

Mid-Coquetdale Neighbourhood Area

Housing Needs Assessment

for

Northumberland County Council

Final Report

December 2020

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1. Introduction and study method.

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

2. Area profile

Introduction

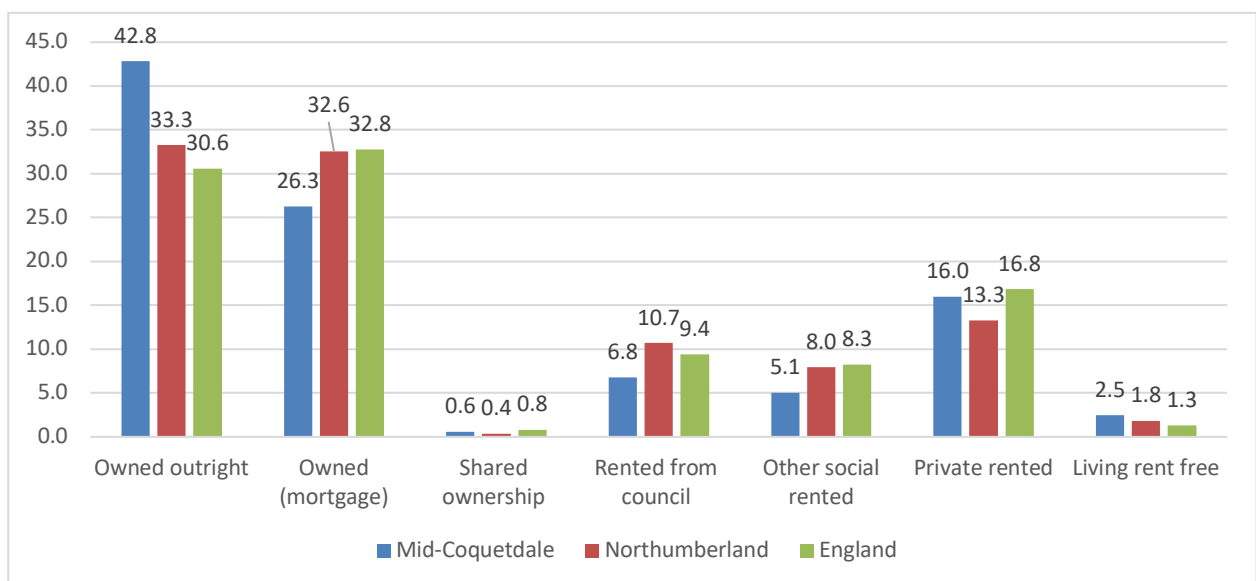
- 2.1 This section examines the imbalances between local household characteristics and the characteristics of the local housing capacity across all tenures.
- 2.2 According to the census 2011 there were 2,716 people living in 1,265 households within the study area. The average household size was 2.15 persons per household which is less than the average for England (2.4) and the average for Northumberland county (2.28).
- 2.3 The census 2011 stated that there were 1,406 household spaces, 141 with no usual residents likely to be vacant or second homes. Valuation Office Agency data reported 1,393 dwellings in 2019 suggesting a decline of 13 dwellings (1,393 minus 1,406).
- 2.4 Data in the following figures is presented as proportions (percentages) as this is the most effective means of comparison between geographies. The numbers from which the percentages are derived are stated in the data appendix.

Dwelling characteristics

Tenure

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

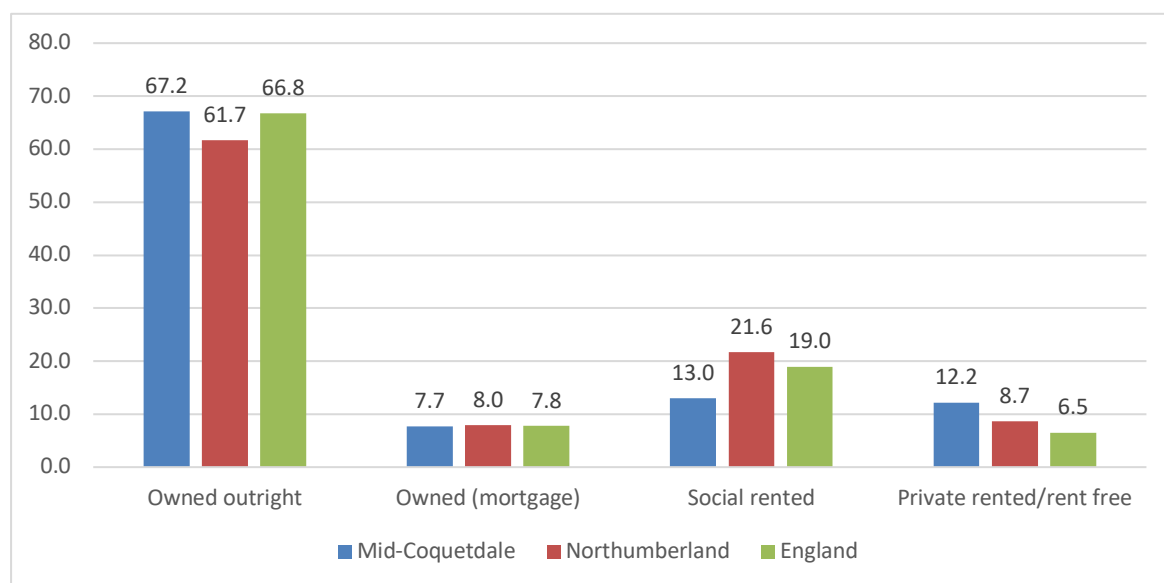
Figure 2.1 Tenure of households



Source Census 2011

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

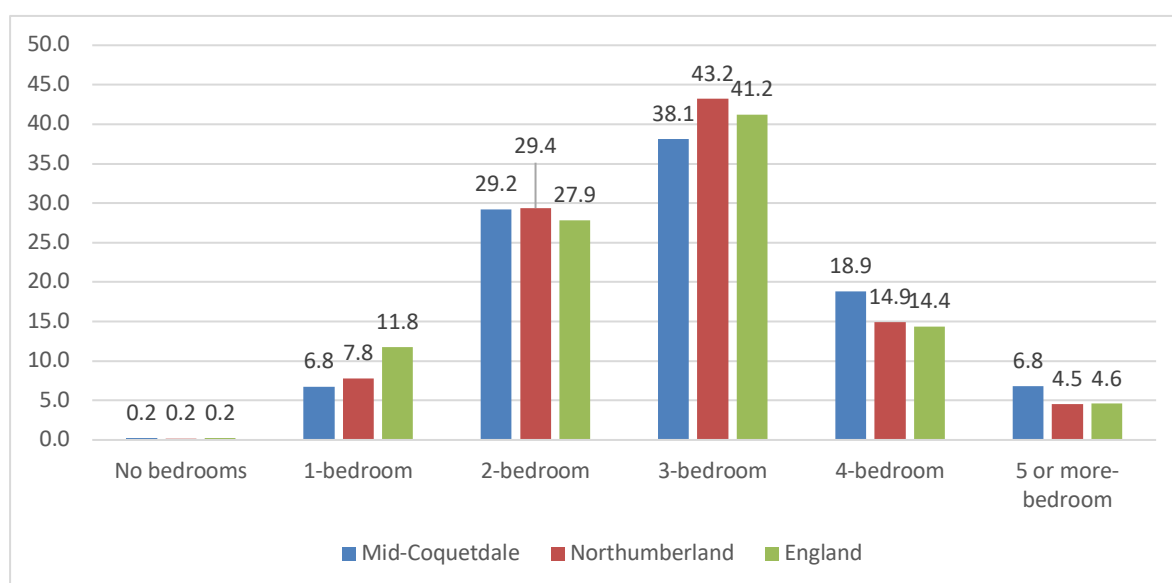
Figure 2.2 Tenure of households with HRP aged 65 or over



