
- B.18 The Chancellor of the Exchequer delivered his **Spending Review and Autumn Statement 2015** to Parliament on 25th 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 1st 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 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 23rd March 2016. This sought views on the framework to be established in the forthcoming regulations, including the restrictions that should be placed on Starter Homes, how age eligibility criteria should work, what threshold (size of site/development) should apply, what the percentage requirement should be, whether exemptions should apply and whether off-site payments should be acceptable. The consultation document set out that, in terms of the period within which Starter Homes should not be sold at full market value, the DCLG does not support a period of longer than 8 years. The paper proposes that the requirement to provide 20% of dwellings as Starter Homes should apply to sites of 10 dwellings or more (or 0.5 hectares).
- 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.'*¹⁹

- 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."*²⁰ 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 announced²¹ 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.

¹⁹ <https://www.gov.uk/government/topics/housing>

²⁰ <https://www.gov.uk/government/speeches/housing-and-planning>

²¹ <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 announced²², designed to prepare brownfield sites for at least 30,000 homes, along with £6.3 million of Housing Zones funding²³ 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 model²⁴, 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;

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

²³ <https://www.gov.uk/government/news/tens-of-thousands-of-homes-supported-by-housing-zone-funding>

²⁴ 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 homeownership²⁵, 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 products²⁶:
 - 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 that 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.

²⁵ <https://www.ownyourhome.gov.uk/>

²⁶ <https://www.helptobuy.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 1st 2013, Health and Wellbeing Boards (including Directors of Public Health) became statutory committees of local authorities. They are responsible for encouraging integrated working on health and wellbeing issues, including development of Joint Health and Wellbeing Strategies, and Joint Strategic Needs Assessments.
- B.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 17th December 2015 the DCLG announced "a radical new package of measures to help tackle homelessness and ensure that there is a strong safety net in place for the most vulnerable people in society"²⁷. 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.

²⁷ <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 in to 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 (2)
- 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 Hexham (including Acomb and Sandhoe Parishes and termed ‘the study area’) 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 the study area. 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 the study area			
Step	Stage and Step description	Calculation	Study Area
		Total households >>>	5964
Stage1: CURRENT NEED			
1.1	Homeless households and those in temporary accommodation	Annual requirement	97
1.2	Overcrowding and concealed households	Current need	97
1.3	Other groups	Current need	423
1.4	Total current housing need (gross)	Total no. of households with one or more needs	588
1.4A	TOTAL cannot afford open market (buying or renting)	%	43.4%
		Number	255
Stage 2: FUTURE NEED			
2.1	New household formation (Gross per year)	Based on average of past trends, national rate and aspirations to form	121
2.2	Number of new households requiring affordable housing	%	79.2%
		Number	95
2.3	Existing households falling into need	Annual requirement	6
2.4	TOTAL newly-arising housing need (gross each year)	2.2 + 2.3	101
Stage 3: AFFORDABLE HOUSING SUPPLY			
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	142
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	0
3.3	Committed supply of new affordable units	See comments at para 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	142
3.6	Annual supply of social re-lets (net)	Annual Supply (3yr ave.)	55
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply (3yr ave.)	1
3.8	Annual supply of affordable housing	3.6+3.7	56
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED			
4.1	Total backlog need	1.4A-3.5	113
4.2	Quota to reduce over 5 years (20%)		
4.3	Annual backlog reduction	Annual requirement	23
4.4	Newly-arising need	2.4	101
4.5	Total annual affordable need	4.3+4.4	124
4.6	Annual affordable capacity	3.8	56
4.7	NET ANNUAL IMBALANCE (4.5-4.6)	NET	68

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 588 is the total number of households with one or more housing needs

There is expected to be some affordable delivery over the next 5 years which is discussed at para C.24

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 Hexham		
Category	Factor	No. Households
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	97
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	94
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	97
	N4 Too difficult to maintain	158
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	54
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	131
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	18
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	5
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	33
Total no. households in need		588
Total Households		5,964
% households in need		9.9%

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 **97** households who were either under threat of homelessness or were living in temporary accommodation across the study area. 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 **97** 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 **423** households across the study area 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 the study area before any analysis of the ability of households to afford open market solutions is **588**.
- 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 affordability testing were derived using Land Registry house price and Zoopla rental address-level data (Table C3).

Table C3 Lower quartile house prices and rents by parish (2015)		
Parish	Lower quartile house price (£)	Lower quartile rent (£ per month)
Acomb	£131,000	£576
Hexham	£126,000	£477
Sandhoe	£190,000	£412
Study Area	£126,376	£485

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

- C.14 Applying the affordability test to existing households in need establishes that 43.4% could not afford lower quartile prices or rents or **255** households.

Stage 2: Future need

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 **121** 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 79.2% 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 the study area is calculated to be **95** 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

6 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 **101** households each year across the study area.

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 need²⁸.
- C.22 A total of **142** 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 the study area.

