

North Northumberland Coast Neighbourhood Area

Housing Needs Assessment

for

Northumberland County Council

Final Report

December 2020

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



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

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

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Directors - Helen Brzozowski - Michael Bullock

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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 North Northumberland Coast neighbourhood area and its surrounding parishes 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
 - Bamburgh;
 - Beadnell; and
 - North Sunderland.

2. Area profile

Introduction

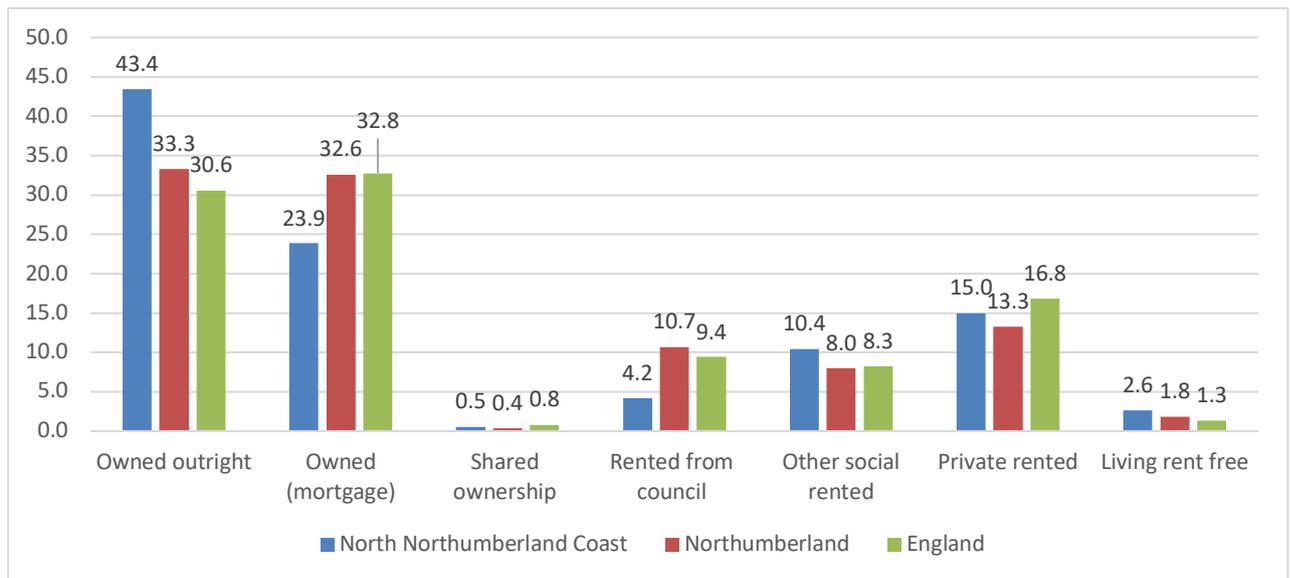
- 2.1 This section examines the imbalances between local household characteristics and the characteristics of the local housing capacity across all tenures.
- 2.2 According to the census 2011 there were 2,936 people living in 1,457 households within the study area. The average household size was 2.02 persons per household which is less than the average for England (2.4) and Northumberland county (2.28).
- 2.3 The census 2011 revealed that in the North Northumberland coastal area there were 2,238 household spaces (781 with no usual residents). Valuation office agency data reported 1,977 dwellings in 2019 suggesting a net reduction of around 260 dwellings (2,238 minus 1,977). The reduction will reflect a transfer from residential use into business use as accommodation used as holiday lettings. According to the council tax register 2019 there were 534 units of self-catering cottages.
- 2.4 According to the council tax register 2019 there were 539 second homes which is 27.3% of all residential dwellings. The combined effect of second homes and self-catering cottages means that less than half of all dwellings are occupied by residents who live permanently in the area
- 2.5 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

- 2.6 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 dwellings rented from the council. There is a slightly larger proportion of private rented housing and 'other social rented' housing those living rent free housing than the Northumberland average.

