

**Parish of Horsley including the parishes of Bywell,
Ovington, Ovingham and Prudhoe**

Housing Needs Survey

For Northumberland Estates

Final Report

July 2019

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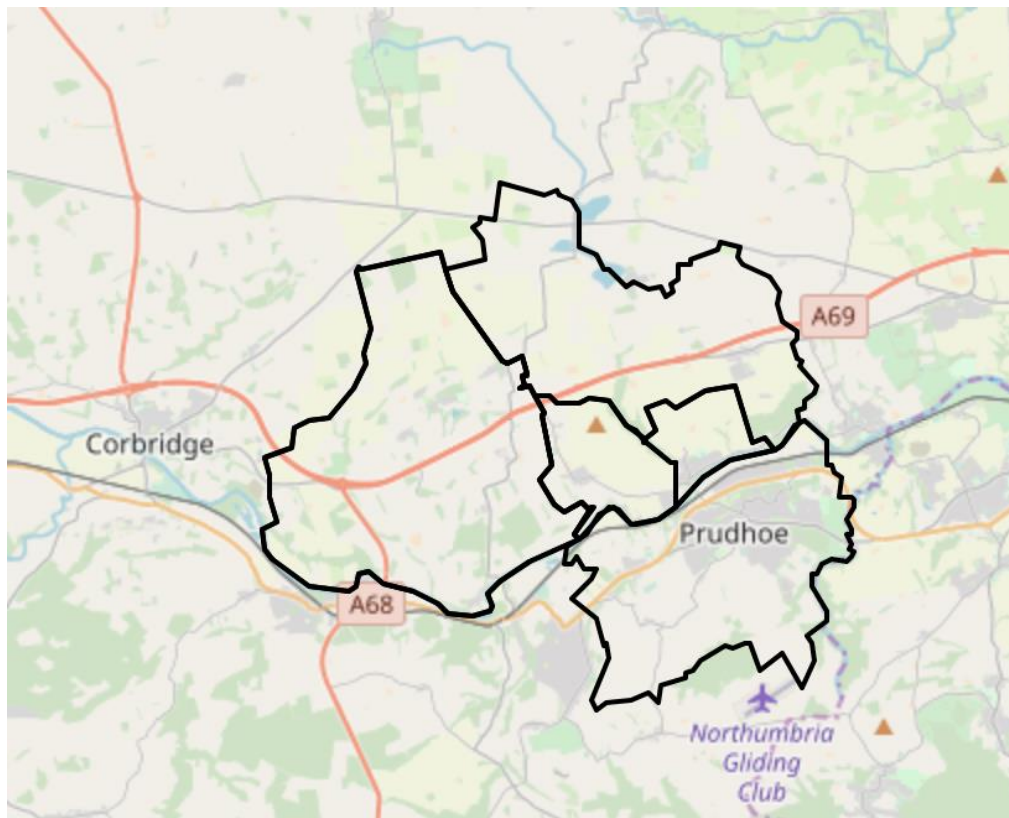
1. Introduction

- 1.1 arc⁴ was commissioned by Northumberland Estates to undertake research in order to provide an estimate of housing requirements in the Horsley area, including the parishes of Bywell, Ovington, Ovingham and Prudhoe (the study area).

The study area

- 1.2 The following map shows these parishes in the context of each other, nearby towns, road and rail connections. Working clockwise from Prudhoe parish are Bywell, Horsley and Ovingham, with Ovington in the centre.

Map 1 Study Area



Source: Nomis

2. Study Method

- 2.1 Several methods are used in the estimation of the quantity, size and type of housing needed by local existing and newly forming households that are resident in the parishes or having a strong connection to them. Affordable housing estimates are based upon household survey information. This information is used in a standard model to provide a consistent basis for assessing affordable housing need. Market housing requirements are based on household survey information and secondary data to inform an arc⁴ model that defines the mismatch between the supply created by moving households and demand from those households who plan to seek more suitable accommodation in the parishes. The mismatch is quantified and defined in terms of number of bedrooms, house type and tenure needed.
- 2.2 Overall, information is brought together from 6 sources to form a long-term comprehensive description of housing needs and requirements that is unlikely to be met from existing supply. This information is viewed in a local context:
- official data from the census 2011 and other sources, to profile housing and households in the study area;
 - population projections;
 - data from the local authority including the Strategic Housing Market Assessment (SHMA);
 - evidence from local housing specialists such as estate and letting agents, house builders;
 - evidence from the Land Registry, Zoopla and Rightmove; and
 - a household survey.
- 2.3 All of this information is compared and analysed; trends and drivers of demand are understood. The information provides essential context for modelling of housing requirements based upon these data.
- 2.4 Survey data provides an incomplete picture of parish household intentions due to households choosing not to complete survey questionnaires. Data weighting is used to adjust for this.
- 2.5 Data weighting is widely used in social research to adjust the results of a study to bring them more in line with what is known about a population. For example, if survey results contain 40% males and the population is known to contain 49% males, weighting can be used to correct for this discrepancy. Weighting carries a risk that the weighted data may not be representative of the sample, so error margins are calculated and are stated in chapter 5.

3. The parish profile

- 3.1 The following information will help us to put the survey findings into context. Our aim is to both understand the housing need of households and the extent to which the housing stock is suited to the needs of local households.
- 3.2 The following figures profile the study area's housing, population and households. They are proportions (percentages) of people and households within the five parishes compared to Northumberland and England as a whole. Data is taken from the Census 2011 and is presented in the appendix.
- 3.3 On Census day, 14,285 people lived in 5,981 households. This is an average of 2.39 people per household, compared to 2.32 for the county and 2.4 for England.
- 3.4 Figures 1-4 summarise the key parts of the profile.
- 3.5 Figure 1 shows that the study area has smaller proportions of 2 and 5 or more-bedroom homes than other geographies and greater proportions of 2, 3 and 4-bedroom homes. As with the other geographies, the highest proportion is for 3 bedrooms – 46% for the study area.
- 3.6 Figure 2 shows that within the study area, semi-detached housing makes up the largest proportion at 40% of all dwellings. It has a smaller proportion of flats than both other geographies. The proportion of terraced and detached homes are similar to the county average but greater than the average for England.
- 3.7 Nearly 70% of homes are owner-occupied, with 30% being owned outright. This latter figure is 5% less than for the county but similar for that of England. The proportion of socially rented housing is higher in both the study area and the county than for England. The private rented sector is half the proportion of the average for England and lower than that of the county.
- 3.8 The population projections for the county, figure 4, estimate change in the population by age group over a 25-year period from 2016 to 2041. Overall the population of the county is estimated to reduce by 2,187 people over the 25 years. This, however, hides the projection that the 65+ age group grows by 32,186 people, some 43% growth, with the number of people in all other age groups falling significantly.

The parish profile in 4 key figures

Figure 1 Number of bedrooms

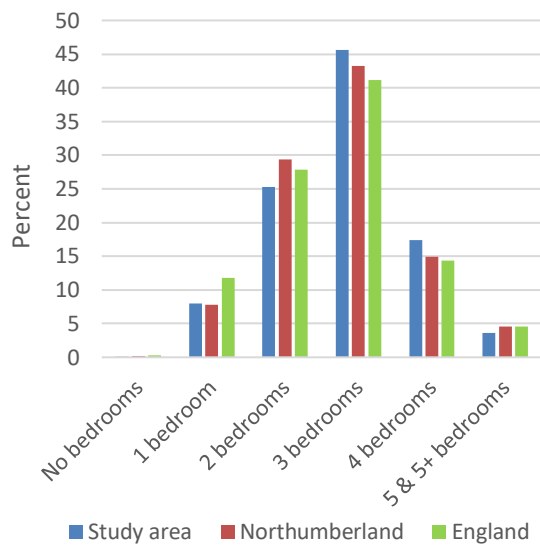


Figure 2 House type

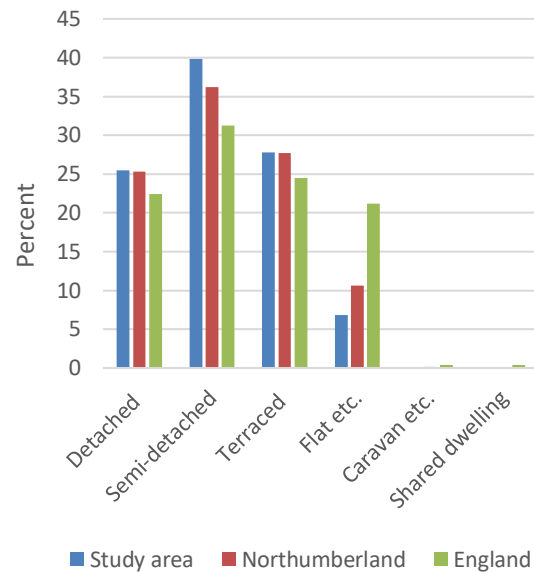


Figure 3 Tenure (all households)

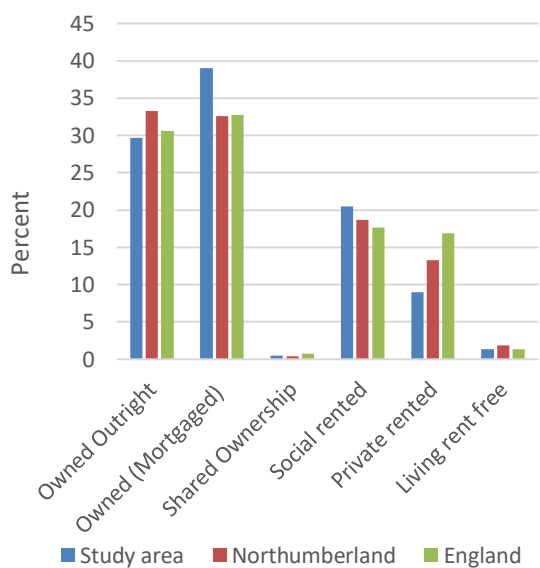
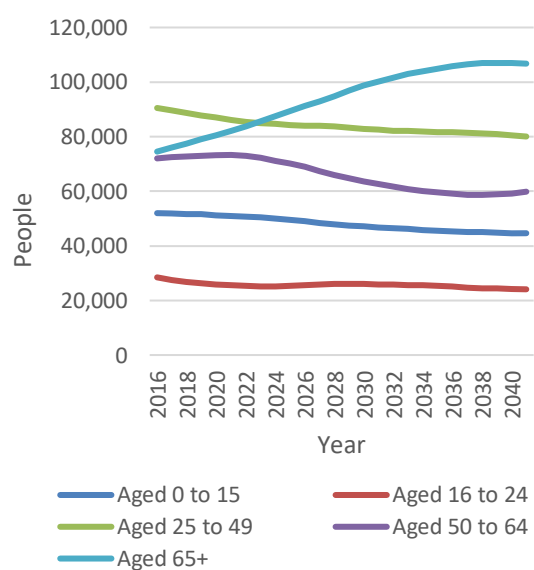