Step 3.3 Committed supply of new affordable units

- C.24 There is ongoing delivery of affordable housing. Any additional affordable housing will help offset the identified requirements. Over the period 2016-21 a total of 29 affordable dwellings are forecast to be built in the study area and this will help offset identified need.

²⁸ 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 **142** 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 the study area and households moving within the social rented stock; and
- **Include** households who moved from within the study area into social renting from another tenure; newly-forming households originating in the study area and moving in social renting; and households moving from specialist/supporting housing from within the study area into affordable housing.

- C.28 Analysis suggests that there is an annual average of **55** social rented dwellings let to new tenants i.e. households originating in the study area 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 Two intermediate re-lets/sales were reported in the study area over the three year period 2010/11, 2011/12 and 2012/13 are recorded in CORE Sales data, or a rounded average of **1** each year.

Summary of Stage 3

- C.30 Overall, the model assumes an existing affordable supply of 142 and an annual supply of 55 social/affordable lettings and an annual supply of 1 intermediate tenure lettings/sales.

Stage 4: Estimate of annual housing need

Overview

- C.31 Analysis has carefully considered how housing need is arising within Hexham Parishes 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 (deficit) of **68** 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 (255) minus the total affordable housing stock available (142). 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 3.5x 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 parish level for the period 2015 were derived using Land Registry address-level data and Zoopla rental data (Table C3).
- C.37 Overall, 45.9% of households in need could not afford open market prices or rents, resulting in a total of 255 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 (142) the final figure for total backlog need is 113.

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 (**23** 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 (**101** each year).
- C.41 Step 4.5 is the total annual affordable need based on steps 4.3 and 4.4 (**124** each year).
- C.42 Step 4.6 is the annual social rented/intermediate tenure capacity based on step 3.8 (**56** each year).

Step 4.7 - Total gross and net shortfalls

- C.43 Table C4 summarises the overall annual gross and net affordable housing requirements for Hexham Parishes 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	3	16	-13
	2	60	23	37
	3	32	8	24
	4+	23	0	23
Older person	1	0	6	-6
	2+	6	2	3
Total		124	56	68

Note – some column totals in this table are subject to rounding errors

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 39.7% social/affordable rented, 43.8% intermediate tenure and 15.6% starter homes across Hexham Parishes.

Table C5 Affordable tenure preferences			
Tenure	Existing households in need (%)	Newly-forming households (%)	Total (%)
Affordable (Social) Rent	51.1	37.5	39.7
Intermediate Tenure	46.1	43.7	43.8
Starter Homes	2.8	18.8	15.6
Total	100.0	100.0	100.0
Base (annual requirement)	23	101	124

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 43.7% of both existing and newly-forming households able to afford a property priced at up to £80,000. Overall 24.6% could 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	61.4	39.6	43.7
up to £100,000	54.6	17.8	24.6
up to £120,000	46.0	8.5	15.4
Base	23	101	124

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 is a priority (with 44.8% stating an expectation of moving to a house), followed by flats (43.6%) and bungalows (11.6%).

Table C7 Property type preferences			
Type preferences	Existing (%)	Newly-forming (%)	Total (%)
House	66.1	35.1	44.8
Flat/Apartment	15.2	56.5	43.6
Bungalow	18.6	8.3	11.6
Total	100.0	100.0	100.0
Base	23	101	124

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, Hexham Town Council and Acomb Parish 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 Hexham 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 three separate responses to the stakeholder consultation were obtained from representatives from the County Council and developers. 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 view on the housing market in the Hexham area

- 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 were mentioned:
- Steady population growth, fuelled by in-migration of commuters;
 - Hexham's reputation as a good place to live and bring up a family, including good education;
 - An ageing population;
 - Attractive location to people who are retiring; and
 - Fall in household sizes and limited development in the past has resulted in increased demand.
- D.4 In terms of current weaknesses of the housing market in the study area, the following were noted:
- Lack of affordable homes to rent and buy;
 - Lack of Starter Homes and one- and two-bedroom properties; and
 - Lack of independent living accommodation for older people.
- D.5 The general characteristics of demand in the area, and households driving demand are:
- Demand for executive housing from commuters;
 - Demand for affordable housing; and
 - Demand from older people, which varies significantly. Demand includes those older people who work, those who are retired, and those who require support.
- D.6 In terms of house prices and market trends, one stakeholder noted that house prices have continued to rise, with mortgage finance issues creating difficulties for first-time buyers with 'shared' purchasing arrangements being more

common. Affordability challenges also results in higher demand for rented accommodation, and in overcrowding.