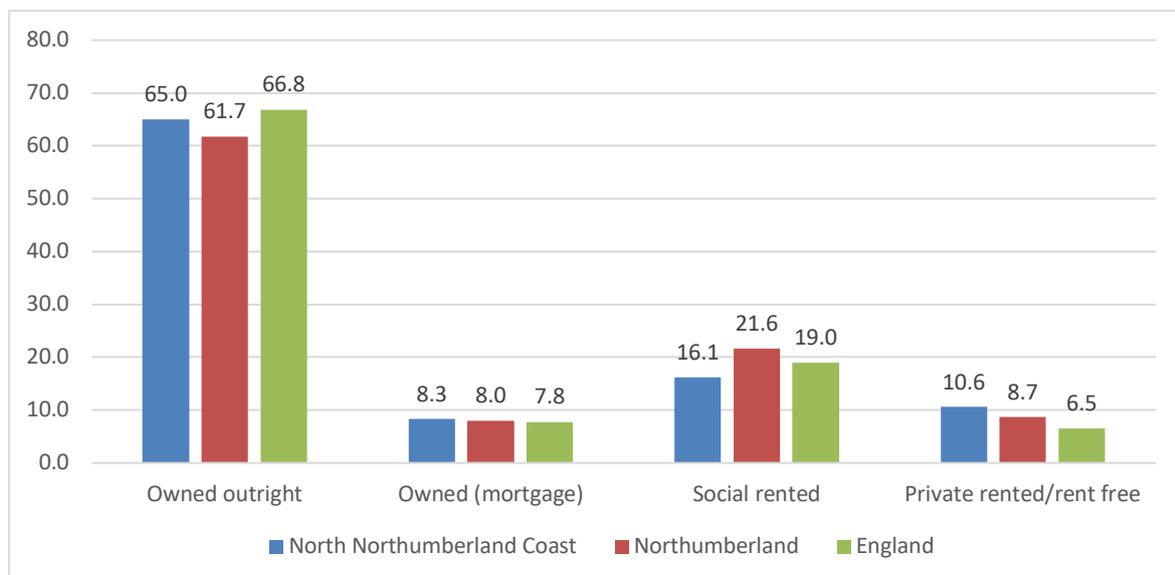
Figure 2.1 Tenure of households



Source Census 2011

2.7 Analysis of the tenure of households with the household representative person aged 65 or over shows that proportions of households that are owner occupying – either with the help of a mortgage or owning their dwelling outright – are largely comparable to the wider geographies. There are fewer social renting households where the HRP is aged 65 or over compared to the wider geographies, however a larger proportion live in the private rented sector or live rent free than the wider geographies.

Figure 2.2 Tenure of households with HRP aged 65 or over

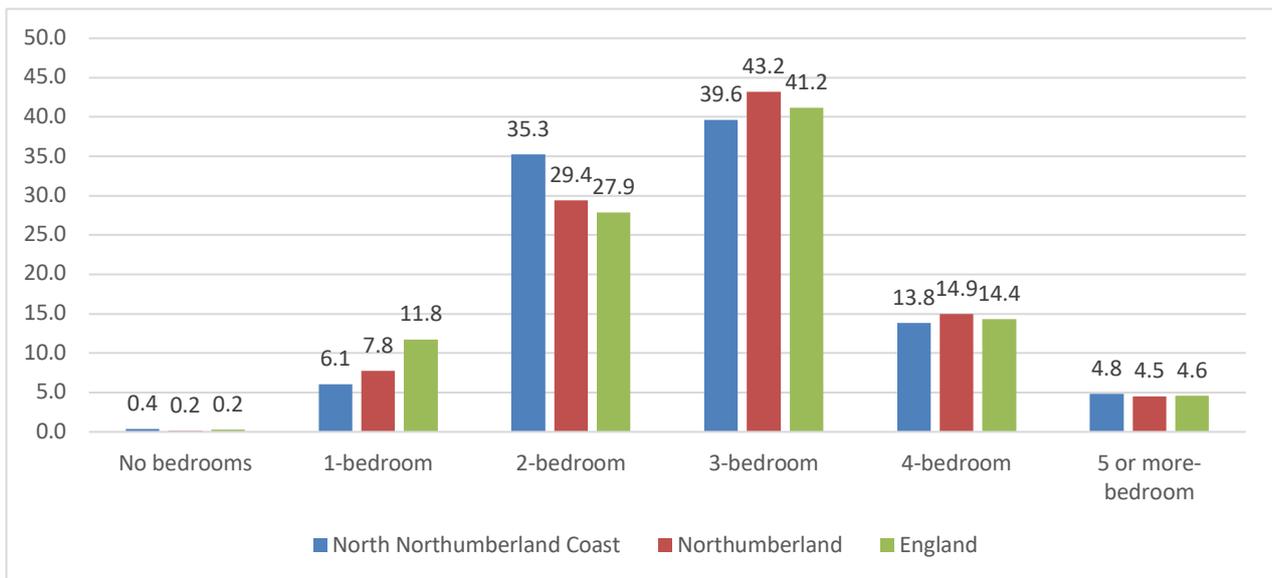


Source Census 2011

Number of bedrooms

2.8 The area has a larger proportion of 2-bedroom dwellings than the wider geographies, although the majority of dwellings in the North Northumberland Coast neighbourhood area are 3-bedroom dwellings.