Figure 4 County population projections



Source: Census 2011 and Nomis

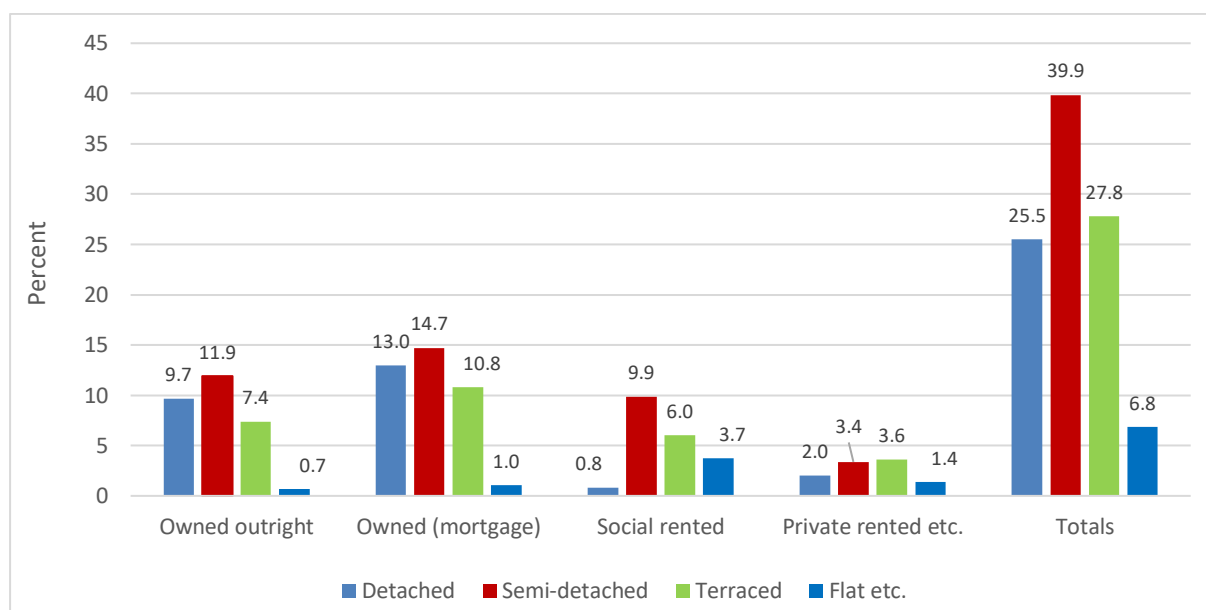
- 3.10 Figure 5 shows a cross tabulation of **tenure and number of bedrooms**. This shows that while the largest component of the study area's housing stock has 3-bedrooms, owner-occupied homes are more likely to have 4 or more-bedrooms (21% of all stock). In socially rented homes, the highest proportion is for 2-bedrooms, and in private rentals, the highest proportions are for 2 and 3-bedrooms.

Figure 5 Number of bedrooms by tenure (study area only)



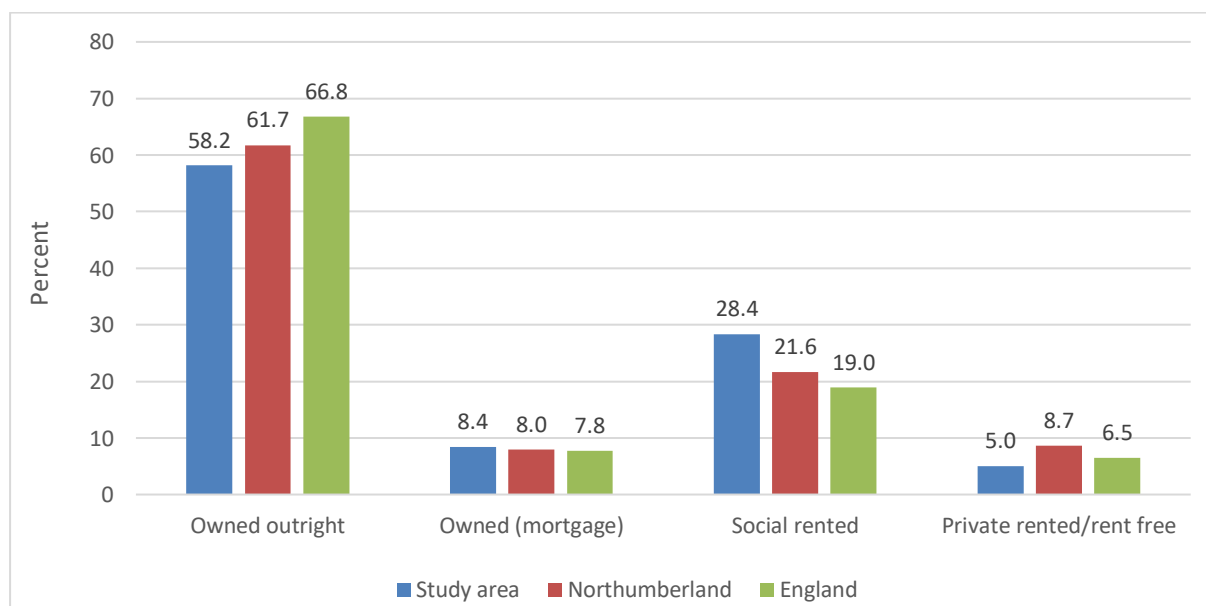
Source: Census 2011. Proportions are of the parish total housing stock.

- 3.11 Figure 6 shows a cross tabulation of **house type and tenure** for the study area only. This shows that 39.9% of all homes are semi-detached and these are mostly owner occupied (25.7% of all stock in the local area. This is 64% (25.7/39.9) of all semi-detached homes being owner-occupied. There is a very low proportion of flats in the study area across the tenures. The proportion of detached homes is low in both the social rented and private rented sectors.

Figure 6 House type by tenure (study area only)

Source: Census 2011. Proportions are of the parish total housing stock.

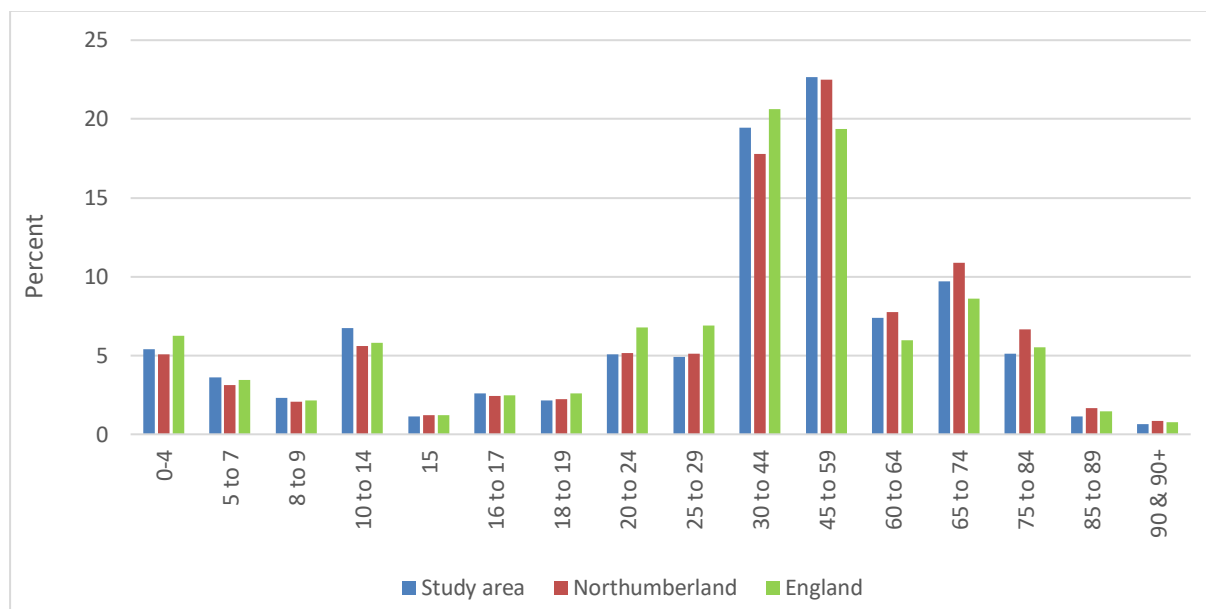
3.12 Figure 7 shows tenure where the head of household, or household representative person (HRP) is aged 65 or over. Outright owner-occupation is the tenure of 58.2% of this age group, lower than the average for the county and England. Levels of private renting and owning with a mortgage are low for this group.