Source Census 2011

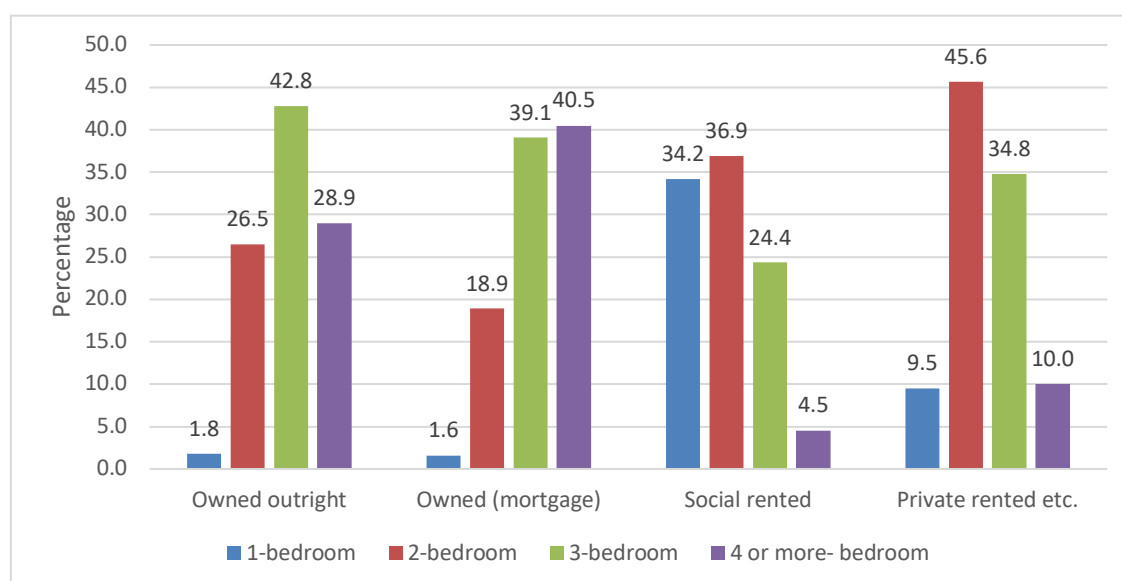
Number of bedrooms

- 2.7 The Mid-Coquetdale neighbourhood area has a larger proportion of 4 or more-bedroom homes than the wider geographies.

Figure 2.3 Number of bedrooms

Source Census 2011

- 2.8 Analysis of the number of bedrooms by tenure within the Mid-Coquetdale area is especially important and will feature in other parts of our analysis. It is noteworthy that there was a larger proportion of 3 or more-bedroom dwellings owned with a mortgage. Also, the social rented sector had a larger proportion of 1 or 2-bedroom dwellings. The private rented sector had a very high proportion of 2-bedroom dwellings.

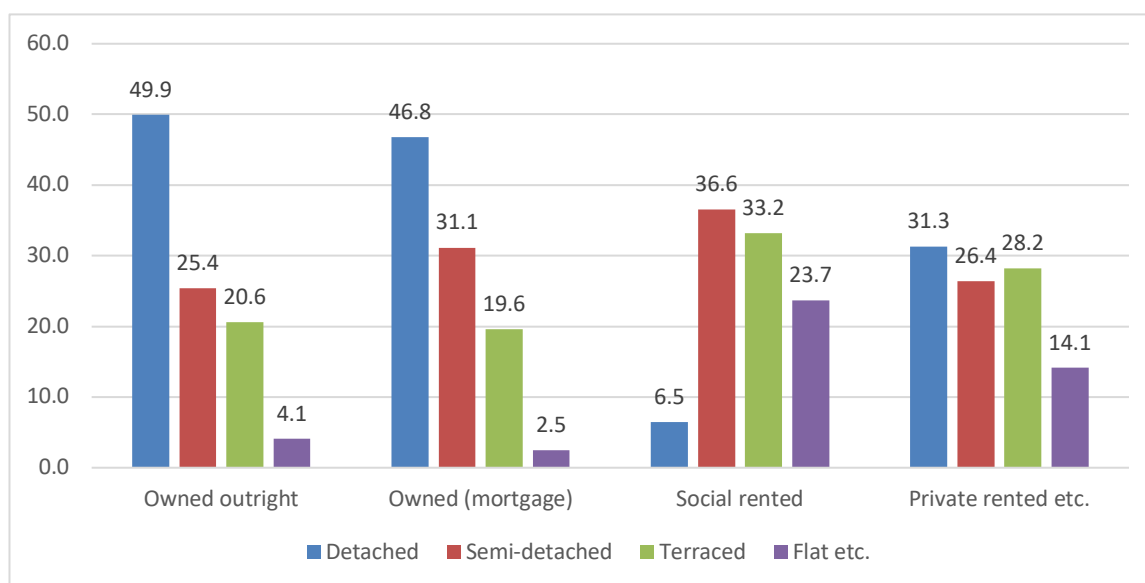
Figure 2.4 Number of bedrooms by tenure (Mid-Coquetdale area only)

Source Census 2011

Dwelling type

- 2.9 In the Mid-Coquetdale area, the largest proportion of outright homeowners lived in detached dwellings. The largest proportion of homeowners with a mortgage lived in terraced dwellings, and the largest group of social renters lived in semi-detached dwellings. The largest proportion of flats are in the social rented sector.

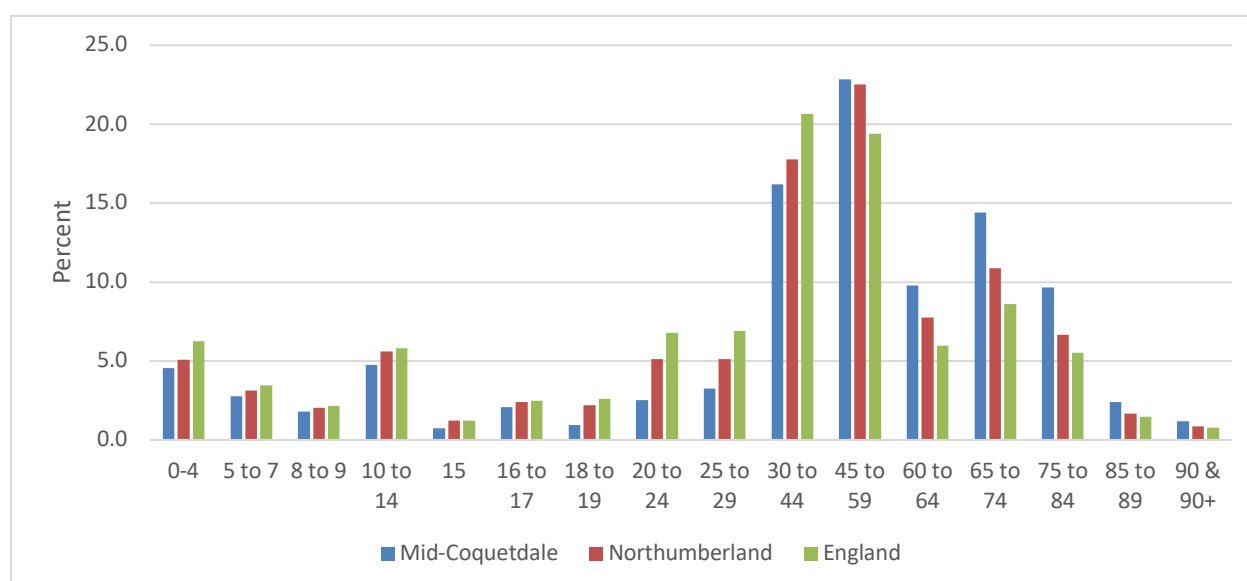
Figure 2.5 Dwelling type by tenure (Mid-Coquetdale area only)