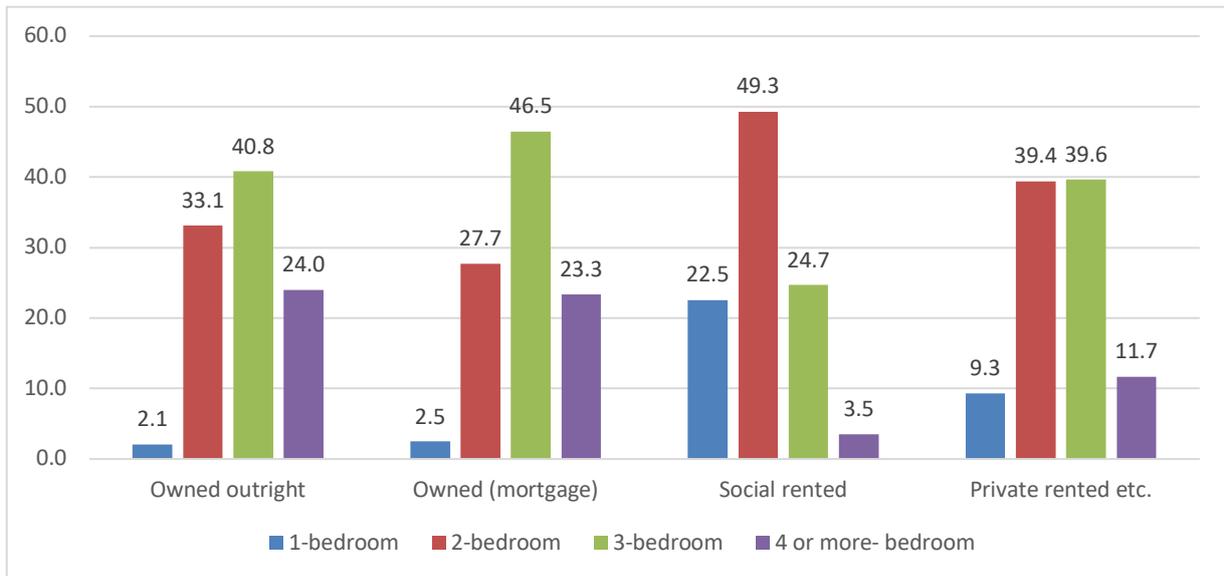
Figure 2.3 Number of bedrooms



Source Census 2011

2.9 Analysis of the number of bedrooms by tenure within the North Northumberland Coast neighbourhood area is especially important and will feature in other parts of our analysis. It is noteworthy that there was a smaller proportion of 4 or more-bedroom dwellings in the social rented sector. The social rented sector had the largest proportion of 1 and 2-bedroom homes.

Figure 2.4 Number of bedrooms by tenure (North Northumberland coastal area only)

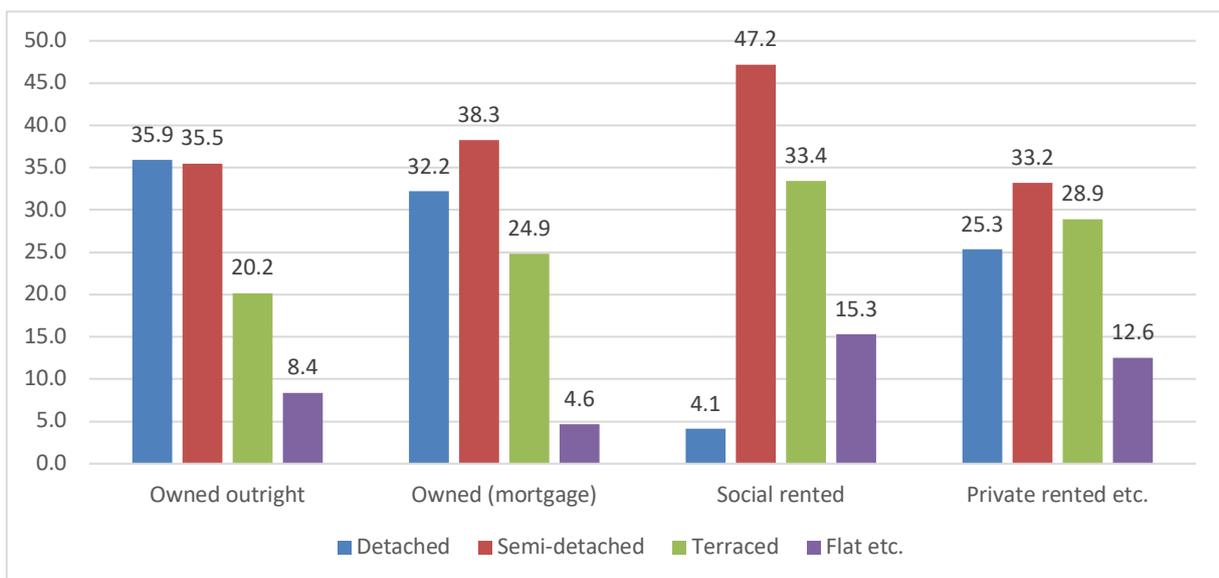


Source Census 2011

Dwelling type

2.10 In the North Northumberland Coastal neighbourhood area, the largest proportion of outright homeowners lived in detached dwellings with a slightly lower proportion living in semi-detached dwellings. The largest proportion of homeowners with a mortgage, social renters and private renters all live in semi-detached dwellings. Social rented housing comprised mostly of semi-detached and terraced housing. Flats form a high proportion of social and private rented housing.

Figure 2.5 Dwelling type by tenure (North Northumberland Coastal area only)

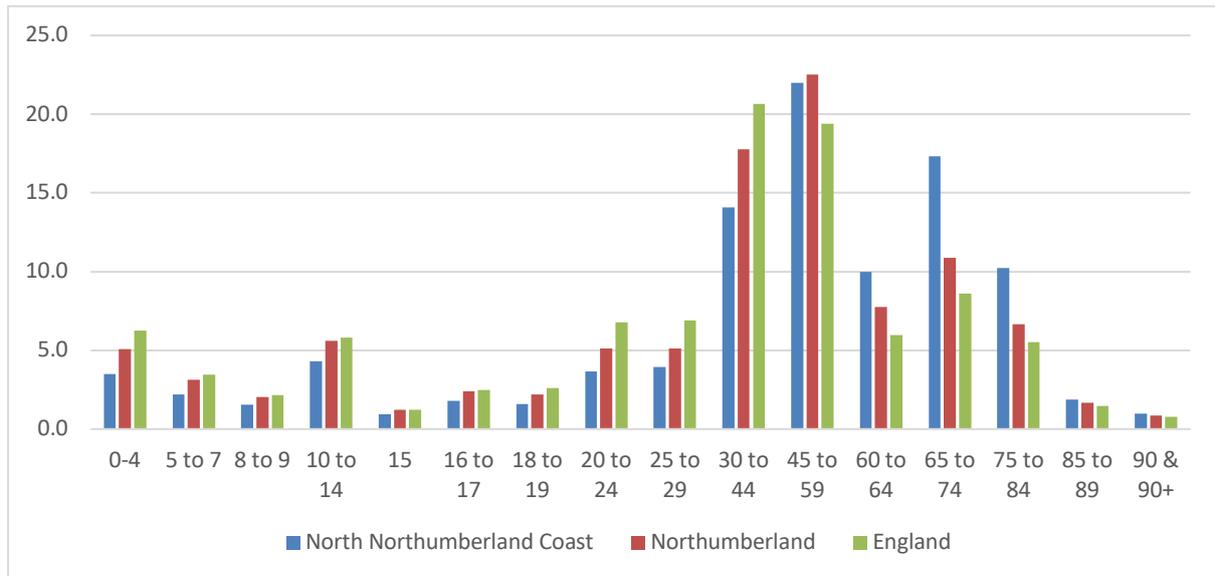


Source Census 2011

Population and household characteristics

2.11 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. Of note, the 65-74 age group proportion was significantly larger than the wider geographies. Additionally, the proportion at the 30-44 age group was particularly lower than the wider geographies. Overall, the age distribution for the area reveals an older community with fewer children and young adults.