Figure 7 Tenure (HRP 65 years or older)

Source: Census 2011

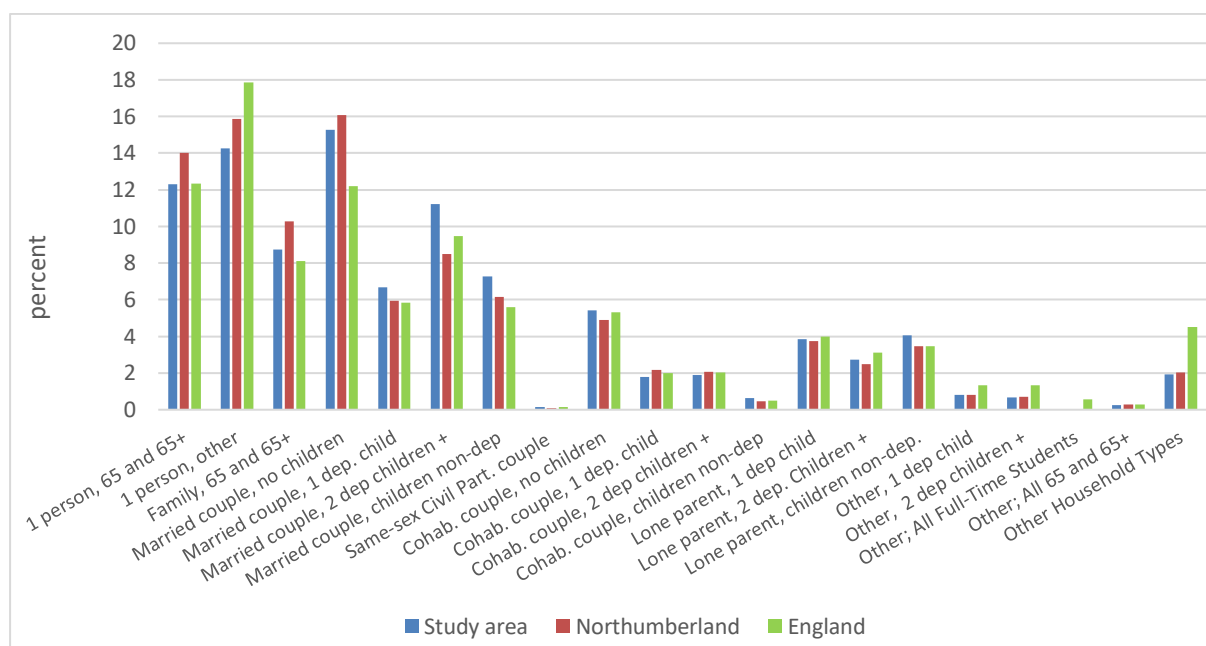
- 3.13 The population age structure as at census day 2011 shown below indicates a higher proportion for the 30 to 44 and 45 to 59 age group than for other geographies, with a lower proportion for all of the older person age groups.

Figure 8 Population age structure



Source: Census 2011

- 3.14 The household composition group with the highest proportion for the study area is for 'married couple, no children', as shown in Figure 9. The study area has lower proportions of single person households than the other geographies. It has larger proportions of married couples with 1, 2 or more dependent children and married couples with non-dependent children.

Figure 9 Household composition

Source: Census 2011

- 3.15 The occupancy rating shown in figure 10 provides a measure of whether a household's accommodation is overcrowded or under-occupied. The rating is shown for each broad tenure group at study area level.
- 3.16 The occupancy rating is based upon the number of rooms in a household's accommodation. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms required is subtracted from the number of rooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room than required, whereas +1 implies that they have one more room than the standard requirement.
- 3.17 Approaching one third of owned homes (35%) in the study area have 2 or more spare rooms (under-occupancy). The social rented sector has the highest proportion of dwellings with no spare rooms. Overcrowding is nearly twice as likely to be found in the social and private rented sectors than in the home ownership sector.

Figure 10 **Occupancy rating for total housing stock (study area only)**

Source: Census 2011

Key findings from the parish profile

- 3.18 These findings show that a large proportion (70%) of housing in the study area is owner-occupied which is a greater proportion than for Northumberland and England as a whole. Although the proportion owning with a mortgage is a much greater proportion than the other geographies and the those owning outright is lower. This indicates that the age profile of the study area is younger than the wider geographies. However, the age group that forms the greatest proportion of the population consists of those aged between 45-59.
- 3.19 Alongside this, nearly 40% of all homes are semi-detached. Detached homes are mainly found in the owner-occupied sector only. There is a relatively small proportion of flats than the wider geographies. Nearly half of all homes (46%) have 3-bedrooms. The area has a greater proportion of 3 and 4-bedroom homes than the wider geographies. As a consequence, the area has a smaller proportion of 2 and 5-bedroom homes.
- 3.20 64.6% of the over 65 age group own their home which is a lower proportion than for the other geographies, significantly lower than the average for England (74.6%). However official projections show this age group to increase by 43% over the 25 years from 2016. This is noteworthy as although county wide the number of people aged over 65 will increase, Northumberland as a whole is projected to have a small decrease in population and reductions in the number of all age groups except those aged 65 or over.
- 3.21 The largest household composition group for the study area is of married couples with no children, closely followed by single people under age 65. Around 50% of households

have dependant or non-dependent children which is significantly greater than for the wider geographies

- 3.22 Overall the distinguishing feature of the area is that the household profile has significantly more families with children from within the 30-59 age group and fewer older person households than the wider geographies.

4. House prices, affordability and market appraisal

House prices

- 4.1 The aim of this section is to explore the affordability of local market housing whether for sale or rent. From the household survey we can estimate local income levels. These two factors enable us to understand the affordability of local house prices to local people. We also provide information obtained from local estate agents to learn more about the supply of market housing locally and understand if any gaps in the market exists.
- 4.2 The Land Registry provides basic information about every sale in the study area and records actual price paid rather than asking prices. There were 192 recorded sales in 2018. This information is shown in Table 1 in the form of percentiles and compared alongside data for the county. It can clearly be seen that there is a great diversity of house prices across the study area. However, few vacancies occurred in parishes except Prudhoe where prices are significantly cheaper. Prudhoe is a large former industrial village whereas the other parishes, all North of the River Tyne, are rural in nature and some have country estates within them.
- 4.3 Average prices in Prudhoe are close to county averages. The rural parishes seem to have higher average prices although few sales means that prices are difficult to benchmark. County averages for Northumberland mask a great diversity of prices across the county. There is a significant range dependent on the character of sub areas which can be broadly characterised as former industrial, county and historic towns, rural Northumberland and the coastal region.

Table 1 House price percentiles				
	25th percentile	50th percentile	75th percentile	No. of sales
Bywell	£767,000	£767,000	£767,000	1
Horsley	£180,000	£288,750	£470,000	10
Ovingham	£157,000	£180,000	£197,500	15
Ovington	£200,000	£225,000	£225,000	5
Prudhoe	£110,000	£155,500	£222,500	148
Horsley Area	£118,750	£165,000	£225,000	192
Northumberland	£105,000	£157,500	£240,000	5,206

Source: Land Registry

The affordability of market housing

- 4.4 Household survey data provides an income distribution for existing households planning to move within the next 5-years (shown in table 2) and newly forming households (table 3) and is used to establish benchmark incomes for the purposes of this study. These are 25th and 50th percentile levels sometimes referred to as lower quartile and median price points.
- 4.5 Affordability of housing in general is determined by comparing house prices and household income. 25th percentile prices and incomes are also used to provide benchmarks used in estimates of affordable housing need.

Table 2 Household income (existing households)		
	Count	% in group
Up to £5,200 annually	47	3.1%
£5,200 to under £7,800 annually	38	2.5%
£7,800 to under £10,400 annually	0	0.0%
£10,400 to under £13,000 annually	102	6.7%
£13,000 to under £15,600 annually	146	9.6%
£15,600 to under £18,200 annually	54	3.5%
£18,200 to under £20,800 annually	91	6.0%
£20,800 to under £23,400 annually	100	6.5%
£23,400 to under £26,000 annually	220	14.4%
£26,000 to under £39,000 annually	260	17.0%
£39,000 to under £49,400 annually	75	4.9%
£49,400 to under £59,800	179	11.7%
£59,800 to under £70,200	110	7.2%
£70,200 and above	105	6.9%
Total number of households in group	1,527	

Source: household survey 2019

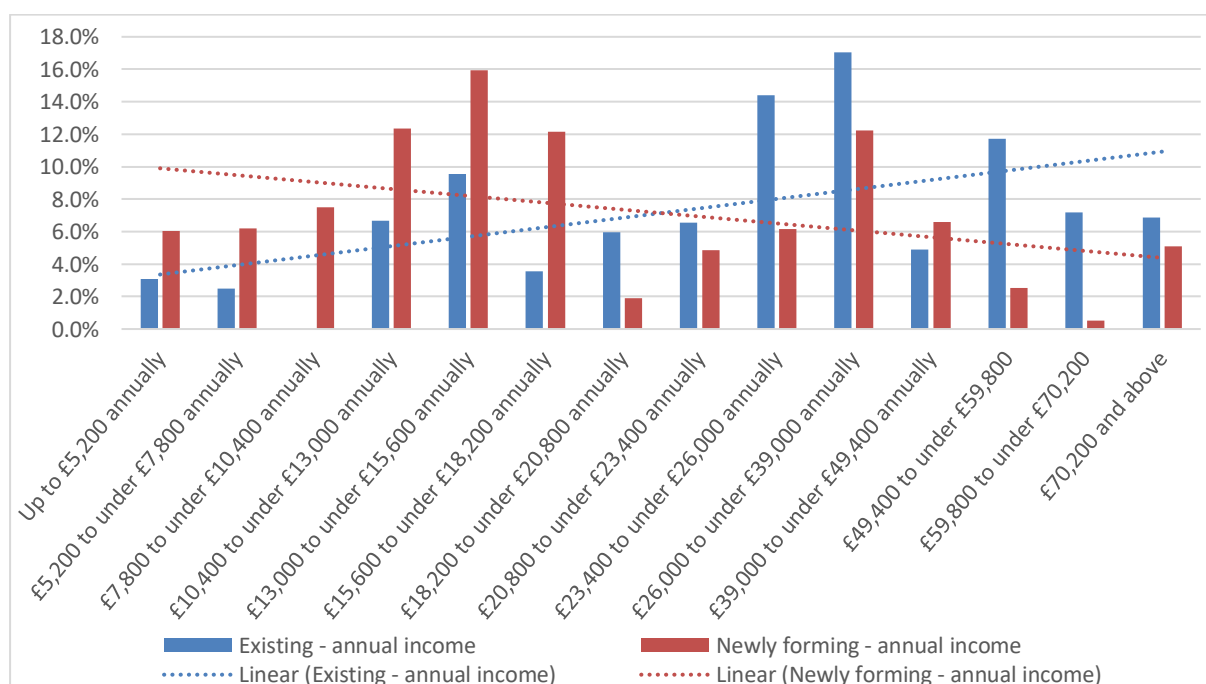
- 4.6 The lower quartile annual income for these existing households is within the range £15,600 to £18,200 (mid-point £16,900), with the median in the range £23,400 - £26,000 (mid-point £24,900).
- 4.7 The income of newly forming households is likely to be lower than existing households and data from the household survey is summarised below.
- 4.8 For newly forming households, the lower quartile income range is between £10,400 - £13,000 annually (mid-point £11,700) and the median is £15,600 to £18,200 (mid-point £16,900).