Source Census 2011

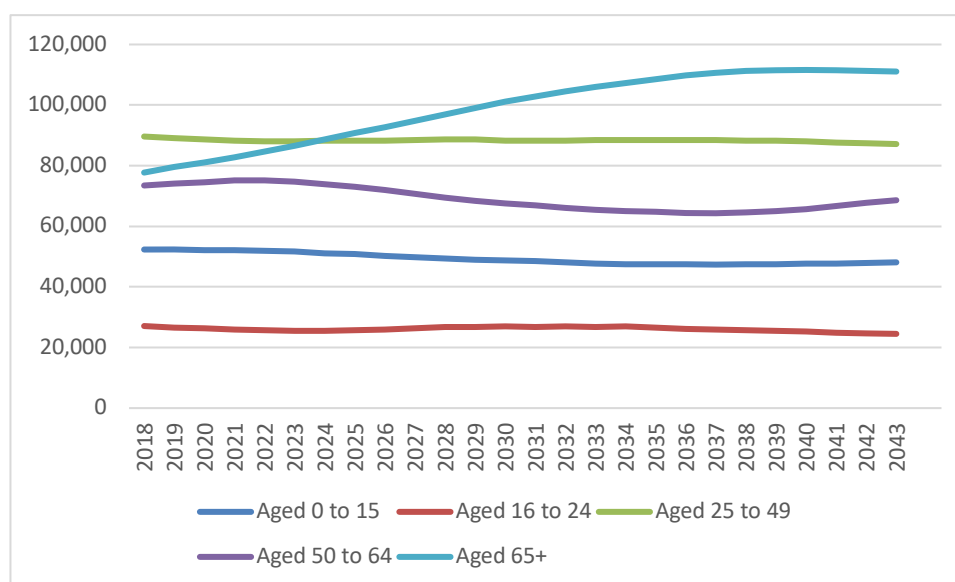
Population and household characteristics

- 2.10 The population profile of the local area according to the census showed that the age group with the largest proportion of people was those aged 45-59. The local population had higher proportions of people in this age group and older age groups than the wider geographies. There was a smaller proportion of children and young adults resident in the local area compared to the wider geographies, particularly those aged 18-44. The relatively high proportion of people in the older age groups (60 years and older) is noteworthy.

Figure 2.6 Age distribution (people)

Source Census 2011

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

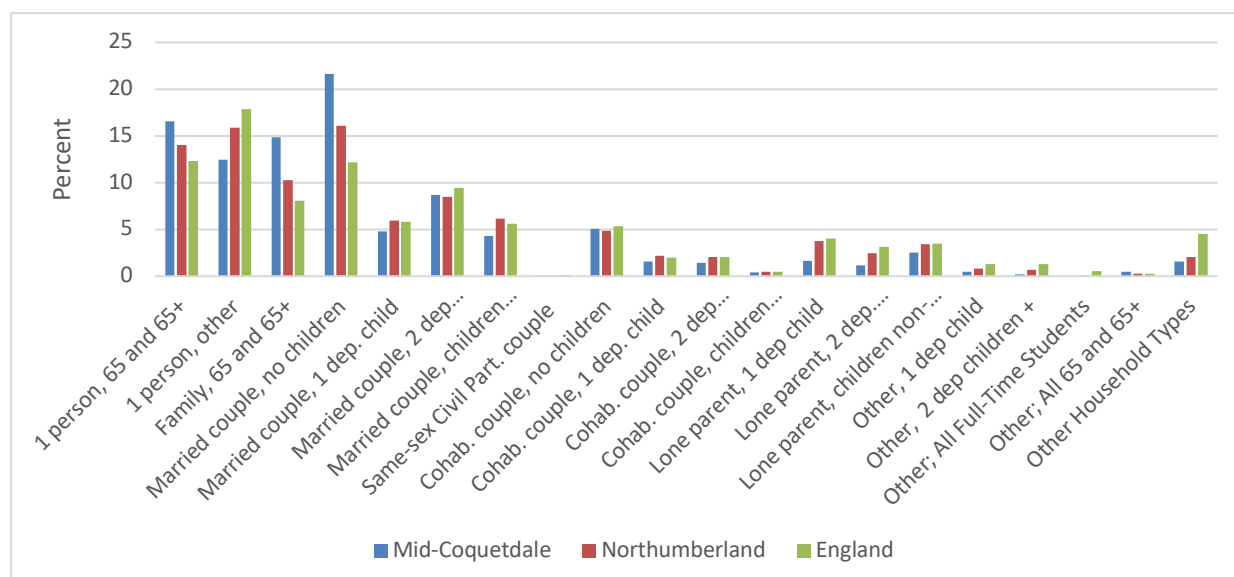
Figure 2.7 County population projections 2018-2043

Source: ONS

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

- 2.13 The household composition figure below shows that, compared to the wider geographies, the local area had a higher proportion of households aged 65 or over – whether they be single people or families. In addition, there is also a higher proportion of married couples with no children. It is also evident that there are fewer younger single people in the Mid-Coquetdale neighbourhood area.

Figure 2.8 Household type



Source Census 2011

Area profile key findings

- 2.14 The evidence suggests that the characteristics of Mid-Coquetdale's housing capacity vary by tenure. Whilst overall the predominant dwelling type is that of the detached house, the social rented sector has a particularly large proportion of semi-detached housing. There are fewer flats and terraced houses in Mid-Coquetdale. Similarly, the predominant type in terms of number of bedrooms is the 3-bedroom house or bungalow, however there is a higher proportion of 4 or more-bedroom dwellings than in the other geographies. Social rented housing has a larger proportion of 1-bedroom dwellings than other tenures and has a more even distribution of dwellings by number of bedrooms except for 4 or more-bedroom dwellings which is a much smaller proportion than the other tenures.
- 2.15 Regarding population and household characteristics the evidence suggests that in the area the age group with the largest proportion of people was those aged 45-59 or over. The local population had higher proportions of people in this age group and older age groups up to those aged 90 or older than the wider geographies. There was a smaller proportion of young adults aged between 18 to 44 resident in the local area, compared to the wider geographies, with the biggest difference being in the 20-24 category. When population projections are taken into account the proportion of older people is likely to increase and the proportion of households with children and younger households are likely to decrease.

3. Local house prices, rents and affordability

Introduction

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

Local rents and the household income required to service a rent

- 3.4 Table 3.1 states the average percentile rent across all lettings in 2019 across all dwelling type and number of bedrooms. On this basis it is apparent that rents in the Mid-Coquetdale area, when compared to county wide averages, are higher at the 25th percentile and median, but lower at the 75th percentile.

Table 3.1 Local area average rents compared to Northumberland averages			
	Percentile 25 £pcm	Median £pcm	Percentile 75 £pcm
Mid-Coquetdale neighbourhood area	494	524	576
Rest of Northumberland	425	494	598

Source: Zoopla. £pcm=pounds per calendar month

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

Table 3.2 Average market rents and income required (Mid-Coquetdale area)			
	Percentile 25	Median	Percentile 75
Monthly rental price £pcm	494	524	576
Annual gross household income required	23,712	25,152	27,648

Source: Zoopla and arc4

- 3.6 Table 3.3 states the 2019 value of the local housing allowance (LHA) that applies to the Mid-Coquetdale Neighbourhood Area. This is significant as it is the maximum rent level that is eligible for housing benefit. Any household eligible for housing benefit and seeking a private rental would need to 100% fund any rent above this level.

Table 3.3 Northumberland BRMA Local Housing Allowance rates		
Dwelling type	£ per week	£ pcm
Shared accommodation	73.90	320.23
1-bedroom	78.25	339.08
2-bedrooms	90.90	393.90
3-bedrooms	109.32	473.72
4-bedrooms	161.10	698.10

Source: VOA as at July 2020

- 3.7 Table 3.4 states the household income required to service LHA rates at the main percentile points. This is using the rental to income ratio of 25%.

Table 3.4 Income required to service the rent at LHA rates		
Dwelling type	Monthly rental price £	Annual gross household income required £
Shared accommodation	320.23	15,371
1-bedroom	339.08	16,276
2-bedrooms	393.90	18,907
3-bedrooms	473.72	22,739
4-bedrooms	698.10	33,509

Source: VOA for April 2020 to March 2021 and arc4

House prices

- 3.8 The broad average local lower quartile price paid across all dwelling types for calendar year 2019 as published by the Land Registry are estimated at £165,000. This compares to £113,000 for Northumberland as a whole.
- 3.9 Similarly, local median prices for 2019 are estimated at £240,000. This compares to £167,960 for Northumberland as a whole.
- 3.10 Land registry data is available by dwelling type. Table 3.5 shows that on average prices by dwelling type are higher in the local area compared to the rest of the county. The

two exceptions to this are detached dwellings and terraced housing at the 75th percentile and median. Note that the Land Registry does not publish data by the number of bedrooms in a dwelling.