- D.7 Affordability was acknowledged by stakeholder to be a problem in Hexham. One respondent linked this to a lack of new development (supply) and a lack of purpose-built affordable housing.
- D.8 When asked whether there is much new build housing development in Hexham, one stakeholder said yes but not enough affordable accommodation. Another respondent commented that there are a few new schemes being developed but not enough to meet demand.
- D.9 In terms of the demand profile for new homes, strong demand for a range of size and tenures of homes was identified. Particularly strong demand for affordable housing across all tenures was noted, and continued demand for larger executive homes.
- D.10 Asked whether demand for new-build housing comes from households living within the study area or people moving into Hexham, all three respondents confirmed that there is demand for both.
- D.11 Stakeholders were asked to identify what types of housing they thought should be built and the following points were made:
- A mix of house types and tenures;
 - A full range of affordable dwellings across various tenures;
 - Starter Homes and one- and two-bedroom properties;
 - Larger four- and five-bedroom detached houses; and
 - Two-bedroom accommodation on one level for older people.
- D.12 Stakeholders responding to the online survey were asked how they saw the market for new-build housing developing over the short to medium term. Stakeholders considered that there is a positive outlook for new-build housing demand, subject to planning constraints.
- D.13 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 provision to meet increased demand;
 - Increased need for older people's housing; and
 - A need to ensure that the right type of housing is provided in the right locations and at affordable prices, to meet identified needs.

Stakeholder views on housing priorities

- D.14 The online survey asked stakeholders to rank a range of housing priorities as high, medium or low. The highest priorities identified by the stakeholders were building properties designed for older people, building affordable homes to rent and building affordable homes to buy (shared ownership, shared equity, Starter Homes, rent to buy, etc.). Stakeholders gave a range of reasons for identifying these priorities, including:
- Historic under-delivery of housing and lack of supply;

- A range of types and tenures of new housing is need; and
 - Ageing population means that more housing is needed that is suitable to help people live independent, healthy lives in their local communities.
- D.15 When asked to identify other priorities stakeholders identified the need for a good supply of smaller properties suitable for older people, to promote the release of larger properties to the market. Also mentioned was the need to ensure that development takes place in sustainable locations.

Stakeholder views on the private rented sector

- D.16 Stakeholders were asked in the online survey for their views on the size of the private rented sector. Two responded; neither of them considered there to be any issues relating to the size of the PRS in the Hexham area.
- D.17 In terms of the typical characteristics of private rental sector properties in Hexham, it was noted that these tend to include relatively few new builds. The stock tends to include good-sized, quality houses on the west of the town, while some more problematic private rented stock was noted on the east side. Private rented properties are focused on the more central areas, with less in the rural hinterlands.
- D.18 None of the respondents commented on the role of buy-to-let in the Hexham housing market.
- D.19 In terms of stock condition within the PRS, one stakeholder said that there are issues in a third of properties. Thermal efficiency was noted as a particular issue. None of the stakeholders were aware of high demand from ethnic minority groups; neither did they comment on movement between private rented accommodation and other tenures.

Stakeholder views on affordable housing

- D.20 One stakeholder identified as being involved in the development of affordable housing, but as a developer; their affordable housing is transferred to Registered Providers for ongoing management. This stakeholder stated that their stock profile includes predominantly houses, of a range of types and sizes. Their affordable housing provision also involves a mix of tenures to meet demand, particularly significant provision of two- and three-bedroom family homes.
- D.21 The stakeholders were asked if anti-social behaviour is a problem in Hexham. One respondent noted that this can be a problem in some areas.
- D.22 In terms of the key message for the HNA in respect of affordable housing, the following points were made:
- Need for a substantial increase in affordable housing provision; and
 - A focus on need and demand is required.

Stakeholder views on older people's and specialist housing

- D.23 Two stakeholders who responded to the online survey identified that they work with people with specialist needs, including local residents, older people and disabled people.
- D.24 In terms of observed changes in their client groups and support services, stakeholders reported increased demand from older elderly groups (85+ years), the more vulnerable and people with additional needs. One respondent commented that improvements to health and care services mean that people with learning disabilities are living longer.
- D.25 The stakeholders were asked what the 'housing stock' shortages were in Hexham for independent living. The need for affordable and attractive options in market towns such as Hexham was highlighted by one of respondents, and to create age-friendly neighbourhoods offering a range of services.
- D.26 An increased demand for support services was confirmed; it was noted that emphasis on these services to maximise independent living has been a long-term trend.
- D.27 Asked what type and size of housing should be built to meet the requirements of older people, Assisted Living Homes were identified as being increasingly popular. It was noted that people retiring early may want more manageable properties, while older elderly people may look for one-bedroom properties and some form of sheltered housing.
- D.28 In terms of housing for clients with additional support needs, emphasis on enabling independent living within the community was underlined as a preference and trend, with a long-term reduction in demand for residential accommodation. Consideration for providing additional space for support requirements was noted, along with locating homes on the ground floor for those with mobility needs, creating large bathrooms allowing for adaptation, and crucially locating accommodation close to transport links, shops and amenities within a community.
- D.29 Asked what they felt the key messages in the HNA should be in relation to supporting/independent living/older people all three respondents highlighted the housing needs and aspirations of older people, particularly in the context of an ageing population.

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 the Hexham area 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 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 the Hexham area. 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.