Table 3 Household income (newly forming)		
	Count	% in group
Up to £5,200 annually	102	6.0%
£5,200 to under £7,800 annually	105	6.2%
£7,800 to under £10,400 annually	127	7.5%
£10,400 to under £13,000 annually	209	12.3%
£13,000 to under £15,600 annually	270	15.9%
£15,600 to under £18,200 annually	206	12.2%
£18,200 to under £20,800 annually	32	1.9%
£20,800 to under £23,400 annually	82	4.8%
£23,400 to under £26,000 annually	104	6.1%
£26,000 to under £39,000 annually	207	12.2%
£39,000 to under £49,400 annually	112	6.6%
£49,400 to under £59,800	43	2.5%
£59,800 to under £70,200	9	0.5%
£70,200 and above	86	5.1%
Total number of households in group	1,694	

Source: household survey 2019

- 4.9 The following figure comparing income distributions of existing and newly forming households shows that, other than the higher proportion of the former group at the lowest income, higher proportions of newly forming households are in the lower income groups.

Figure 11 New and existing household income profiles compared



Source: arc4

- 4.10 Using the lower quartile (25th percentile) and median (50th percentile) house price information presented in table 1, the deposit and annual income required to purchase a dwelling has been estimated. Mortgage providers and lenders may typically lend around 3.5 times gross income subject to credit rating, so we have calculated spending power on this basis, assuming a 10% deposit.
- 4.11 This table uses prices for the entire study area rather than any individual parish. Due to the high number of sales in Prudhoe, and low sales elsewhere, the overall figures are strongly influenced by those of Prudhoe, which has the lowest house prices of the five parishes.

Table 4 Household income required to service mortgage costs				
	Study area		County	
	Lower quartile £	Median £	Lower quartile £	Median £
Purchase price	118,750	165,000	105,000	157,500
Minimum deposit (10%)	11,875	16,500	10,500	15,750
Mortgage required	106,875	148,500	94,500	141,750
Annual gross household Income required (factor 3.5)	30,536	42,429	27,000	40,500

Source: arc4

- 4.12 Comparing prices (table 1) to income estimates (tables 2 and 3), it can be seen that only a small percentage of newly forming households in the higher household income groups could get close to affording houses with lower quartile prices. No moving household or newly forming household with median income or below could afford an entry level lower quartile house price. This scenario applies to first time buyers and first-time movers able to fund a 10% deposit from savings or equity. Longer standing existing home owners may be able to offer a larger deposit funded by equity in their present home reducing the size of the mortgage required. Some first-time movers may have not accrued any equity due to market conditions.
- 4.13 If a similar exercise is undertaken using Prudhoe only lower quartile prices, then it can be seen that an income of around £28,300 is needed to service a £99,000 mortgage. (£110,000 x 10% = £11,000, therefore a mortgage is £99,000. Income required is £99,000/3.5). The conclusion is the same; no moving household or newly forming household living in the study area, with median income or below could afford an entry level lower quartile house price in Prudhoe.
- 4.14 A similar exercise can be undertaken to assess affordability of market rents. The data used is from Zoopla on 24 transactions in the study area in 2018 and is presented below compared to county-wide prices.
- 4.15 There are more rentals for Prudhoe than for other parishes, and the prices are much lower. This has the effect of bringing the figures for the study area down more than

might be expected for other parts of the area. The following table should be viewed in this light. Rents are £ per calendar month (£pcm).

Table 5 Study area open market rental percentiles (£pcm)				
£pcm	25th percentile	50th percentile	75th percentile	No. of rentals
Study Area	451	524	624	164
Northumberland	399	477	594	3,918

Source: 2018 Zoopla Limited

- 4.16 The Government considers that rents, that are no more than 25% of gross income can reasonably be afforded by households. Although there is a relatively small number of rentals for the study area, the calculation has been made to determine the income required for these rents. It is shown in the table below.

Table 6 Income required to service rents (rents are £pcm)				
	Study area		County	
	Lower quartile £	Median £	Lower quartile £	Median £
Monthly rental price (£pcm)	451	524	624	399
Annual gross household income required (£p.a.)	21,648	25,152	29,952	19,152

Source: 2018 Zoopla and arc4

- 4.17 Comparing income required (table 6) to income levels tables 2 and 3, only existing households on just below median income or more could afford entry level market rental prices.

Evidence from Estate and Letting Agents

- 4.18 Rightmove publishes up to date information on local housing markets. It is possible to find information on the individual parishes included in the study area, but not the area as a whole.
- 4.19 According to Rightmove as at June 2019, over the last year:
- there was no narrative given for Bywell as no sales had been recorded over the last year on this site, and all areas other than Prudhoe had low numbers of sales;
 - for overall average price on the rest, Horsley was the most expensive at £243,500 and Prudhoe was the least at £171,356;

- in Prudhoe, the majority of sales in the last year were semi-detached properties at an average of £136,149; and
 - house prices in Prudhoe were up on the previous year, while it is difficult say what was happening in other parishes due to the low numbers of sales.
- 4.20 We interviewed two estate and letting agents based in Prudhoe that service the study area.
- 4.21 Agents were clear that households were attracted to Prudhoe because of its lower prices than the surrounding areas. Agents told us that even at Prudhoe's relatively low prices many first-time buyers found it difficult to afford even entry level prices.
- 4.22 They saw Prudhoe as the focal point of the study area due to its role as the local service centre, its schools and health care facilities.
- 4.23 There was strong demand for private rented sector vacancies which let quickly.
- 4.24 Sales volumes were generally down on previous years due to uncertainty. This was mostly down to the uncertainties caused by the Brexit process leading to concerns about employment prospects. As a consequence, some households that would normally move home were staying put.
- 4.25 Our attention was drawn to Cottier Grange to the East of Prudhoe village. The first phase of this development featured discounted homes from £159,960. These homes are subject to an income cap of £80,000 household income per annum. Based upon our affordability assumptions and income tables 2 and 3, these discounted homes would be affordable to around 25% to 30% of existing households and approximately 10% of newly forming households in our sample.

Key findings arising from the analysis

- 4.26 Housing in Prudhoe village is less expensive than the rest of the study area and has a significantly larger volume of sales and rentals. However, when compared to the income of existing households likely to move home and newly forming households seeking a home in the area it is clear that only households on above local median income can afford even entry level prices. Market rents are more affordable with households just below median income or more being able to afford entry level rents.
- 4.27 Current discounted sale new build house prices on sale in Prudhoe are unlikely to be affordable to the majority of households in our survey unless they could raise a deposit significantly higher than our assumed 10% deposit.

5. The household survey and market housing requirements

- 5.1 A household survey was conducted in April/May 2019. A questionnaire was sent to every household in the parish and 361 responses were received. 6,371 were dispatched resulting in a 5.7% response rate and a $\pm 5.0\%$ sampling error overall.
- 5.2 This chapter reports the main outputs of the survey to inform the need for additional market housing and further information about local households - especially those that are proposing to move home or newly forming households seeking their first home.
- 5.3 As explained in chapter 2, the survey findings are presented as weighted data i.e. survey responses have been up-scaled to represent the parish household population as a whole.

Respondent general views on housing needed

- 5.4 Tables 7 and 8 record respondent views about which groups of people, that in their view, should be a priority for additional housing in the parish should it be provided. Respondents could indicate more than one preference, with percentages in the tables showing the proportion of responses for each tenure option.
- 5.5 Table 7 shows that the groups seen as having high priority for additional housing are first time buyers, followed by affordable housing for low income households and those seeking sheltered housing for older people. The groups considered the lowest priority were people seeking to self-build and those seeking private landlord rentals.

Table 7 Q15. Which household groups do you consider to be a priority for additional housing?								
	Priority: Number				Priority: %			
	None	Some	High	Total	None	Some	High	Total
First time buyers	790	1,777	3,151	5,718	13.8	31.1	55.1	100
People seeking private rentals	2,363	2,239	546	5,148	45.9	43.5	10.6	100
Affordable housing for low income households	844	960	3,792	5,596	15.1	17.2	67.8	100
People seeking shared ownership housing	2,102	2,463	501	5,066	41.5	48.6	9.9	100
Older people wanting to downsize	1,099	2,367	2,181	5,647	19.5	41.9	38.6	100
Families wanting to upsize (Families growing)	1,207	2,496	1,596	5,299	22.8	47.1	30.1	100
Sheltered Housing (older/disabled people)	662	2,192	2,587	5,441	12.2	40.3	47.5	100
People seeking to self-build housing	3,610	1,262	426	5,298	68.1	23.8	8.0	100
People providing care/support for village residents	1,124	2,498	1,669	5,291	21.2	47.2	31.5	100

Source: household survey 2019

- 5.7 Table 8 shows the type of houses that respondents thought should be a priority for future house building in the study area. The category here receiving the highest priority was small family homes (with 2/3 bedrooms) followed by small homes for single people and couples and bungalows. The house type with the lowest priority was town houses (3 storeys) and detached houses.

Table 8 Q16. Which house types would you consider to be a priority for future house building in the parish?								
	Priority: Number				Priority: %			
	None	Some	High	Total	None	Some	High	Total
Small homes for single people and couples	908	2,420	2,077	5,405	16.8	44.8	38.4	100
Small family homes (2 or 3-bedrooms)	527	1,910	3,244	5,681	9.3	33.6	57.1	100
Larger family homes (4 or 5-bedrooms)	1,946	2,221	1,030	5,197	37.4	42.7	19.8	100
Detached houses	2,355	2,039	650	5,044	46.7	40.4	12.9	100
Bungalows	756	2,598	2,144	5,498	13.8	47.3	39.0	100
Semi-detached houses	1,127	2,931	1,070	5,128	22.0	57.2	20.9	100
Terraced houses	1,745	2,428	905	5,078	34.4	47.8	17.8	100
Flats/Apartments	1,812	2,297	1,019	5,128	35.3	44.8	19.9	100
Town Houses (3 storeys)	3,239	1,474	271	4,984	65.0	29.6	5.4	100
Housing designed for seasonal tourist use	4,564	459	14	5,037	90.6	9.1	0.3	100

Source: household survey 2019

- 5.8 Respondents were asked to agree or disagree with 3 statements as shown in the table below. There was a majority that disagreed with statements saying that new housing should only be built for local residents. The majority of residents (53.9%) would support the view that additional homes are needed in the area.