Table 3.5 Local prices compared to Northumberland prices by dwelling type

		Percentile 25 £	Median £	Percentile 75 £
Detached house or bungalow	Mid-Coquetdale	240,000	299,950	364,950
	Northumberland	212,500	269,995	369,995
Flat	Mid-Coquetdale	110,000	170,000	205,000
	Northumberland	45,000	80,000	130,973
Semi-detached house or bungalow	Mid-Coquetdale	133,500	185,250	240,975
	Northumberland	110,000	144,000	183,000
Terraced house or bungalow	Mid-Coquetdale	130,000	137,500	235,000
	Northumberland	102,000	157,500	245,000

Source: Land Registry price paid

- 3.11 In table 3.6, using average dwelling prices for the local area (paragraphs 3.8 and 3.9), we estimate the income required to service a mortgage or loan based upon arc4 standard assumptions of a 10% deposit and 3.5 income multiplier. arc4 has recently undertaken a detailed analysis of alternative affordability benchmarks which has considered different income multipliers and separate analysis of disposable income. It has concluded that for the majority of households, especially those on lower income a multiplier of 3.5 is prudent. It also maintains consistency with the SHMA.
- 3.12 Throughout the following affordability analysis, it must be borne in mind that a larger deposit, whether funded through savings, equity or 'the bank of mum and dad' will reduce the size of the loan and the income required to service it.

Table 3.6 Income needed to service a mortgage at lower quartile and median price points

	Lower quartile £	Median £
Purchase price	165,000	240,000
Minimum deposit (10%)	16,500	24,000
Mortgage required	148,500	216,000
Annual gross household Income required	42,429	61,714

Source: Land Registry price paid and arc4

Local Household income and the affordability of housing

3.13 Table 3.7 states the midpoint of the range of incomes of local households.

Table 3.7 CAMEO Household income midpoint (£ p.a.)		
	Percentile 25	Median
Mid-Coquetdale Area	25,000	35,000

Source: Transunion Cameo Market Segmentation

- 3.14 Comparing tables 3.2 with table 3.7, it is clear that in general terms, households are able to afford rental accommodation in Mid-Coquetdale. The issue for households on both 25th percentile incomes and median incomes is getting onto the housing ladder. Lower quartile earners could not afford to purchase a lower quartile dwelling, and median earners could not afford a median or lower quartile priced dwelling (tables 3.6 and 3.7).
- 3.15 Table 3.8 estimates the affordability of lower quartile prices for the stated benchmark incomes.
- 3.16 It is apparent that using the 3.5 income multiplier, many households would struggle to afford average entry level prices. Whilst the current government practice guidance on its standard method affordability calculation uses a 4X multiplier, we have used 3.5 to be consistent with the SHMA and because the multiplier is not universally applied by mortgage lenders. The actual rate is determined by mortgage lenders taking into account risk factors and credit scoring.
- 3.17 Referring to table 3.5 it is apparent that flats and terraced dwellings might be more affordable to many of the household groups, but as identified in the first chapter of this report, these may be in short supply.
- 3.18 Finally, in table 3.9, we consider the affordability of affordable home ownership products defined as affordable housing within the NPPF 2019 annexe B definitions. 25% shared ownership would still not quite be affordable to even median earners.
- 3.19 In table 3.9, average median prices rather than lower quartile prices are used. This is because new build housing attracts a premium over resale prices. The Land Registry produces separate price paid data for new build housing.
- 3.20 An illustration of discounted market sale housing is provided. The discount of 30% has been chosen to coincide with what has typically been achieved for discounted market value (DMV) affordable homes in Northumberland, as well as it being the minimum discount set by the Government for its emerging First Homes scheme.

Benchmark incomes	Gross Household Income 2018 (£)	3.5x	4x	4.5x	5x	7.5x	10x	12.5x	15x	LQ price 2019
Police officer	£23,124	£80,934	£92,496	£104,058	£115,620	£173,430	£231,240	£289,050	£346,860	£165,000
Nurse	£17,652	£61,782	£70,608	£79,434	£88,260	£132,390	£176,520	£220,650	£264,780	£165,000
Fire officer	£23,862	£83,517	£95,448	£107,379	£119,310	£178,965	£238,620	£298,275	£357,930	£165,000
Teacher	£23,720	£83,020	£94,880	£106,740	£118,600	£177,900	£237,200	£296,500	£355,800	£165,000
Min Wage (single household)	£16,010	£56,033	£64,038	£72,043	£80,048	£120,071	£160,095	£200,119	£240,143	£165,000
Min Wage (1 FT and 1PT)	£24,014	£84,050	£96,057	£108,064	£120,071	£180,107	£240,143	£300,178	£360,214	£165,000
Min Wage (two working adults)	£32,019	£112,067	£128,076	£144,086	£160,095	£240,143	£320,190	£400,238	£480,285	£165,000
Living Wage (single)	£17,550	£61,425	£70,200	£78,975	£87,750	£131,625	£175,500	£219,375	£263,250	£165,000
Living wage (1 FT and 1 PT)	£26,325	£92,138	£105,300	£118,463	£131,625	£197,438	£263,250	£329,063	£394,875	£165,000
Living Wage (two workers)	£35,100	£122,850	£140,400	£157,950	£175,500	£263,250	£351,000	£438,750	£526,500	£165,000

Table 3.9 The affordability of low-cost home ownership products	
Shared ownership 50%	Mid Coquetdale area
Full price (based on median)	£240,000
Equity 50%	£120,000
10% deposit on equity share	£12,000
Mortgaged amount	£108,000
Service Charge (monthly)	£35
Rent (per month based on 2.75% on remaining equity p.a.)	£275
Income required for mortgage	£30,857
Income required for rent/service charge	£14,880
TOTAL	£45,737
Shared ownership 25%	
Full price (based on median)	£240,000
Equity 25%	£60,000
5% deposit on equity share	£3,000
Mortgaged amount	£57,000
Service charge (monthly)	£35
Rent (per month based on 2.75% on remaining equity p.a.)	£413
Income required for mortgage	£16,286
Income required for rent/service charge	£21,480
TOTAL	£37,766
Help to buy	
Full price (based on median)	£240,000
Equity 75%	£180,000
Loan 20%	£48,000
Deposit 5%	£12,000
Mortgaged amount	£168,000
Income required for mortgage	£48,000
Loan fee (1.75% in year 6)	£840
Discounted home ownership	
Full price (based on average)	£254,706
Discounted price (30% lower than average)	£178,295
Deposit 5%	£8,915

Mortgaged amount	£169,380
Income required for mortgage	£48,394

Source: Land Registry and arc4

Key findings: local house prices, rents and affordability

- 3.21 Both rents and house prices within the local area are on average higher than the rest of Northumberland. In addition, income is also, on average, higher in the local area compared to the rest of Northumberland.
- 3.22 Despite the higher incomes, local households are largely unable to afford to buy dwellings in Mid-Coquetdale. In general terms, households on median incomes could not afford average lower quartile house price, although rent prices are more accessible. Households at lower quartile income levels could afford lower quartile and median rents.
- 3.23 In general terms, using a 3.5 income multiplier, only households with 2 incomes could afford average entry level prices. However, it is apparent that flats might be affordable to many of the household groups. Some terraced houses might be affordable to a wider group of households with a single income.
- 3.24 Regarding the affordability of affordable home ownership products, defined as affordable housing within the NPPF 2019 annexe B definitions, 25% shared ownership would be the most affordable option, although this is still out of reach to the average median income households.