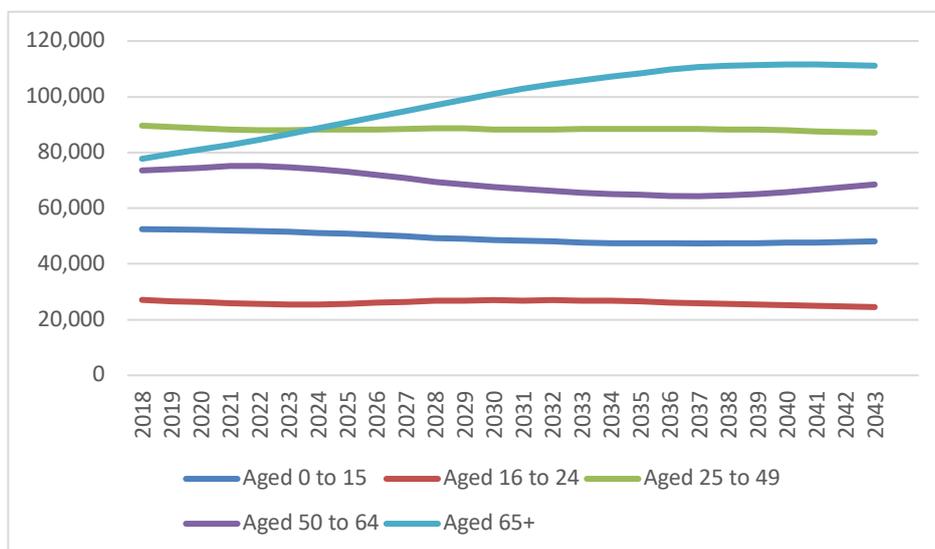
Figure 2.6 Age distribution (people)



Source Census 2011

2.12 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.

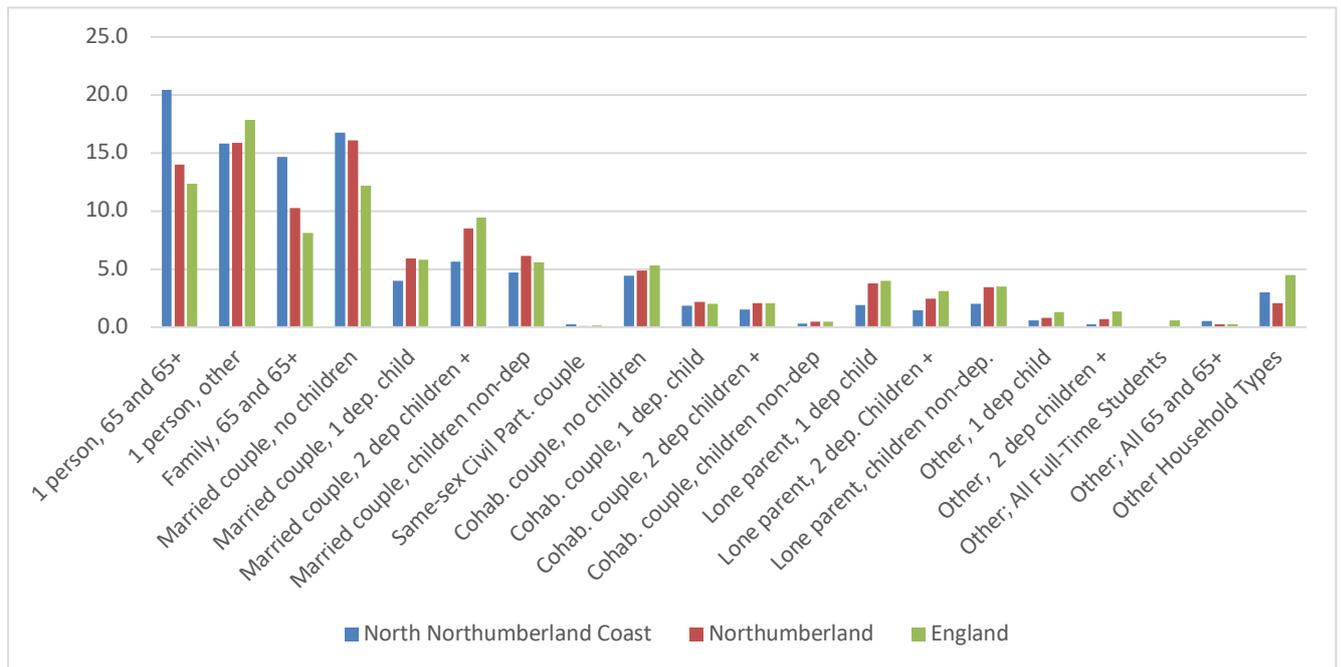
Figure 2.7 County-wide population projections 2016-2041



Source: ONS

- 2.13 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.
- 2.14 The household composition figure below shows that, compared to the wider geographies, the local area had a higher proportion of 1-person households and families aged 65 or over. There is a lower proportion of families or single person households with children compared to the wider geographies. These findings mirror the age distributions at Figure 2.6.