Table 9 Q17 Please indicate if you agree or disagree with the following statements				
	No. agree	No. disagree	% agree	% disagree
New housing should only be built for local residents	2,435	3,416	41.6	58.4
New housing should be built for anyone that wants it	3,711	2,020	64.8	35.2
Additional homes are not needed in the area	2,552	2,985	46.1	53.9

Source: household survey 2019

Older person's preferences

- 5.9 Respondents aged 55 or over were asked which future housing options they would seriously consider in later life. This was irrespective of whether they were currently planning to move and gives an indication of longer term aims.
- 5.10 71% of respondents replied that they would prefer to live in their current home with support when needed. This was the highest selected option, followed by buying a more suitable home, renting sheltered housing and buying a more suitable property on the open market. It is important to note that the main preferences of affordable housing tenants were renting different forms of housing including rented extra care housing.

Table 10 Q11 Main options considered by over 55s

	All responses		Tenure					
			Owner Occupier		Private rent		Affordable rent	
	Total	Total %	No.	%	No.	%	No.	%
Continue to live in current dwelling with support when needed	2,761	71	1,899	74	188	77	674	63
Buying a more suitable dwelling on the open market	1,280	33	1,133	44	90	37	57	5
Rent a more suitable dwelling from a private landlord	110	3	58	2	5	2	47	4
Rent a more suitable dwelling from a housing association	668	17	201	8	59	24	408	38
Sheltered - renting	1,126	29	532	21	109	44	485	45
Sheltered - buying	870	22	870	34	0	0	0	0
Sheltered - shared ownership	378	10	303	12	5	2	70	7
Extra Care - renting	839	22	465	18	44	18	330	31
Extra Care - buying	657	17	652	25	5	2	0	0
Extra Care - shared ownership	356	9	327	13	5	2	24	2
Residential care home	395	10	272	11	3	1	120	11
Co-housing	835	21	612	24	105	43	118	11
Go to live with children or other relatives / friends	206	5	138	5	8	3	60	6
Other	160	4	114	4	2	1	44	4
Total respondents	3,886		2,570		245		1,071	

Source: household survey 2019

Households coming to live in the parishes

- 5.11 Respondents were asked about their housing history and of particular interest is the reasons why they move. The following table shows the main reason for families who moved in the last 5 years. The first 8 rows can be said to be housing need reasons, whilst the rest are aspirational. Options that were not selected have been removed from the table.

Table 11 Q25 The main reason you moved home in the last 5 years?

	All responses		Tenure					
			Owner Occupier		Private rent		Affordable rent	
	Total	Total %	No.	%	No.	%	No.	%
Forced to move home	175	11	68	7	60	22	47	14
Family was overcrowded	45	3	0	0	45	17	0	0
Was sharing with family or friends and was seeking a place of my/our own	56	4	9	1	0	0	47	14
Could not manage existing house - could not afford	60	4	0	0	0	0	60	18
Could not manage existing house - could not manage the stairs	27	2	0	0	0	0	27	8
Health problems and/or needed housing suitable for older/disabled person	109	7	9	1	0	0	100	29
Wanted a nicer house	287	18	287	30	0	0	0	0
Wanted to live in a nicer area	139	9	113	12	26	10	0	0
Wanted a garden or bigger garden	15	1	4	0	11	4	0	0
Wanted to live closer to family or friends	169	11	100	11	69	25	0	0
To reduce journey time or distance to work	47	3	0	0	0	0	47	14
Needed to re-locate for employment	199	13	154	16	45	17	0	0
Wanted to move away from bad neighbours	51	3	38	4	0	0	13	4
Wanted to live closer to shops or doctors or other services	9	1	9	1	0	0	0	0
Other reason	174	11	157	17	16	6	1	0
Total	1,562	100	948	100	272	100	342	100

Source: household survey 2019

- 5.12 The most frequently selected housing need options were being forced to move home and sharers wanting a place of their own. Looking at the split by current tenure, it can be seen that respondents in the private rented sector being forced to move was significant at 60 moves out of 272 in the private rented sector. When overcrowding is added that is 40% of private rented sector moves being for need rather than aspirational reasons. The proportion is even higher (69%) for affordable tenants.
- 5.13 The most selected aspirational reasons for moving were wanting to live in a nicer area, move nearer family and friends, and for employment. These were the main choices for home ownership. Private tenants wanted to live nearer family and friends and for employment reasons.

Existing households: future housing requirements

- 5.14 Respondents were asked whether their entire household intended to move home. Just over 22% said that they did and 69.5% said not. A further 8.5% said that they would like to but were unable. Respondents could give a number of reasons as to why they were unable to move home and they are shown in the following table.
- 5.15 The most frequent response was not being able to afford a more suitable home followed by not being able to find a suitable house. The questionnaire included other options, but these were not selected in any quantity and are not reported here. Note that respondents could list more than one option, so the table is of responses not respondents.

Table 12 Q27 Reasons why household felt unable to move				
	All responses	Owner occupied	Private	Affordable
Can't afford a more suitable home	313	96	124	93
Can't find suitable housing	274	162	53	60
Can't leave school catchment area	74	29	45	0
Can't leave because of place of work	87	87	0	0

Source: household survey 2019

- 5.16 Table 13 shows the main reason given by all existing households who wanted to move. The first 8 rows of the table show housing need reason and the remainder are aspirational reasons. A number of other options in the questionnaire had no responses.
- 5.17 The main housing need response was due to overcrowding, mostly occurring in the affordable sector. House being in disrepair was the second most frequent reason occurring in the rented sectors. Health and cannot manage house/garden were the next reasons which mostly affected home owners.
- 5.18 The main aspirational reason was wanting a nicer house followed by wanting to live nearer family and friends. These were the most popular aspirational reasons given by home owners.

Table 13 Q29 The main reason for wanting to move home

	All responses		Tenure					
			Owner Occupier		Private rent		Affordable rent	
	Total	Total %	No.	%	No.	%	No.	%
Forced to move home	8	1	0	0	8	3	0	0
Family is overcrowded	136	10	43	5	0	0	93	36
Cannot manage existing house - could not afford	3	0	0	0	3	1	0	0
Cannot manage existing house - cannot manage the stairs	13	1	0	0	0	0	13	5
Cannot manage existing house - house/garden too big	61	4	61	7	0	0	0	0
Health problems and/or needing housing suitable for older/disabled person	69	5	57	6	12	5	0	0
House is in severe disrepair	73	5	0	0	26	11	47	18
Accommodation lacks bathroom/kitchen/toilet	29	2	29	3	0	0	0	0
Want a nicer house	179	13	134	15	45	19	0	0
Want to live in a nicer area	87	6	87	9	0	0	0	0
Want a garden or bigger garden	83	6	38	4	45	19	0	0
Want to live in a different school catchment area	26	2	0	0	26	11	0	0
Want to live closer to family or friends	141	10	81	9	0	0	60	23
Need to re-locate for employment	11	1	0	0	11	5	0	0
Want to move away from bad neighbours	22	2	0	0	0	0	22	8
Want to live closer to shops or doctors or other services	68	5	44	5	0	0	24	9
Other reason	407	29	346	38	61	26	0	0
Total	1,416	100	920	100	237	100	259	100

Source: household survey 2019

5.19 Table 14 shows answers to the question about where households who are intending to move home would like their next home to be. 50% of respondents would like to remain within the study area.

Table 14 Q36 Where would you like your next home to be?

	All responses		Tenure					
			Owner Occupier		Private rent		Affordable rent	
	Total	Total %	No.	%	No.	%	No.	%
In your present parish	445	27	262	24	15	5	168	68
I would prefer to live in my present parish if a suitable dwelling that I could afford was available	380	23	217	20	141	48	22	9
In a nearby parish	261	16	169	16	35	12	57	23
Elsewhere in Northumberland	315	19	225	21	90	31	0	0
Outside Northumberland	218	13	207	19	11	4	0	0
Total	1,619	100	1,080	100	292	100	247	100

Source: household survey 2019

Newly forming households

- 5.20 Respondents were asked whether any member(s) of the household planned to move home, separate to the rest of the household i.e. newly forming households seeking a place of their own. We also asked if any were unable to move home but were unable to.

The reasons given for not being able to move are stated in table 15. Respondents could state more than one option.

Table 15 Reasons why newly forming households are unable to move home

Lack of suitable housing they can afford in the parish	633
Lack of suitable housing they can afford in other areas	302
Cannot afford moving costs	302
Cannot face the upheaval of moving home	175
Do not want to leave school catchment area	49
Unable to leave because of providing care and support for someone	73
Any other reason	78

Source: household survey 2019

- 5.21 Table 16 shows that over 60% of newly forming households would like to remain living in the study area, which is a larger proportion than existing households who are thinking of moving (table 14).

Table 16 Q53 Newly forming household's location preference		
	Total	Total %
In this parish	534	39.0
I would prefer to live in this parish if a suitable property that I could afford was available	293	21.4
In a nearby parish	109	8.0
Elsewhere in Northumberland	165	12.1
Outside Northumberland	267	19.5
Total	1,368	100.0

Source: household survey 2019

- 5.22 Respondents were asked to indicate if newly forming households found any of the following low-cost purchase options of interest. Multiple responses could be made and the percentages in the following table do not sum to 100 as they show the percentage of respondents selecting the option. These are household aspirations as no assessment has been carried out to whether they could be afforded. The most frequent choice was a starter home – a form of discounted sale housing.

Table 17 Q52 Preferred buying option (multiple choice)		
	Total	% of respondents
Shared ownership (part rent/part buy)	150	22.1
Discounted sale purchase and re-sell below market value)	230	33.9
Help to Buy ISA (to help save for a deposit)	373	54.9
Starter Home (around 20% discount for younger first-time buyers)	328	48.3
New-build 'help to buy' (reduced deposit via a 5-year equity loan)	283	41.7
Total respondents	679	

Source: household survey 2019

Supply and demand for market housing

- 5.23 This section uses survey data to suggest the scale and mix of housing that might be appropriate to meet market housing needs over the next 5-years. The data presented here however should be considered in a wider context which is considered in our concluding chapter 7.
- 5.24 The supply of resale market housing comes from entire households that told us that they plan to move home over the next 5 years. We have analysed this supply in terms of house type and number of bedrooms.