4. Local Area Housing Need

Introduction

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

Affordable Rented Housing

- 4.2 The council's housing register has been used as the principal source for quantifying the need for affordable rented housing, intermediate housing and affordable home ownership for existing households.
- 4.3 Quantifying household members that are planning to find a place of their own (newly forming households) is calculated using a demographic method. Government practice guidance recognises that numbers of existing and newly forming households in affordable need have to be expressed as an annual 'flow' of households, reflecting the fact that household circumstances are constantly changing and new households are constantly forming and dissolving due to death or relationship breakdown. These events happen across the population over time and it is important to recognise that although the rate of flow may increase or decrease, it will always exist.
- 4.4 The model used to assess the level of need for affordable rented housing in the study area is derived from the government's planning practice guidance and consists of 4 stages:
- Stage 1: current gross housing need and affordable need;
 - Stage 2: future gross housing need and affordable need;
 - Stage 3: affordable housing supply; and
 - Stage 4: estimate of net affordable need (gross need minus supply).
- 4.5 Table 4.1 summarises the data findings for stages 1 and 2 of the affordable need model.

Table 4.1 Stages 1 and 2, gross flow of households in need of affordable rented housing		
Ref.	Step	Total
1	Level of need from existing households that are in affordable need according to the housing register	56
2*	Annualised level of affordable need (level of affordable need above divided by 5)	11
3	Level of affordable need from newly forming households annually	19
4	Therefore, the annual gross flow of households in affordable need (sum of rows 3 and 4)	30
5	The 5-year flow is row 4 X 5	150

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

- 4.6 Row 2* of table 4.1 is necessary because it is standard practice, consistent with planning practice guidance, to summarise the overall level of household need according to the housing register into an *annual flow* of households. We have assumed that the annual flow of households is equivalent to one fifth of the need recorded by the register. This means that the needs of households currently on the register would, on average be met over a 5-year period. Even though it is expected that the need of individual households on the register might be met over a 5-year period according to the priority they are assessed as having under council policy, the list would still be of similar length. This is because new households would join the list as and when households fall into housing need and new households form as children move into adulthood and seek a place of their own.
- 4.7 We have assumed that 50% of the need will be some form of affordable rented housing and the other 50% some form of affordable home ownership as the evidence from the SHMA suggests that this is the current trend. In conclusion, we arrive at a 5-year flow of affordable need of:
- 75 households in affordable need seeking social or affordable rented housing; and
 - 75 households in affordable need seeking some form of affordable home ownership.
- 4.8 In stage 3 of the model (table 4.2 below), we take into account supply of affordable housing. The annual flow of supply of social and affordable rented housing from vacancies is a known quantity and information has been obtained from NCC housing department and local registered providers. There will also be supply from first lettings of newbuild affordable rented housing. However, affordable home ownership supply is difficult to quantify. Table A1 in the appendix shows that at 2011 there were only 7 units of shared ownership affordable housing in the area. Further, there is likely to be little discounted sale supply as the product is relatively new. We have therefore considered supply of affordable rented and affordable home ownership separately.
- 4.9 Table 4.2 shows supply from first lettings of affordable rented housing is estimated as 13 units and a first sales of affordable home ownership is also estimated at 13 units. This is because there are currently 26 affordable new build homes permitted to be

built in the area, which for the purposes of this analysis are assumed would be 50% affordable rented and 50% affordable home ownership.

Table 4.2 Stages 3 and 4, estimate of supply and net requirement						
Tenure	First Letting (5 yr.)	Relet supply (5 yr.)	Gross supply (5 yr.)	Gross need (5 yr.)	Net 5 yr. requirement	Net annual requirement**
Social/affordable rent letting	13	45	58	75	17	4
Affordable home ownership sales	13	0	13	75	62	12
Total	26	45	71	150*	79	16

Source: NCC and registered providers (* 30 per annum ** rounded to whole number).

- 4.10 The estimate is valid for a 5-year period. A housing needs assessment should be conducted every 5-years with fresh data on the size of the housing register, the average number of re-lets produced and a new estimate of the level of new build housing.

Is the gross need of 30 affordable rented dwellings per annum a reasonable estimate?

- 4.11 We have based our findings on housing register data as it provides information on the requirements of registered households in terms of current location, desired location and household characteristics. However, it must be recognised that the information has limitations and may not fully reflect the quantity of households in housing need for any given location:
- not everyone in affordable need will register;
 - some on the register may not be in housing need;
 - it records demand for social and affordable rented housing; and
 - it does not specifically record demand for affordable home ownership although some applicants may seek it.
- 4.12 Therefore, we have triangulated (compared) housing register information with information from the household survey carried out in 2012 which was used for the SHMA 2014, and additionally, a proprietary method based upon prevalence rates. Detailed analysis is contained in appendix 8.
- 4.13 The analysis concludes that estimates of *gross* affordable need as stated in table 4.1 (housing register) outputs of our prevalence rate method are a similar order of magnitude, (30 and 37). Whilst housing registers, in our experience, under-estimate the true level of affordable need, they are the best evidence we have for this study. Household survey results are significantly higher and may reflect the fact that the

housing market was still recovering from the effects of the 2008 banking crisis. Therefore, our key finding is that the gross flow of need for affordable housing is 30 households per annum.

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

4.14 The following is based upon analysis of the housing register.

Number of bedrooms	General needs	Older person	Total No.	Total %
One	13	4	17	56
Two	10	0	10	32
Three	4	0	4	12
Four or more	0	0	0	0
Total	26	4	30	100

Source: housing register 2020

4.15 A re-analysis of information in table A4 in the appendix allows us to compare the profile of affordable rented housing across the local area to the findings in table 4.4.

Bedrooms required	Existing stock affordable rented stock (2011) %	Future requirement %
1-bedroom	34	56
2-bedrooms	37	32
3-bedrooms	24	12
4 or more-bedrooms	5	0
All categories	100	100

Source: housing register 2020 and census 2011

4.16 It is evident from table 4.4 that the critical gap is the potential undersupply of 1-bedroom dwellings. It should be recalled from table 2.4 that the greater part of the social housing stock is formed of 2-bedroom homes which is what registered providers told us they would rather build as they offer more flexibility for landlord and tenant than 1-bedroom dwellings.

- 4.17 NCC housing staff provided further information about the characteristics of the relet supply. We were told that 26 of the 47 relets in the 5-year period up to March 2020 were one and two-bedroom bungalows. The remaining supply consisted of two 2-bedroom houses, seven 3-bedroom houses, three 2 or 3-bedroom flats and 9 sheltered housing units. Officers provided insights into demand from the choice-based lettings system. There was little demand for the sheltered housing however there was high demand for houses and bungalows. Crucially there was no supply of 1-bedroom general purpose flats.
- 4.18 Taking into account the data in table 4.4 and the information about the supply in paragraph 4.16 future investment in affordable housing should prioritise 1-bedroom units for general needs rather than older people. A second priority should be for 3-bedroom houses although the additional supply of 1-bedroom dwellings may release 2 and 3-bedroom houses for letting.

Intermediate housing and affordable home ownership

- 4.19 The NCC SHMA Partial Update, 2018, contains empirical evidence about the proportion of households in need of intermediate and affordable home ownership products and recommends a 50% affordable rent and 50% intermediate housing division. Affordable home ownership would sit within the 50% intermediate housing fraction. So, on the basis of an annual flow of 30 households per annum it would be reasonable to assume there is annual need for around 15 intermediate and low-cost home ownership dwellings (75 over 5-years). This assumption has been built into our modelling within tables 4.1 and 4.2
- 4.20 Returning to our analysis of affordability in section 3, tables 3.8 and 3.9 indicate that 25% shared ownership would be affordable to many of the household typologies listed in table 3.8 if there was more than one full time income within the household. A 30% discount, the minimum level of discount for the emerging First Homes scheme would be within reach of some households particularly if the purchase price were below the local median price. This may very well be the case for a 1 or 2-bedroom home as these would be offered at a lower price.
- 4.21 It is recommended that based upon the above analysis, future affordable home ownership provision should consist of 2 and 3-bedroom family houses.
- 4.22 Section 5 considers further the implications of this policy.