Figure 2.8 Household type



Source Census 2011

Area profile key findings

- 2.15 Overall, the predominant dwelling type is that of the detached or semi-detached house. The social rented sector has a larger proportion of flats than other tenures. The predominant type in terms of number of bedrooms is the 3-bedroom house or bungalow, with 2 or 3-bedroom dwellings accounting for 75% of the total housing stock. Almost 50% of social rented stock is 2-bedroom dwellings.
- 2.16 Regarding population and household characteristics, the evidence suggests that the age group with the largest proportion of people was those aged 45-59, although the proportion is slightly less than the wider area of Northumberland. In general, the local population had higher proportions of older people compared to the wider geographies. There was a smaller proportion of children and young adults resident in the local area compared to the wider geographies. When population projections are taken into account the proportion of older people is likely to increase and the proportion of households with children and younger households is 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) or the 50th (the median price point).

Local rents and the household income required to service a rent

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

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

	Percentile 25 £pcm	Median £pcm	Percentile 75 £pcm
North Northumberland Coast area	550	650	793
Rest of Northumberland	425	494	598

Source: Zoopla

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

Table 3.2 Average market rents and income required (North Northumberland Coast area)

	Percentile 25 £pcm	Median £pcm	Percentile 75 £pcm
Monthly rental price (£pcm)	550	650	793
Annual gross household income required	26,400	31,200	38,064

Source: Zoopla and arc4

- 3.6 Table 3.3 states the 2020 value of the local housing allowance that applies to the North Northumberland Coastal 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.

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 for April 2020 to March 2021

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

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 across all dwelling types for calendar year 2019 as published by the Land registry is estimated at £150,500. Similarly, the broad average local median price for 2019 is estimated at £236,225. These are the main benchmark prices used in our analysis.
- 3.9 Table 3.5 shows that on average prices are consistently higher in the local area compared to the rest of the county. It is also noteworthy that these prices show a wide variation by dwelling type. Note that the Land registry does not publish data by the number of bedrooms in a dwelling.

		Percentile 25 £	Median £	Percentile 75 £
Detached house or bungalow	North Northumberland Coastal	263,500	319,000	380,000
	Northumberland	212,500	269,995	369,995
Flat	North Northumberland Coastal	108,050	145,500	168,750
	Northumberland	45,000	80,000	130,973
Semi-detached house or bungalow	North Northumberland Coastal	161,000	200,000	275,000
	Northumberland	110,000	144,000	183,000
Terraced house or bungalow	North Northumberland Coastal	130,000	167,000	310,000
	Northumberland	102,000	157,500	245,000

Source: Land Registry price paid

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

	Lower quartile £	Median £
Purchase price	150,500	236,225
Minimum deposit (10%)	15,050	23,623
Mortgage required	135,450	212,603
Annual gross household income required	38,700	60,744

Source: Land Registry price paid and arc4

Local Household income and the affordability of housing

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

	Percentile 25	Median
North Northumberland Coastal	15,000	25,000

Source: Transunion Cameo Market Segmentation

- 3.13 Comparing tables 3.6 and 3.7 it is clear that in general terms, using our assumptions about deposit and income multipliers, households with lower quartile or median incomes could not afford average lower quartile house prices.
- 3.14 Table 3.8 estimates the affordability of lower quartile prices for the stated benchmark incomes. It is apparent that using the 3.5 income multiplier none of the household types could afford entry level prices. Referring to table 3.5 it is apparent that flats might be affordable to household groups with two incomes.
- 3.15 Finally, in table 3.9 we consider the affordability of low-cost housing home ownership (LCHO) products defined as affordable housing within the NPPF 2019 annexe B definitions. 25% shared ownership would be the most affordable option. 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.

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	£150,500
Nurse	£17,652	£61,782	£70,608	£79,434	£88,260	£132,390	£176,520	£220,650	£264,780	£150,500
Fire officer	£23,862	£83,517	£95,448	£107,379	£119,310	£178,965	£238,620	£298,275	£357,930	£150,500
Teacher	£23,720	£83,020	£94,880	£106,740	£118,600	£177,900	£237,200	£296,500	£355,800	£150,500
Minimum wage (single person household)	£16,010	£56,033	£64,038	£72,043	£80,048	£120,071	£160,095	£200,119	£240,143	£150,500
Minimum wage (1 full-time and 1 part-time)	£24,014	£84,050	£96,057	£108,064	£120,071	£180,107	£240,143	£300,178	£360,214	£150,500
Minimum wage (two full-time working adults)	£32,019	£112,067	£128,076	£144,086	£160,095	£240,143	£320,190	£400,238	£480,285	£150,500
Living wage (single person household)	£17,550	£61,425	£70,200	£78,975	£87,750	£131,625	£175,500	£219,375	£263,250	£150,500
Living wage (1 full-time and 1 part-time)	£26,325	£92,138	£105,300	£118,463	£131,625	£197,438	£263,250	£329,063	£394,875	£150,500
Living wage (two full-time working adults)	£35,100	£122,850	£140,400	£157,950	£175,500	£263,250	£351,000	£438,750	£526,500	£150,500