- 5.25 Demand for re-sale market housing comes from the above moving households who plan to stay or wish to stay within the area, plus households that are likely to form over the next 5 years again wishing to stay within the area.
- 5.26 Whilst these results have been analysed using aggregated data for all parishes, around 80% of responses were from Prudhoe.
- 5.27 There is an estimated 5-year demand for 813 homes and a supply of 1,058; a net surplus of 245. However, there is a mismatch between dwellings becoming available from existing households in the parish who are moving, and those needed by existing and newly forming households wishing for a new home within the parish.
- 5.28 If all existing households who intended on moving did so, there would be large numbers of 3 or more-bedroom houses available. The biggest demand from newly forming households within the parishes is 1 and 2-bedroom houses, followed by 3-bedroom houses and 1 and 2-bedroom flats. Demand from existing moving households is for medium and larger houses and smaller bungalows.
- 5.29 This demand when compared to supply results in surpluses in houses and flats with 3 and more-bedrooms, and a shortfall compared to local need of 175 homes over a 5-year period being:
- 19 no. 1 and 2-bedroom houses;
 - 116 no. 1 and 2-bedroom bungalows;
 - 4 no. 3 or more-bedroom bungalows; and
 - 36 no. 1 and 2-bedroom flats.
- 5.30 The oversupply of family housing should not cause concern as the demand side reflects only local need, not that from incomers. Estate agents told us that there is strong demand from incomers to the area.

Table 18 Summary of housing requirements for those seeking home ownership housing over the next 5-years										
SUPPLY	1 or 2 - bedroom house	3 - bedroom house	4 or more - bedroom house	1 or 2 - bedroom bungalow	3 or more - bedroom bungalow	1 or 2 - bedroom flat	3 or more - bedroom flat	1 or 2 - bedroom other	3 or more - bedroom other	total
Existing households moving	290	347	345	0	14	36	26	0	0	1,058
DEMAND	1 or 2 - bedroom house	3 - bedroom house	4 or more - bedroom house	1 or 2 - bedroom bungalow	3 or more - bedroom bungalow	1 or 2 - bedroom flat	3 or more - bedroom flat	1 or 2 - bedroom other	3 or more - bedroom other	total
Existing households moving within the parishes	50	141	90	97	18	14	0	0	0	410
Newly forming households within the parishes	259	58	9	19	0	58	0	0	0	403
Total demand	309	199	99	116	18	72	0	0	0	813
Net shortfall (-) or surplus										
	1 or 2 - bedroom house	3 - bedroom house	4 or more - bedroom house	1 or 2 - bedroom bungalow	3 or more - bedroom bungalow	1 or 2 - bedroom flat	3 or more - bedroom flat	1 or 2 - bedroom other	3 or more - bedroom other	total
Net shortfall (-)/ surplus	-19	148	246	-116	-4	-36	26	0	0	245

Source: household survey 2019

Low cost and affordable home ownership options

- 5.31 As noted above, younger newly forming households are at a disadvantage when seeking home ownership options. They generally have relatively low income as they begin their working lives and have limited ability to save for a deposit. New households forming as a result of a relationship breakdown may also be at a disadvantage if they have a single income and have shared any savings with their former partner. So, low cost home ownership products will be particularly important to these groups. Definitions are given in Appendix B.
- 5.32 However not all low cost products can be regarded as intermediate affordable products even though they may be classified as affordable within the NPPF definitions (currently NPPF 2019 annexe B). Intermediate affordable products should be priced at between social rents and entry level market prices, normally equivalent to 25th percentile dwellings for sale or rent on the open market. Also, affordable homes of any type can only be designated as affordable dwellings if they are sold or let to households in housing need as defined by the local authority allocations policy. Shared ownership homes are deemed to be affordable homes by virtue of NPPF definitions. Discounted sale homes can be deemed affordable through NPPF definitions but may not be truly affordable unless if they are priced at or below 25th percentile local prices, the discount applies in perpetuity and sales are restricted to households in need. Whilst the term 'starter home', in table 19, illustrates the impact of discounting open market prices as envisaged by the Government's starter home initiative, they could only be deemed truly affordable housing if the discount were to apply in perpetuity and sales are restricted to households in need. Using this criteria, housing sold under the help to buy scheme cannot by definition be considered affordable as it is traded as open market housing.
- 5.33 Using the income data and house prices stated in chapter 4 we illustrate, in table 19 the relative cost of products aimed at assisting households to get onto the property ladder. We have investigated the affordability of each using the above local house prices.
- 5.34 The most affordable of these low-cost options is 25% shared ownership at a 25th percentile market sale price, which would require an annual household income of £19,295. Referring back to table 3, this would be affordable to approximately 30% of newly forming households.

Table 19 Cost of low-cost home ownership options	
Starter Home (20% discount)	Costings
Full price (based on 25th percentile)	£118,750
Starter home price (20% off full price)	£95,000
10% deposit on equity share	£9,500
Mortgaged amount	£85,500
Income required for mortgage	£19,000
Starter Home (30% discount)	Costings
Full price (based on 25th percentile)	£118,750
Starter home price (30% off full price)	£83,125
10% deposit on equity share	£8,313
Mortgaged amount	£74,813
Income required for mortgage	£16,625
Shared ownership 50%	Costings
Full price (based on 25th percentile)	£118,750
Equity 50%	£59,375
10% deposit on equity share	£5,938
Mortgaged amount	£53,438
Service Charge (monthly)	£30
Rent (per month based on 2.75% on remaining equity pa)	£136
Income required for mortgage	£15,268
Income required for rent/service charge	£7,971
TOTAL	£23,239
Shared ownership 25%	Costings
Full price (based on 25th percentile)	£118,750
Equity 25%	£29,688
5% deposit on equity share	£1,484
Mortgaged amount	£28,203
Service Charge (monthly)	£30
Rent (per month based on 2.75% on remaining equity pa)	£204
Income required for mortgage	£8,058
Income required for rent/service charge	£11,237
TOTAL	£19,295
Help to buy	Costings
Full price (based on 25th percentile)	£118,750
Equity 75%	£89,063
Loan 20%	£23,750
Deposit 5%	£5,938
Mortgaged amount	£89,063
Income required for mortgage	£19,792
Loan fee (1.75% in year 6)	£416

Key Findings arising from the analysis

- 5.35 Respondents told us that the priorities for future new build housing in the area should be dwellings suitable for first time buyers, followed by affordable housing for low income households and those seeking sheltered housing for older people. The groups considered the lowest priority were people seeking to self-build and those seeking private landlord rentals. In terms of dwelling type respondents told us that priority should be small family homes (with 2/3 bedrooms) followed by small homes for single people and couples and bungalows. The house type with the lowest priority was town houses (3 storeys) and detached houses.
- 5.36 Respondents aged 55 or over were asked which future housing options they would seriously consider in later life. 71% of respondents replied that they would prefer to live in their current home with support when needed. This was the highest selected option, followed by buying a more suitable home. The main preferences of affordable housing tenants were renting different forms of housing including rented extra care housing.
- 5.37 A review of housing history of respondents revealed that affordable and private rented sector tenants had needed to move home for housing need reasons whereas owner occupiers moved for more aspirational reasons.
- 5.38 The main reason given for being unable to move by both existing households and newly forming households was lack of affordable housing in the area to which they wished to move followed by a lack of suitable housing.
- 5.39 For existing households, the main need for moving was overcrowding and health reasons. The main aspirational reason was wanting a nicer house followed by to live closer to family or friends.
- 5.40 50% of existing households and 60% of newly forming households, wished to move within the study area.
- 5.41 The preferred low cost buying option of most respondents was discounted sale – potentially starter homes. The most affordable low cost housing is estimated to be 25% shared ownership which would be affordable to around one third of newly forming households.
- 5.42 Regarding supply and demand for market housing, it is estimated that there will be a surplus of 245 homes over the next 5 years. However, there is a large mismatch between the type and size becoming available and what is needed. The estimate is of surplus larger (especially 4 or more-bedroom) houses and shortages of:
- 19 no. 1 and 2-bedroom houses,
 - 116 no. 1 and 2-bedroom bungalows;
 - 4 no. 3 or more-bedroom bungalows; and
 - 36 no. 1 and 2-bedroom flats.

- 5.43 In the market sector there is clearly a surplus of family housing and a strong demand for products associated with older people such as bungalows and flats. This is consistent with residents ageing which is projected to be a major issue facing the county.

6. The need for affordable housing

Introduction

- 6.1 Affordable housing is defined by the NPPF as *‘housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)’*. The full definition is reproduced in the appendix.
- 6.2 The 2019 household survey and secondary data provide a robust range of information to quantify the affordable housing need in the parishes.
- 6.3 In summary, the needs assessment model reviews in a step-wise process:
- Stage 1: current housing need;
 - Stage 2: future housing need;
 - Stage 3: affordable housing supply; and
 - Stage 4: estimate of households in need and additional housing required.
- 6.4 Table 20 summarises the different steps taken in assessing the amount of affordable housing needed locally. Modelling has been carried out using household survey data and takes into account household type and property size requirements. Note that as explained in chapter 1, data have been weighted to reflect the total number of households in the study area.
- 6.5 Other data sources include Land Registry, Zoopla, Core lettings.

Table 20 Needs Assessment Summary			
Step	Stage and Step description	Calculation (No. of households in study area = 6,371)	
	Stage1: CURRENT NEED		
1.1	Homeless households and those in temporary accommodation	Annual requirement	53
1.2	Overcrowding and concealed households	Current need	0
1.3	Other groups	Current need	218
1.4	Total current housing need (gross)	Total no. of households with one or more needs	226
	Stage 2: FUTURE NEED		
2.1	New household formation	Annual requirement based on average of past formation rate, national formation rate and households wanting to form in the next 5 years	139
2.2	Newly forming households needing affordable accommodation	71% cannot afford entry level market housing	99
2.3	Existing households falling into need	Annual requirement	0
2.4	Total newly-arising housing need (gross each year)	2.2 + 2.3	99
	Stage 3: AFFORDABLE HOUSING SUPPLY		
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	26
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	0
3.3	Committed supply of new affordable units	Total annual	43
3.4	Units to be taken out of management	None assumed	none assumed
3.5	Total affordable housing stock available	3.1+3.2+3.3-3.4	69
3.6	Annual supply of social re-lets (net)	Core data	22
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Core data	0
3.8	Total annual supply of affordable housing	3.5:3.7	91
	Stage 4: ESTIMATE OF 5 YEAR HOUSING NEED		
4.1	Total backlog need	1.4-3.5	157
4.1A	Total cannot afford	71%	111
4.2	Quota to reduce over 5 years	20%	
4.3	Annual backlog reduction	Annual (cleared over 5 years)	22
4.4	Newly-arising need (annual)	2.4	99
4.5	Total affordable need (annual)	4.3+4.4	121
4.6	Affordable capacity (annual)	3.8	91
4.7	NET SHORTFALL (annual)	4.5-4.6 NET	30

- 6.6 Table 20 shows a net affordable need of 30 additional homes per annum which takes into account estimated supply from existing affordable housing and recent new build but not extant planning consents. This is equivalent to a 5-year need of 150 affordable homes.
- 6.7 Most of this need arises in Ovingham and Prudhoe.
- 6.8 Table 21 shows that over 80% of the annual shortfall is for 1 and 2-bedroom homes. A similar proportion of the shortfall is for general needs rather than older people. Nevertheless, the requirement for 3 and 4-bedroom affordable family homes is significant as these are likely to be in very short supply within the existing affordable dwelling stock.