Market housing

- 4.23 This analysis draws upon the findings of the section 2 of this report (area profile), SHMA Partial Update 2018 and the NCC Draft Local Plan 2019.
- 4.24 The minimum housing requirement for the Mid-Coquetdale parishes of Rothbury, Thropton, Cartington, Whitton and Tosson is 140 dwellings over the plan period 2016-2036. For the avoidance of doubt this is an overall requirement which includes market and affordable housing.

- 4.25 Analysis of the latest 5-year housing land supply shows that there are six sites of 5 or more dwellings that are currently subject to live full or outline planning consents within the Mid-Coquetdale area. Should this housing be delivered then around 130 market housing dwellings would be provided over the next 5-years, alongside the 26 affordable homes mentioned above.
- 4.26 However, it is worth noting the characteristics of existing market housing in the area. Section 2 of this report concluded that:
- the characteristics of Mid-Coquetdale's housing capacity vary by tenure;
 - there were fewer flats and terraced houses in Mid-Coquetdale compared to the county and England as a whole;
 - there is a higher proportion of 4 or more-bedroom dwellings in Mid-Coquetdale compared to the county and England as a whole;
 - the local population has a higher proportion of people in the age group aged 45-59 and older age groups up to those aged 90 or older than the wider geographies;
 - there was a smaller proportion of young adults aged between 18 to 44 resident in the local area compared to the wider geographies, with the biggest difference being in the 20-24 category; and
 - when population projections are taken into account the proportion of older people is likely to increase and the proportion of households with children and younger households are likely to decrease.
- 4.27 The affordability of local housing also needs to be taken into account as reported in section 3. It is clear from section 3 that house prices in Mid-Coquetdale are significantly higher than the Northumberland average.
- 4.28 The section concluded that, on the basis of a 3.5 x household income multiplier and a 10% deposit:
- local households on median incomes could not afford average lower quartile house prices;
 - only households with 2 incomes could afford average entry level prices; and
 - flats and some terraced houses might be affordable to a wider group of households with a single income.
- 4.29 Households at lower quartile income levels could afford lower quartile and median market rents.
- 4.30 Finally, we have analysed the type of housing that is being supplied by the market in the last 2-years through resales which shows that certain dwelling types become vacant more frequently than others.

Table 4.5 Supply from resales 2018-20			
Dwelling type	Number of sales	Percentage of sales	Percentage of stock
Detached	382	45.7	48.8
Semi-detached	187	22.4	27.7
Terraced	204	24.4	20.2
Flat	62	7.4	3.4
Totals	835	100.0	100.0

Source: Land Registry

4.31 Table 4.5 shows that:

- nearly half of all sales were detached dwellings;
- a higher proportion of sales were being generated by terraced and semi-detached dwellings and flats compared to the volume of stock;
- flats represented 7.4% of resales and as the percentage of stock is much lower (3.4%) we conclude that flats are offered for sale more frequently than the other dwelling types.

Key findings of analysis of local area housing needs

4.32 **Regarding affordable housing**, a 4-stage model has been used to arrive at an estimate of the gap between the annual flow of households in need of affordable rented housing and the current rate of supply allowing for new build affordable rented housing over the 5-year period to 2024. Data for this model is drawn from the housing register. We estimate that:

- the gross flow of households in affordable need is 30 households per annum over a 5-year period, (150 households over a 5-year period) table 4.1);
- the average flow of social and affordable rented housing supply from vacancies is estimated to be 9 units per annum, (45 units over a 5-year period) table 4.2;
- no supply from affordable home ownership vacancies is assumed as there is a very small capacity of this tenure in the area.
- It is estimated that there will be 13 units of supply for affordable new build social and affordable rented housing over the next 5-years
- It is estimated that there will be 13 units of supply for affordable new build affordable home ownership housing over the next 5-years;
- the flow of households in social affordable rented need is greater than the supply by 4 households per annum; and

- the flow of households in affordable need seeking affordable home ownership is greater than the supply by 12 households per annum.
- 4.33 Further analysis of the data suggests that the requirement for affordable rented housing is entirely 1-bedroom dwellings however, data regarding the characteristics of re-let supply would suggest that 3-bedroom houses are also needed. It should be noted that affordable housing providers are reluctant to build 1-bedroom homes as they offer little flexibility for meeting future need.
- 4.34 **Regarding affordable home ownership**, the housing register is only of partial relevance as it does not specifically record this information. Empirical information about the proportion of households in need seeking intermediate housing including affordable home ownership is provided by the council's SHMA Partial Update 2018 which informs the draft local plan and a 50%-50% split between affordable rented and intermediate housing was recommended. It is recommended that additional supply should take the form of 2 and 3-bedroom family houses.
- 4.35 **Regarding market housing** the NCC Draft Local Plan 2019 provides the indicative future housing requirement at parish and neighbourhood plan area level, which is a minimum of 140 additional dwellings (market and affordable homes) for the Mid-Coquetdale area over the plan period. The assessment of need in this report focusses on the characteristics of the supply that is needed. It is clear that if market housing is to meet *local* needs and offer the opportunity for existing and newly forming households to remain resident in the area it should meet all of the following trends that have been identified:
- be of a size and specification that is suited to the needs of older people seeking to downsize;
 - include a mix of flats and smaller terraced houses; and
 - be offered at prices that are affordable to local households.
- 4.36 The emphasis on smaller units of housing for sale in future is significant. We have demonstrated that house prices in Mid-Coquetdale are on average much higher than the average for Northumberland and disaggregated these averages by dwelling type in table 3.5. Average house prices are estimated on price and number of sales and we have demonstrated that the predominant types and sizes of market dwellings are mainly 3 and 4-bedroom detached homes.

5. Further contextual information

Parish council and neighbourhood plans

- 5.1 Based upon information published by Northumberland County Council, Mid Coquetdale was designated as a neighbourhood plan area in 2015. We are aware that public consultation was proposed in 2017 but we are not aware that any progress has been made since.
- 5.2 We have been unable to find any previous housing needs assessment for the area.

Estate and letting agents

- 5.3 We spoke at length to a Rothbury based independent estate and letting agent who told us that Rothbury and the rural area is a hotspot in terms of house prices and rents. This is driven by the second home market and because the area is within catchment for the King Edward VI School (OFSTED outstanding).
- 5.4 Landlords will accept benefit claimants subject to references. However, many local landlords are not investing in their portfolios further due to recent changes to the way their businesses are taxed and the introduction of stamp duty on second homes.
- 5.5 Generally, supply is limited and demand is strong especially for 3-bedroom rentals with a garden and car parking. A proposed affordable development for the over 55s is keenly awaited.

Registered providers

- 5.6 The NCC housing team and 3 registered providers responded to our survey. According to NCC the stock holding in the study area is as follows.

Table 5.1 Social rented dwellings owned by NCC and registered providers			
Coast and Castle	1	N/K	Specialist residential care nursing home
Bernicia	6	1-bedroom	bedsit
	6	1-bedroom	bungalow
	21	1-bedroom	flat
	7	2-bedroom	flat
	12	2-bedroom	house
	10	3-bedroom	house
NCC	29	1-bedroom	bungalow
	21	2-bedroom	bungalow
	2	2-bedroom	flat
	6	2-bedroom	house
	3	3-bedroom	flat
	28	3-bedroom	house
	1	4-bedroom	house
	18		sheltered accommodation units
Karbon	4	2-bedroom	bungalow
	4	2-bedroom	house
	9	3-bedroom	house
	1	4-bedroom	house
Total	189		

Source NCC

- 5.7 Two registered providers responded to our question about interest in providing additional affordable housing in the area. One attached low priority to this, the other stated it would be considered a medium/high priority. Both considered that the future provision should be for family housing and older people. Only one stated an interest in offering shared ownership in future.

National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) 2019

- 5.8 Paragraphs 77, 78 and 79 of the NPPF 2019 specifically addresses rural housing issues referring to the need for planning policy to *'support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local*

needs’, and ‘identify opportunities for villages to grow and thrive, especially where this will support local services’.