Table 3.9 The affordability of low-cost home ownership products	
Shared ownership 50%	North Northumberland Coastal Area
Full price (based on median)	£236,225
Equity 50%	£118,113
10% deposit on equity share	£11,811
Mortgaged amount	£106,301
Service Charge (monthly)	£35
Rent (per month based on 2.75% on remaining equity p.a.)	£271
Income required for mortgage	£30,372
Income required for rent/service charge	£14,672
TOTAL	£45,044
Shared ownership 25%	North Northumberland Coastal Area
Full price (based on median)	£236,225
Equity 25%	£59,056
5% deposit on equity share	£2,953
Mortgaged amount	£56,103
Service Charge (monthly)	£35
Rent (per month based on 2.75% on remaining equity p.a.)	£406
Income required for mortgage	£16,030
Income required for rent/service charge	£21,169
TOTAL	£37,198
Help to buy	North Northumberland Coastal Area
Full price (based on median)	£236,225
Equity 75%	£177,169
Loan 20%	£47,245
Deposit 5%	£11,811
Mortgaged amount	£165,358
Income required for mortgage	£47,245
Loan fee (1.75% in year 6)	£827
Discounted home ownership	North Northumberland Coastal Area
Full price (based on average)	£251,330
Discounted price (30% lower than average)	£175,931
Deposit 5%	£8,797
Mortgaged amount	£167,135
Income required for mortgage	£47,753

Source: Land Registry and arc4

Key findings: local house prices, rents and affordability

- 3.16 Both rents and house prices within the Local area are on average higher than the rest of Northumberland.
- 3.17 In general terms, households on or below median incomes are unlikely to be able to afford to rent or buy an entry level (lower quartile) priced dwelling.
- 3.18 Regarding the affordability of affordable home products defined as affordable housing within the NPPF 2019 annexe B definitions, a 25% shared ownership dwelling would be the most affordable option. This would only be affordable to a household with income higher than the median. Some key worker households could afford some affordable home ownership options if the household had two incomes of a broadly similar level.

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.
- 4.4 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.
- 4.5 The model used to assess the level of affordable need 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).
- 4.6 Table 4.1 summarises the data findings for stages 1 and 2 of the affordable need model.

Ref.	Step	Total
1	Level of need from existing households that are in affordable need according to the housing register	57
2*	Annualised level of affordable need (level of affordable need above divided by 5)	11
3	Estimated level of affordable need from newly forming households annually	12
4	Therefore, the annual gross flow of households in affordable need (sum of rows 2 and 3)	23
5	The 5-year flow is row 4 X 5	115

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

- 4.7 Row 2* of table 4.1 is necessary because it is standard practice, consistent with planning practice guidance, to summarise the overall level of household need according to the housing register into an *annual flow* of households. We have assumed that the annual flow of households is equivalent to one fifth of the need recorded by the register. This means that the needs of households currently on the register would, on average be met over a 5-year period. It is worth reiterating the point made in paragraph 4.4 above, that need is not finite. Even though it is expected that the need of individual households on the register might be met over a 5-year period according to the priority they are assessed as having under council policy, the list would still be of similar length. This is because new households would join the list as and when households fall into housing need and new households form as children move into adulthood and seek a place of their own.
- 4.8 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, adjusted as 50% of 115 is not a whole number:
- 58 households in affordable need seeking affordable rented housing; and
 - 57 households in affordable need seeking some form of affordable home ownership.
- 4.9 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. However, affordable home ownership supply is difficult to quantify. Table A1 in the appendix shows that at 2011 there were only 8 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.

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	0	100	100	58	nil	nil
Affordable home ownership	0	0	0	57	57	11
Total	0	100	71	115	57	11

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

- 4.10 The finding that no additional affordable rented housing is needed is due to the flow of supply being greater than that of need. It is important that our method of estimating supply is understood. We know from registered provider lettings that the average annual supply of affordable relets is equivalent to around 9.6% of the dwellings they own in the study area. This is based upon an average number of relets over the last 3-years. Just under one in 10 dwellings will become vacant every year. NCC tells us that there are 213 affordable dwellings under management by the registered providers in the study area, so around 20 dwellings per annum are likely to become available. Registered providers told us that whilst they have ambition to achieve newbuild in the area, currently nothing is under construction. However, in section 5 we report that a registered provider is negotiating for a site in the study area. We are also aware that in addition two sites with outline permission for 29 affordable dwellings, a large is being allocated in Seahouses in the new local plan which would also be expected to deliver a proportion of additional affordable homes.
- 4.11 The finding that the net need for affordable rented housing is nil should be considered in a wider context. Figure 2.4 (table A2.4 in the appendix) shows that nearly one half of the social rented stock in the area is in the form of 2-bedroom dwellings whereas the predominant dwelling type of the other tenures is the 3-bedroom dwelling. Further table 5.1 shows that nearly half of the two-bedroom dwellings in management are bungalows which would normally be reserved for older people. Table 4.3 below shows that according to the housing register the need is overwhelmingly of small younger person households. This evidence suggests that the local affordable rented dwelling stock is not in balance with local need and affordable rented housebuilding may be necessary to address this.

Is the gross affordable need of 23 households per annum (115 over 5-years) a reasonable estimate?

Triangulation with household survey data

- 4.12 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 North Northumberland Coastal neighbourhood area.

- 4.13 Detailed analysis can be found in appendix 9 of this report however the survey method estimates the level of need at 34 households per annum as at 2012, partly due to a higher rate of new household formation.