Table 21 Net affordable housing requirements – number of bedrooms			
	General Needs	Older Person	Total
1-bedroom	5	4	9
2-bedroom	12	3	15
3-bedroom	4	1	4
4 or more-bedrooms	2	0	2
Total	23	7	30

Source: 2019 Household Survey

- 6.9 Table 22 shows that over just over 50% of the annual shortfall is for houses and around 25% for bungalows. Interestingly some older people have expressed a preference for a house rather than a bungalow; some younger household have expressed a preference for bungalow. Around 12% have expressed a preference for a flat, this was mostly from younger households.

Table 22 Net affordable housing requirements – dwelling type			
	General Needs	Older Person	Total
House	11	5	16
Flat	2	1	3
Bungalow	3	4	7
Other	3	0	4
Total	19	11	30

Source: 2019 Household Survey

- 6.10 The affordable tenure mix is led by council policy.

- 6.11 The council's Affordable Housing Policy Statement, 2014, states that the following proportions will be the basis of negotiating S106 agreements. The county is currently seeking a county-wide average proportion of 30% affordable housing on qualifying market housing developments, with an affordable housing tenure split of 70%/30% social rented and intermediate affordable housing respectively. Our understanding is that the latter currently applies to rural exception sites.
- 6.12 The county council has recently produced a revised core strategy which was submitted to the secretary of state in May 2019. This is currently awaiting examination in public. It is anticipated that the adopted core strategy will contain policy HOU6 as stated in the publication draft plan.
- 6.13 Policy HOU6, when adopted, would seek affordable housing provision based on viability areas, ranging from 10% to 30%, with the tenure split depending on the viability area. For the parishes in this study Prudhoe is a low viability area (10%), Ovingham is medium 15%, Ovington, Horsley and Bywell are high (25%). (<https://www.northumberland.gov.uk/Planning/Planning-policy/Plan.aspx>)
- 6.14 The proposed future tenure split is stated as:
- within low value areas - 100% affordable home ownership;
 - within medium value areas - 33% affordable homes to rent and 67% affordable home ownership;
 - within high value areas - 60% affordable homes to rent and 40% affordable home ownership; or
 - within the highest value areas - 67% affordable homes to rent and 33% affordable home ownership.
- 6.15 Having established that a sizeable affordable need exists across the study area the tenure split would be determined by applying policy HOU6 when the plan is adopted. The tenure split that would then apply in Horsley is 60% affordable homes to rent and 40% affordable home ownership.

Reality Check

- 6.16 arc⁴ has devised a method for comparing survey-based findings to standardised data. From arc⁴'s national database, we are able to define prevalence rates for households likely to be in affordable need, whether existing households falling into need or newly forming households.
- 6.17 arc⁴ is the only national housing consultancy that offers household surveys as a component of large-scale district, borough or city wide SHMA or HNS studies. The database contains anonymous weighted data representative of over 1,000,000 households. This enables arc⁴ to understand the demographic and socio-economic characteristics and housing history of respondents by household type. Findings based upon this database have been found sound at local plan inquiries.

- 6.18 Table 23 summarises the impact of prevalence rates on the household population at ward and study area levels. Again, based upon arc⁴ national survey data and assumptions normally applied to primary data led housing needs assessments, we estimate that 138 households per annum will fall into affordable need from within the study area. The table shows that this affordable need is made up of need from existing and newly forming households.
- 6.19 We must point out that the locally arising need identified by this method does not take into account a local household preference to live outside the study area. However, neither have we taken into account that there will always exist need from households with a local connection but not resident in the area. Examples are those that lived in the local area previously and wish to return, for example for employment reasons or to give or receive care and support to or from a resident living in the study area. We consider that the two factors will be in balance and no adjustment has been made for these factors.

Table 23 Estimate of annual gross need using a prevalence method.				
		Prevalence rate or factor	Households in area	Notes
			6,371	
1	Existing households in need	10%	637	Based on national arc ⁴ estimate
2	% in affordable need	50%	319	Based on national arc ⁴ estimate
3	Divide to convert to annual need	5	64	Assume clearance over a 5-year period
4	Newly forming households per annum	1.55%	99	Based on national gross household formation rate from the Survey of English Housing
5	Newly forming households, % in affordable need	75%	74	Based on national arc ⁴ estimate
6	Total GROSS annual need (3+5)		138	

Source: arc⁴

- 6.20 By this method 138 households are estimated to be in affordable need. Based upon the survey-based needs assessment model, table 21, the gross estimate of need is 121 (row 4.5).
- 6.21 These are similar orders of magnitude and findings are mutually re-enforcing.

Key Findings arising from the analysis

- 6.22 There is an estimated annual net requirement of 30 affordable dwellings, mostly 1 and 2-bedroom homes for general needs. This is equivalent to the need for 150 additional homes over a 5-year period.
- 6.23 A secondary data method has also been applied to the local population and the results are almost identical. The finding is therefore found to be robust.

7. Summary, Key Findings and Conclusion

- 7.1 Information has been brought together from the following sources to form a description of the local context and of housing needs and requirements that is unlikely to be met from existing supply:
- official data from the census 2011 and other sources to profile housing and households in the study area;
 - population projections;
 - evidence from the Land Registry, Zoopla and Rightmove;
 - evidence from local housing specialists such as estate and letting agents; and
 - a household survey.
- 7.2 These findings show that a large proportion (70%) of housing in the study area is owner-occupied which is a greater proportion than for Northumberland and England as a whole. Although the proportion owning with a mortgage is a much greater proportion than the other geographies and those owning outright is lower. This indicates that the age profile of the study area is younger than the wider geographies.
- 7.3 The age group that forms the greatest proportion of the population consists of those aged between 45-59. Official population projections show that the 65 and over age group will increase by 43% over the 25 years from 2016.
- 7.4 Nearly 40% of all homes are semi-detached. There is a relatively small proportion of flats than the wider geographies. Nearly half of all homes (46%) have 3-bedrooms. The area has a greater proportion of 3 and 4-bedroom homes than the wider geographies. The area has a smaller proportion of 2 and 5-bedroom homes.
- 7.5 Overall the distinguishing feature of the area is that the household profile has significantly more families with children from within the 30-59 age group and fewer older person households than the wider geographies.
- 7.6 Housing in Prudhoe village is less expensive than the rest of the study area and has a significantly larger volume of sales and rentals. However, when compared to the income of existing households likely to move home and newly forming households seeking a home in the area, it is clear that only households on above local median income can afford even entry level prices. Market rents are more affordable with households just below median income or more being able to afford entry level rents.
- 7.7 Current discounted sale new build house prices available in Prudhoe are unlikely to be affordable to the majority of households in our survey unless they could raise a deposit significantly higher than our assumed 10% deposit.
- 7.8 Respondents to the household survey aged 55 or over were asked which future housing options they would seriously consider in later life. 71% of respondents replied that they would prefer to live in their current home with support when needed. This was the highest selected option, followed by buying a more suitable home. The main

- preferences of affordable housing tenants were renting different forms of housing including rented extra care housing.
- 7.9 The main reason given for being unable to move by both existing households and newly forming households was lack of affordable housing in the area to which they wished to move followed by a lack of suitable housing.
- 7.10 For existing households, the main need for moving was overcrowding followed by health reasons. The main aspirational reason was wanting a nicer house followed by wanting to live closer to family or friends.
- 7.11 50% of existing households and 60% of newly forming households, wished to move within the study area.
- 7.12 The preferred low cost buying option of most respondents was discounted sale – potentially starter homes. The most affordable low cost housing is estimated to be 25% shared ownership which would be affordable to around one third of newly forming households.
- 7.13 Regarding supply and demand for market housing, it is estimated that there will be a surplus of 245 homes over the next 5 years. However, there is a large mismatch between the type and size becoming available and what is needed.
- 7.14 Market demand when compared to supply results in surpluses in houses and flats with 3 and more-bedrooms, and a shortfall compared to local need of 175 homes over a 5-year period being:
- 19 no. 1 and 2-bedroom houses;
 - 116 no. 1 and 2-bedroom bungalows;
 - 4 no. 3 or more-bedroom bungalows;
 - 36 no. 1 and 2-bedroom flats.
- 7.15 The oversupply of family housing should not cause concern as the demand side reflects only local need, not that from incomers. Estate agents told us that there is strong demand from incomers to the area.
- 7.16 In the market sector there is clearly a surplus of family housing and a strong demand for products associated with older people such as bungalows and flats. This is in relation to local need and does not take into account demand from potential incomers to the area. This is consistent with residents ageing which is projected to be a major issue facing the county.
- 7.17 There is an estimated annual net requirement of 30 affordable dwellings, mostly 1 and 2-bedroom homes for general needs; 50% houses, 25% bungalows. This is equivalent to the need for 150 additional homes over a 5-year period.
- 7.18 A secondary data method of estimating affordable need has also been applied to the local population and the results for gross affordable housing need are almost identical. The finding is therefore found to be robust.