- 5.9 This report and the brief upon which it is based is clearly aimed at identifying local needs. However, it does not fulfil the aims of paragraph 79 which is concerned with isolated homes and the specific needs of agricultural workers and individual agricultural or rural food processing businesses.
- 5.10 Regarding methodology for identifying local needs there is only partial relevant policy or guidance in current NPPF and PPG. The greater part of PPG is concerned with a strategic assessment of a local authority level housing need and affordable need.
- 5.11 arc4’s methodology for this HNA is guided by the brief, best practice that it has accumulated corporately over many years, relevant aspects of older PPG as well as current PPG.
- 5.12 An example of older PPG is regarding strategic housing market assessments published in 2007 that consider appropriate fieldwork methods and the government’s preferred approach to assessing affordability income multipliers as well as the 4-stage model for assessing the gross and net need for affordable housing.
- 5.13 Current PPG affordable housing paragraph 21 (Paragraph: 021 Reference ID: 2a-021-20190220) specifically refers to the use of lower quartile prices as entry level housing which is the benchmark used in this HNA. This HNA also uses the PPG paragraph 22 (Paragraph: 022 Reference ID: 2a-021-20190220) definition of supply. Paragraph 23 (Paragraph: 023 Reference ID: 2a-023-20190220) is also relevant which states that analysis is conducted to establish the extent to which the current housing stock will meet future need. This has been undertaken in table 4.6 above and the findings here are noteworthy. Accordingly, we have disregarded earlier practice guidance that means the affordable model should disregard housing need of social tenants as vacancies would be available to other social tenants. Paragraph 24 (Paragraph: 024 Reference ID: 2a-024-20190220) states the necessity for levels of need to be converted into annual flows which is undertaken in step 2 of table 4.1 of this HNA.

6. Summary of key findings and conclusions

- 6.1 The area profile, chapter 2, reveals that the housing stock of the area is unbalanced to the household population in that there are above average levels of 4 or more-bedroom homes than Northumberland or English averages, yet the average household size is smaller.
- 6.2 Small household size is due to the age profile and household composition profiles with the area having a higher proportion of people aged over 60 years and above average proportions of households with no children when compared to Northumberland or English averages. Nevertheless, couples with children are a similar proportion the county and England as a whole. The age groups that are below average are aged 18 to 29 years and are approximately half of the proportion compared to the county and England as a whole. This may account for the small proportion of children aged 0 to 7 years compared to the county and England as a whole.
- 6.3 Chapter 3 shows that average rents and house prices within the local area are higher than the rest of Northumberland. In addition, income is also, on average, higher in the local area compared to the rest of Northumberland.
- 6.4 It is important to reflect on what is driving the housing market and the impact this is having on prices. Mid- Coquetdale attracts a flow of households that are mid-career and older. These are able to afford the price of 3 and 4-bedroom detached homes due to accruing equity in their former housing. They find a ready supply of aspirational housing in a rural area with Rothbury as its service centre. If they have older children, the local secondary school provides an OFSTED 'outstanding' education. This population is aging, and the older population mostly owns its housing outright. Therefore, high house prices can be sustained.
- 6.5 However, we have demonstrated that many households are largely unable to afford to buy dwellings in Mid-Coquetdale. In general terms, households on median incomes could not afford average lower quartile house price, although rent prices are more accessible. Households on lower quartile income could afford lower quartile and median rents.
- 6.6 Closer examination of Mid-Coquetdale's higher than average house prices is needed. Broad average prices such as median values quoted in this report do not reflect the variation in house prices by type. Higher than average overall median values are a result of half of the market sales volume being detached homes. Prices of terraced houses and flats are lower but still not affordable to lower income households or those that have not accrued equity who are likely to be younger or newly forming households.
- 6.7 Different methods have been applied to arrive at the quantity of housing needed that is:
 - social and affordable rented housing;
 - affordable home ownership (including intermediate renting); and
 - market housing

6.8 Regarding affordable housing we find that:

- the gross flow of households in affordable need is 30 households per annum over a 5-year period, (150 households over a 5-year period) table 4.1);
- the average flow of social and affordable rented housing supply from vacancies is estimated to be 9 units per annum, (45 units over a 5-year period) table 4.2;
- no supply from affordable home ownership vacancies is assumed as there is a very small capacity of this tenure in the area.
- It is estimated that there will be 13 units of supply for affordable new build social and affordable rented housing over the next 5-years
- It is estimated that there will be 13 units of supply of new build affordable home ownership housing over the next 5-years;
- the flow of households in social affordable rented need is greater than the supply by 4 households per annum; and
- the flow of households in affordable need seeking affordable home ownership is greater than the supply by 12 households per annum.

6.9 Whilst additional social and affordable rented housing is undoubtedly needed, the mix and number of bedrooms should reflect the needs of those on the housing register. If the correct mix is not delivered or too many homes are delivered in a year, providers may find difficulty in letting only to local people.

6.10 Regarding market housing, we find that the housing required over the plan period of the local plan is 140 dwellings, including affordable dwellings. If the current planning permissions are built, then circa 130 market dwellings will be provided in the next 5-years. The challenge here is to ensure that housing that is delivered meets the needs of local people and:

- is of a size and specification that is suited to the needs of older people seeking to downsize;
- includes a mix of flats and smaller terraced houses; and
- is offered at prices that are affordable to local households.

6.11 Our overall conclusion is that there are 3 main housing policy challenges facing the neighbourhood planning area:

- there is a shortage of housing overall that is affordable to many households and newly forming households in particular who cannot afford local prices;
- there is a mismatch between the existing stock and the needs of local households in terms of dwelling size, type and number of bedrooms; and
- the existing housing stock is particularly unsuited to an aging population. Although the aging population may choose to remain living in unsuitable housing, in reality there is little choice for them provided by the market.

- 6.12 Whilst the 'active' housing market will consist of upsizing and downsizing households, if younger and older households are to be retained in the Mid-Coquetdale community, a supply of smaller more affordable homes needs to be made available. Delivery of the required number of dwellings needed for affordable home ownership is key to attracting and retaining younger households.

7. Data appendix

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

Table A1 Tenure						
	Mid-Coquetdale		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
Owned outright	542	42.8	46,086	33.3	6,745,584	30.6
Owned (mortgage)	332	26.3	45,121	32.6	7,229,440	32.8
Shared ownership	7	0.6	510	0.4	173,760	0.8
Rented from council	86	6.8	14,820	10.7	2,079,778	9.4
Other social rented	64	5.1	11,021	8.0	1,823,772	8.3
Private rented	202	16.0	18,417	13.3	3,715,924	16.8
Living rent free	31	2.5	2,559	1.8	295,110	1.3
Total	1,265	100.0	138,534	100.0	22,063,368	100.0

Table A2 Tenure: HRP aged 65 or over						
	Mid-Coquetdale		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
Owned outright	340	67.2	25,851	61.7	3,822,366	66.8
Owned (mortgage)	39	7.7	3,331	8.0	444,300	7.8
Social rented	66	13.0	9,061	21.6	1,084,460	19.0
Private rented/rent free	62	12.2	3,627	8.7	370,598	6.5
Total	506	100.0	41,870	100.0	5,721,724	100.0

Table A3 Number of bedrooms						
	Mid-Coquetdale		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
No bedrooms	3	0.2	220	0.2	54,938	0.2
1-bedroom	86	6.8	10,772	7.8	2,593,893	11.8
2-bedroom	370	29.2	40,698	29.4	6,145,083	27.9
3-bedroom	482	38.1	59,864	43.2	9,088,213	41.2
4-bedroom	238	18.9	20,701	14.9	3,166,531	14.4
5 or more-bedroom	86	6.8	6,279	4.5	1,014,710	4.6
Total	1,265	100.0	138,534	100.0	22,063,368	100.0