Triangulation using prevalence rates

- 4.14 From arc4s 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.
- 4.15 arc4 is the only national housing consultancy that offers household surveys as a component of large-scale district, borough or city wide SHMA or HNA studies. The database contains anonymous weighted data representative of over 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.
- 4.16 Detailed analysis can be found in appendix 9 of this report. By this method a larger scale of need is also estimated than that of the housing register at 35 households per annum,
- 4.17 Housing register derived data is the lower of the 3 estimates (23, 34 and 35). Whilst housing registers, in our experience, under-estimate the true level of affordable need, they are the best evidence we have for this study. We believe that because the estimates are similar numbers based upon different methodologies, our key finding that the gross annual flow of affordable need of 23 households should be regarded as a minimum number. Were the need numbers to be adjusted to the higher levels it would still be the case that local supply exceeds local need for affordable rented housing.

What number of bedrooms are needed?

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

Number of bedrooms	General needs	Older person	Total	Total % (rounded)
One	11	4	15	64
Two	4	0	4	18
Three	4	0	4	18
Four or more	0	0	0	0
Total	19	4	23	100

Source: housing register 2020

- 4.19 Further analysis of information in table A2.4 in the appendix allows us to compare the profile of affordable housing across the study area to the findings in table 4.3 above.

Bedrooms required	Existing stock (2011) %	Future requirement %
1-bedroom	23	64
2-bedrooms	49	18
3-bedrooms	25	18
4 or more-bedrooms	3	0
All categories	100	100

Source: housing register 2020 and census 2011

- 4.20 It is evident from table 4.4 that an additional supply of 2, 3 and 4-bedroom homes are not likely to be needed subject to registered provider housing management considerations. Only 1-bedroom homes are required. Registered providers are known to be reluctant to build 1-bedroom affordable rented dwellings as they offer little flexibility if tenant circumstances change.

Affordable home ownership

- 4.21 The NCC SHMA Partial Update, 2018, contains empirical evidence about the proportion of households in need of affordable home ownership products and recommends a 50% affordable rent and 50% affordable home ownership fraction. So, on the basis of an annual flow of 23 households in affordable need per annum, it would be reasonable to assume there is annual need for 11 affordable home ownership dwellings (57 over 5-years rounded). This assumption has been built into our modelling within table 4.2.
- 4.22 Returning to our analysis of affordability in section 3, tables 3.8 and 3.9 indicate that most key worker household groups would need to be two income households to afford the average lower quartile house price. Only the higher paid key worker single earner household groups could afford a flat at the lower quartile price point if a 4.5% income multiplier was used. Most of the benchmark key worker occupations could afford affordable home ownership products (25% shared ownership or 30% discounted sale) if they were multiple income households earning similar salaries. None of the other low-income groups cited in table 3.8 could afford affordable home ownership options.
- 4.23 It is recommended that based upon the above analysis, future affordable home ownership provision should consist of 2 and 3-bedroom family houses. This differs from the recommendation for affordable rented housing. This is because the SHMA Partial Update 2018 recognises the aspirations of younger households that will seek the flexibility of a 3-bedroom home.

Market housing

Requirement

- 4.24 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.
- 4.25 According to the draft local plan 2019 table 7.1 the indicative housing requirement for the North Sunderland parish (including Seahouses) is 110 net additional dwellings over the plan period 2016-2036 equivalent to 6 dwellings per annum (DPA). For the avoidance of doubt this is an overall requirement which includes market and affordable housing. Policy Hou 3 however identifies that this same requirement also represents the minimum requirement for the whole North Northumberland Coast neighbourhood plan area, thus suggesting that there is considered to be negligible requirement for net additional new housing in the Bamburgh and Beadnell parishes, with the vast majority of new housing development to be focused in the North Sunderland parish given that that is where the higher tier settlement is located.

Additional supply from newbuild housing

- 4.26 The Northumberland 5-year Housing Land Supply of Deliverable Sites 2020-2025 (forecast as of March 2020) Sites Summary Schedule identifies a number of sites with planning consent and an indicative number of market and affordable dwellings that may be built over a 5-year period that coincides with the effective date of this HNA (March 2020). Table 4.5 lists the sites and shows that 65 dwellings may be delivered in the 5-year period, 36 market and 29 affordable. These affordable dwellings have not been included in our supply table 4.2 as they were only outline consents at that time. The Beadnell site has more recently gained reserved matters consent. If the proposed new affordable homes on these two sites were counted towards the supply in Table 4.2 as most likely to be affordable home ownership products, then that would reduce the residual net 5-year requirement for affordable home ownership dwellings to 28 (or 6pa).

Site	Market	Affordable	Total capacity
Land south of Kennedy Green, Beadnell	36	9	45
Land south east of 207-215 Main Street, North Sunderland	0	20	20
Total	36	29	65

Source: The Northumberland 5-year Housing Land Supply of Deliverable Sites 2020-2025 (forecast as at March 2020) Sites Summary Schedule

- 4.27 According to the draft local plan 2019 policy Hou 4 (D) a single large site is allocated within the plan in the study area, potentially creating an additional 80 to 100 homes over the period 2016-2036. Delivery of this developable council-owned site is

currently forecast to take place beyond the next five years, although it could potentially come forward sooner. As previously noted, a proportion of these dwellings would be affordable as the sites are larger sites would represent major development and the council's affordable housing policy would apply (policy Hou 6), under which at least 15% would need to be affordable homes (i.e. at least 12-15 new affordable homes on this site).