Concluding Remarks

- 7.19 The study area includes the village of Prudhoe which acts as a local service centre and offers a more affordable and diverse supply of housing to the remainder of the study area and beyond.
- 7.20 The study area has a large supply of family housing which is mostly owner occupied 3 and 4-bedroom semi-detached housing.
- 7.21 The population is ageing, and the large cohort of people aged 45-59 years will move into the 60-75 cohort over time. A proportion will find the family housing they occupy as unsuitable as they age.
- 7.22 At the same time new households continue to form from young adults who are the children of this ageing cohort. The household survey shows that many are priced out of the housing market due to their low income even though prices are relatively inexpensive on a national scale. Affordable need is generated from these households as well as those in rented and owner-occupied housing that is not suited to their needs.
- 7.23 This HNS finds that net 175 market homes and 150 affordable homes are needed over a 5-year period. The scale of affordable need is corroborated by a second method based upon prevalence rates. Regarding intermediate affordable requirements, a greater proportion of households favoured a discounted sale product over shared ownership, although 25% shared ownership would be affordable to a greater number of households.
- 7.24 The above findings are supported by consultation undertaken as part of the survey. Respondents told us that the local priority for new build should be dwellings suitable for first time buyers, followed by affordable housing for low income households and those seeking sheltered housing for older people.
- 7.25 The scale of affordable need is underpinned by evidence from many households that are either prevented from moving home or finding a place of their own as they cannot afford more suitable housing.

Appendix A: Profile data

The figures presented in Chapter 3 are based upon the data in the following tables. All data is taken from the Census 2011 unless otherwise stated. Figure and table reference number correspond.

Table A1 Number of bedrooms						
	Study Area		Northumberland		England	
	No	%	No	%	No	%
Studio/bedsit	5	0.1	220	0.2	54,938	0.2
1-bedroom	480	8.0	10,772	7.8	2,593,893	11.8
2-bedrooms	1,511	25.3	40,698	29.4	6,145,083	27.9
3-bedrooms	2,728	45.6	59,864	43.2	9,088,213	41.2
4-bedrooms	1,039	17.4	20,701	14.9	3,166,531	14.4
5 or more bedrooms	218	3.6	6,279	4.5	1,014,710	4.6
Totals	5,981	100.0	138,534	100.0	22,063,368	100.0

Table A2 House type						
	Study Area		Northumberland		England	
	No	%	No	%	No	%
Detached	1,526	25.5	35,120	25.4	4,949,216	22.4
Semi-detached	2,384	39.9	50,127	36.2	6,889,935	31.2
Terraced	1,662	27.8	38,345	27.7	5,396,459	24.5
Flat etc.	408	6.8	14,676	10.6	4,668,839	21.2
Caravan etc.	1	0.0	232	0.2	80,964	0.4
Shared dwelling	0	0.0	34	0.0	77,955	0.4
Total	5,981	100.0	138,534	100.0	22,063,368	100.0

Table A3 Tenure						
	Study Area		Northumberland		England	
	No	%	No	%	No	%
Owned outright	1,773	29.6	46,086	33.3	6,745,584	30.6
Owned (mortgaged)	2,335	39.0	45,121	32.6	7,229,440	32.8
Shared ownership	28	0.5	510	0.4	173,760	0.8
Social rented	1,223	20.4	25,841	18.7	3,903,550	17.7
Private rented	539	9.0	18,417	13.3	3,715,924	16.8
Living rent free	83	1.4	2,559	1.8	295,110	1.3
All Households	5,981	100.0	138,534	100.0	22,063,368	100.0

Table A4 Population projection - county						
Projected Year	Aged 0 to 15	Aged 16 to 24	Aged 25 to 49	Aged 50 to 64	Aged 65+	All Ages
2016	51,981	28,462	90,500	71,972	74,529	317,444
2017	51,824	27,521	89,620	72,495	75,956	317,412
2018	51,648	26,810	88,766	72,837	77,455	317,517
2019	51,557	26,264	87,840	72,996	79,030	317,687
2020	51,272	25,931	87,098	73,117	80,480	317,898
2021	51,041	25,530	86,142	73,304	82,094	318,110
2022	50,651	25,390	85,472	73,039	83,734	318,291
2023	50,424	25,167	84,962	72,285	85,575	318,411
2024	49,896	25,237	84,673	71,207	87,489	318,502
2025	49,521	25,255	84,334	70,070	89,359	318,539
2026	48,956	25,561	84,044	68,869	91,156	318,584
2027	48,426	25,811	83,916	67,380	93,016	318,553
2028	47,892	26,100	83,743	65,877	94,900	318,506
2029	47,427	26,178	83,305	64,668	96,823	318,401
2030	47,065	26,156	82,741	63,585	98,704	318,254
2031	46,812	25,930	82,487	62,626	100,219	318,071
2032	46,415	25,928	82,210	61,672	101,659	317,882
2033	46,155	25,660	82,112	60,879	102,884	317,683
2034	45,868	25,536	81,970	60,137	103,963	317,474
2035	45,607	25,278	81,755	59,713	104,850	317,207
2036	45,373	25,019	81,549	59,063	105,922	316,928
2037	45,150	24,746	81,459	58,669	106,596	316,623
2038	44,969	24,531	81,153	58,720	106,923	316,295
2039	44,819	24,370	80,897	58,892	106,972	315,952
2040	44,702	24,260	80,539	59,190	106,915	315,604
2041	44,622	24,077	80,044	59,796	106,715	315,257

Table A5 Number of bedrooms by tenure (Study area only)										
	Owned outright		Owned (mortgage)		Social rented		Private rented		Row totals	
	No.	%	No.	%	No.	%	No.	%	No.	%
1-bedroom	25	0	26	0	381	6	53	1	485	8
2-bedrooms	389	7	410	7	451	8	261	4	1,511	25
3-bedrooms	969	16	1,151	19	359	6	249	4	2,728	46
4-or more bedrooms	390	7	776	13	32	1	59	1	1,257	21
Column Totals	1,773	30	2,363	40	1,223	20	622	10	5,981	100

Table A6 House type by tenure (Study area only)										
	Owned outright		Owned (mortgage)		Social rented		Private rented		Row totals	
	No.	%	No.	%	No.	%	No.	%	No.	%
Detached house/bungalow	579	10	776	13	50	1	121	2	1,526	26
Semi-detached house/bungalow	712	12	880	15	590	10	202	3	2,384	40
Terraced house/bungalow	442	7	645	11	359	6	216	4	1,662	28
Flat etc.	40	1	62	1	224	4	83	1	409	7
Column totals	1,773	30	2,363	40	1,223	20	622	10	5,981	100

Table A7 Tenure: HRP aged 65 or over						
	Study Area		Suffolk Coastal		England	
	No	%	No	%	No	%
Owned	925	58.2	25,851	61.7	3,822,366	66.8
Owned mortgage	134	8.4	3,331	8.0	444,300	7.8
Social Rented	451	28.4	9,061	21.6	1,084,460	19.0
Private Rented	80	5.0	3,627	8.7	370,598	6.5
All Households > 65	1,590	100.0	41,870	100.0	5,721,724	100.0

Table A8 Population age structure						
	Study Area		Northumberland		England	
	No.	%	No.	%	No.	%
Age 0 to 4	770	5.4	16,003	5.1	3,318,449	6.3
Age 5 to 7	518	3.6	9,863	3.1	1,827,610	3.4
Age 8 to 9	329	2.3	6,482	2.1	1,145,022	2.2
Age 10 to 14	960	6.7	17,677	5.6	3,080,929	5.8
Age 15	162	1.1	3,841	1.2	650,826	1.2
Age 16 to 17	372	2.6	7,631	2.4	1,314,124	2.5
Age 18 to 19	307	2.1	6,992	2.2	1,375,315	2.6
Age 20 to 24	724	5.1	16,224	5.1	3,595,321	6.8
Age 25 to 29	700	4.9	16,187	5.1	3,650,881	6.9
Age 30 to 44	2,778	19.4	56,156	17.8	10,944,271	20.6
Age 45 to 59	3,237	22.7	71,135	22.5	10,276,902	19.4
Age 60 to 64	1,054	7.4	24,533	7.8	3,172,277	6.0
Age 65 to 74	1,387	9.7	34,366	10.9	4,552,283	8.6
Age 75 to 84	731	5.1	21,018	6.7	2,928,118	5.5
Age 85 to 89	162	1.1	5,233	1.7	776,311	1.5
Age 90 & on	94	0.7	2,687	0.9	403,817	0.8
Totals	14,285	100.0	316,028	100.0	53,012,456	100.0

Table A9 Household composition						
	Study Area		Northumberland		England	
	No	%	No	%	No	%
One person aged 65 & 65+	736	12.3	19,407	14.0	2,725,596	12.4
One person other	854	14.3	21,999	15.9	3,940,897	17.9
Family all aged 65 and 65+	522	8.7	14,239	10.3	1,789,465	8.1
Married couple no children	914	15.3	22,263	16.1	2,691,927	12.2
Married couple 1 dependent child	399	6.7	8,226	5.9	1,285,267	5.8
Married couple: 2 or more dependent children	672	11.2	11,771	8.5	2,087,738	9.5
Married couple: non-dependent children	435	7.3	8,509	6.1	1,233,748	5.6
Same-sex Civil Partnership couple	8	0.1	121	0.1	30,775	0.1
Cohabiting couple: no children	324	5.4	6,769	4.9	1,173,172	5.3
Cohabiting couple 1 dependent child	107	1.8	3,002	2.2	438,750	2.0
Cohabiting couple 2 or more dependent children	113	1.9	2,876	2.1	452,030	2.0
Cohabiting couple: non-dependent children	38	0.6	646	0.5	108,486	0.5
Lone parent 1 dependent child	231	3.9	5,189	3.7	883,356	4.0
Lone parent 2 or more dependent children	164	2.7	3,421	2.5	689,899	3.1
Lone parent all children non-dependent	242	4.0	4,777	3.4	766,569	3.5
Other: One dependent child	48	0.8	1,111	0.8	290,816	1.3
Other with 2 or more dependent children	41	0.7	966	0.7	293,200	1.3
Other: All full-time student	2	0.0	22	0.0	124,285	0.6
Other: All aged 65 and over	16	0.3	384	0.3	61,715	0.3
Other household types	115	1.9	2,836	2.0	995,677	4.5
All households	5,981	100.0	138,534	100.0	22,063,368	100.0

Table A10 Occupancy rating (Study area only)						
	Owned		Social rented		Private rented	
	No	%	No	%	No	%
2 or more-bedrooms spare	2,112	35.3	130	2.2	145	2.4
1-bedrooms spare	1,519	25.4	379	6.3	277	4.6
0-bedrooms spare	464	7.8	658	11.0	178	3.0
1-bedrooms short	41	0.7	56	0.9	22	0.4
Total	4,136	69.2	1,223	20.4	622	10.4

Appendix B: NPPF February 2019 Summary of affordable housing definition

Affordable housing:

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
- c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.