Table A4 Tenure by number of bedrooms (Mid-Coquetdale only)										
	Owned outright		Owned (mortgage)		Social rented		Private rented etc.		Totals	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1-bedroom	10	1	5	0	51	4	22	2	88	7
2-bedroom	144	11	64	5	55	4	107	8	370	29
3-bedroom	232	18	133	10	37	3	81	6	482	38
4 or more-bedroom	157	12	137	11	7	1	23	2	324	26
All categories	542	43	340	27	150	12	233	18	1,265	100

Table A5 House type by tenure (Mid-Coquetdale only)										
	Owned outright		Owned (mortgage)		Social rented		Private rented etc.		Totals	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Detached	271	21.4	159	12.6	10	0.8	73	5.8	512	40.5
Semi-detached	138	10.9	106	8.4	55	4.3	62	4.9	360	28.4
Terraced	112	8.8	66	5.3	50	3.9	66	5.2	294	23.2
Flat etc.	22	1.7	8	0.7	36	2.8	33	2.6	99	7.8
Totals	542	42.8	340	26.8	150	11.9	233	18.5	1,265	100

Table A6 Population age structure						
	Mid-Coquetdale Area		Northumberland		England	
Age	Number	Percent	Number	Percent	Number	Percent
0-4	123	4.5	16,003	5.1	3,318,449	6.3
5 to 7	76	2.8	9,863	3.1	1,827,610	3.4
8 to 9	49	1.8	6,482	2.1	1,145,022	2.2
10 to 14	130	4.8	17,677	5.6	3,080,929	5.8
15	20	0.7	3,841	1.2	650,826	1.2
16 to 17	57	2.1	7,631	2.4	1,314,124	2.5
18 to 19	26	1.0	6,992	2.2	1,375,315	2.6
20 to 24	69	2.5	16,224	5.1	3,595,321	6.8
25 to 29	89	3.3	16,187	5.1	3,650,881	6.9
30 to 44	440	16.2	56,156	17.8	10,944,271	20.6
45 to 59	620	22.8	71,135	22.5	10,276,902	19.4
60 to 64	266	9.8	24,533	7.8	3,172,277	6.0
65 to 74	392	14.4	34,366	10.9	4,552,283	8.6

75 to 84	263	9.7	21,018	6.7	2,928,118	5.5
85 to 89	65	2.4	5,233	1.7	776,311	1.5
90 & 90+	32	1.2	2,687	0.9	403,817	0.8
Total	2,716	100	316,028	100.0	53,012,456	100.0

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

Source Nomis. Base year 2018

Table A8 Household composition

	Mid-Coquetdale		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
One person aged 65 and over	210	16.6	19,407	14.0	2,725,596	12.4
One person other	157	12.4	21,999	15.9	3,940,897	17.9
Family all aged 65 and over	188	14.9	14,239	10.3	1,789,465	8.1
Married couple no children	274	21.6	22,263	16.1	2,691,927	12.2
Married couple 1 dependent child	60	4.8	8,226	5.9	1,285,267	5.8
Married couple 2 or more dependent children	110	8.7	11,771	8.5	2,087,738	9.5
Married couple all children non-dependent	55	4.3	8,509	6.1	1,233,748	5.6
Same-sex civil partnership couple	1	0.1	121	0.1	30,775	0.1
Cohabiting couple no children	64	5.1	6,769	4.9	1,173,172	5.3
Cohabiting couple 1 dependent. Child	20	1.6	3,002	2.2	438,750	2.0
Cohabiting couple 2 or more dependent children	18	1.4	2,876	2.1	452,030	2.0
Cohabiting couple all children non-dependent	5	0.4	646	0.5	108,486	0.5
Lone parent 1 dependent child	21	1.7	5,189	3.7	883,356	4.0
Lone parent 2 or more dependent. children	15	1.2	3,421	2.5	689,899	3.1
Lone parent all children non-dep.	32	2.6	4,777	3.4	766,569	3.5
Other with one dependent child	6	0.5	1,111	0.8	290,816	1.3
Other with two 2 or more dependent children	3	0.2	966	0.7	293,200	1.3
Other household types; all full-time students	0	0.0	22	0.0	124,285	0.6
Other; all aged 65 and over	6	0.5	384	0.3	61,715	0.3
Other household types	20	1.6	2,836	2.0	995,677	4.5
All households	1,265	100.0	138,534	100.0	22,063,368	100.0

8. Appendix: Is the gross need of 30 affordable rented dwellings per annum a reasonable estimate?

- 8.1 We have based our findings on housing register data as it provides information on the requirements of registered households in terms of current location, desired location and household characteristics. However, it must be recognised that the information has limitations and may not fully reflect the quantity of households in housing need for any given location:
- not everyone in affordable need will register;
 - some on the register may not be in housing need;
 - it records demand for social and affordable rented housing; and
 - it does not specifically record demand for affordable home ownership although some applicants may seek it.
- 8.2 Therefore, we have triangulated housing register information with information from other sources. The key difference is that the other data sources will include those that can afford more than social rents but not afford entry level market prices. In both of the following cases, the quantity in housing need is identified and the proportion that cannot afford entry level prices is determined from household survey evidence.

Triangulation with household survey data

- 8.3 arc4 was commissioned to undertake a strategic housing market assessment (SHMA) in 2014. Part of this commission was to analyse data collected in 2012 from a large-scale household survey across the county. From these data, the need for affordable housing was derived at both county level and sub area level. For the purposes of this HNA, the data have been subject to further analysis to assess the need based upon household survey evidence of those living in the Mid-Coquetdale Neighbourhood area.
- 8.4 A summary of the data for stages 1 and 2 of the affordable need model table A8.1 are as follows.

Table A8.1 Stages 1 and 2, gross flow of households in affordable need (household survey)		
Ref.	Step	Total
1	Level of need from existing households that are in affordable need according to survey data	290
2*	Annualised level of affordable need (level of affordable need above divided by 5)	58
3	Level of affordable need from newly forming households annually	15
4	Therefore, the annual gross flow of households in affordable need (sum of rows 2 and 3)	73

Source: NCC household survey 2012

- 8.5 The level of overall need using the survey method is over twice the level of need estimated by the housing register method. The main difference between the findings is that the household survey method shows a greater amount of need from existing households. It should be noted that this information is based on a small part of the overall sample of households across the county which has been subject to data weighting to compensate for non-responses to the survey. The data is therefore subject to a margin of error.

Triangulation using prevalence rates

- 8.6 From arc4's national database we are able to define prevalence rates for households likely to be in affordable need, whether existing households falling into need or newly forming households.
- 8.7 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 2,500,000 households. This enables arc4 to understand the demographic and socio-economic characteristics and housing history of respondents by household type. Findings based upon this database have been found sound at local plan inquiries.
- 8.8 Table A8.3 summarises the impact of prevalence rates on the household population at ward and study area levels. The table shows that this affordable need is made up of need from existing and newly forming households.

Table A8.3 Estimate annual affordable need using arc4 prevalence rates				
		Prevalence rate or factor	Households in area	Source
			1,265	Based upon number of households
1	Existing households in need	10%	127	Based on national arc4 estimate
2	% in affordable need	91.3%	116	Same assumption as used in the affordable need model
3	Divide to convert to annual need	5	23	Assume clearance over a 5-year period
4	Newly forming households per annum	1.55%	20	Based on national gross household formation rate from the Survey of English Housing
5	Newly forming household % in affordable need	69%	14	Same assumption as used in the affordable need model
6	Total GROSS annual need (3+5)		37	

Sources as stated

- 8.9 Note that we have updated the number of households in the area as the data we have used as a baseline number was according to the census in 2011 which is 9-years out of date. We have calculated the growth in the study area's population by comparing the census baseline to the VOA 2019 and made an allowance for vacant homes.
- 8.10 Estimates of *gross* affordable need as stated in table 4.1 (housing register) and table A8.3 (prevalence rates) are a similar order of magnitude, (30 and 37). Whilst it is generally accepted that housing registers under-estimate the true level of affordable need, they are the best evidence we have for this study. Household survey results are significantly higher and may reflect the fact that the housing market was still recovering from the effects of the 2008 banking crisis. Therefore, our key finding is that the gross annual flow of need for social and affordable rented housing is 30 households per annum.