Key findings of the local area housing need analysis

Affordable housing

- 4.28 A 4-stage model has been used to arrive at an estimate of the gap between the annual flow of households in affordable need and the current rate of supply allowing for new build affordable housing over the 5-year period to 2024. We estimate that, based upon housing register evidence:
- the gross flow of households in affordable need is 23 households per annum or 115 dwellings over 5 years (table 4.1).
- 4.29 It is assumed that:
- 50% (58 no.) households in affordable need are seeking affordable rented housing; and
 - 50% (57 no.) households in affordable need seeking some form of affordable home ownership.
- 4.30 When supply from vacancies and committed new build housing (if any) is taken into account the net need for additional affordable housing changes to:
- affordable rented housing (0 dwellings) over the next 5-years; and
 - affordable home ownership housing (57 dwellings) over the next 5-years.
- 4.31 The finding that the need for affordable rented housing is nil should be considered in a wider context. There is always a risk that vacancies do not match the needs of households that have registered for accommodation. For example, we note that a significant proportion of the affordable rented stock comprises of 2-bedroom bungalows however most demand according to the housing register is from younger person households. There is also the need for newbuild affordable rented housing to facilitate local regeneration and management of the affordable housing stock.
- 4.32 Further analysis of the housing register suggests that the requirement is for 1 and 2-bedroom affordable rented dwellings, mostly 1-bedroom dwellings with a smaller proportion of 3-bedroom dwellings.
- 4.33 Further analysis of the data table 4.4 suggests there is a fundamental mismatch between the active demand as measured by the housing register – some 64% of applicants qualify for 1-bedroom homes yet 1-bedroom homes only form 23% of the housing stock and these may become available for letting at a lower-than-average rate if they are occupied by older people. It is axiomatic that there may be an oversupply of 3 and 4-bedroom homes if more are built however this may not apply to 2-bedroom homes as a 2-bedroom home is preferred by many households that would qualify for

1-bedroom housing. Population projections evidenced in figure 2.7 are also an important consideration. The trajectory is that the population is aging over time and the inference is that dwellings with 1-bedroom will be needed.

Affordable home ownership

- 4.34 It would be reasonable to assume there is need for around 57 affordable home ownership dwellings over 5-years i.e. an annual need of around 11 dwellings per annum. However, current permissions forecast to be delivered within the next five years would reduce this to a residual need for around 28 affordable home ownership dwellings (i.e. 6 dwellings per annum).
- 4.35 Most of the benchmark key worker occupations could afford affordable home ownership products (25% shared ownership or 30% discounted sale) if they were multiple income households earning similar salaries. None of the other low-income groups cited in table 3.8 could afford affordable home ownership options.
- 4.36 It is recommended that based upon the above analysis, future affordable home ownership provision should consist of 2 and 3-bedroom family houses. This differs from the recommendation for affordable rented housing. This is because the SHMA Partial Update 2018 recognises the aspirations of younger households that will seek the flexibility of a 3-bedroom home.

Market housing

- 4.37 According to the draft local plan 2019 table minimum net housing requirement for the North Northumberland Coast neighbourhood plan area is 110 dwellings over the plan period 2016-2036 equivalent to 6 dwellings per annum (DPA). It is expected that this will be predominantly focused in the North Sunderland parish (including Seahouses).
- 4.38 In addition to current permissions that would potentially deliver 29 affordable dwellings within the next 5-years, the draft local plan policy Hou 4(D) allocates a single large site in the study area, which would potentially create an additional 80 to 100 homes over the period 2016 to 2036.
- 4.39 A proportion of dwellings on the allocated site and those envisaged in the housing requirements would be affordable as the council's affordable housing policy would apply to larger sites. (policy Hou 6).

5. Further contextual information

Parish council and neighbourhood plans

- 5.1 A neighbourhood plan for the North Northumberland coastal area was adopted by the county council in 2018.
- 5.2 The plan supports small scale development as stated in the following abstract (our emphasis).

POLICY 1: SUSTAINABLE DEVELOPMENT

Within the Neighbourhood Area, subject to compliance with Policy 3 and having regard to other material planning considerations, small-scale development will be supported which provides:

- a) new Principal Residence dwellings, including affordable housing to meet local needs, self-build units, live-work units, housing for older people and schemes which provide for a range of house types, including two, three and four bedroom dwellings and bungalows;**
- b) employment opportunities;**
- c) new and expanded business premises;**
- d) new and expanded social, community, leisure and educational facilities which contribute to the maintenance or growth of local sustainable communities**

Major development in the AONB will not be supported except in exceptional circumstances and where it can be demonstrated to be in the public interest and where there is no alternative location which could absorb the development without a significant adverse impact on the AONB.

- 5.3 The evidence in this HNA supports local need for affordable housing and housing for older people. It is beyond the scope of this HNA to comment on the bedroom requirement other than for affordable housing.

Estate and letting agents

- 5.4 The scope for consulting estate and letting agents is limited as this report considers affordable rather than market housing. However, benefit supported private rented sector housing can be seen as an alternative for some low-income households that are not considered a priority for social rented housing or are not eligible to join the housing register.
- 5.5 We spoke at length to a North Northumberland coastal area based independent estate and letting agent who told us that housing investment is driven by the holiday accommodation market and households seeking second homes. Ex local authority housing is the main source of supply of residential lettings supply. The agents opinion is that more affordable housing and housing for ageing local residents is badly needed.

Registered providers

- 5.6 Registered providers responded to a lengthy questionnaire seeking information about the affordable housing in their management and their views on future new build in the study area.
- 5.7 Table 5.1 summarises the characteristics of the affordable stock within the study area.

Provider	Quantity	Bedroom	Type
Bernicia	29	1-bedroom	bungalow
	4	1-bedroom	flat
	34	2-bedroom	bungalow
	5	2-bedroom	flat
	49	2-bedroom	house
	30	3-bedroom	house
Castles and Coasts	11	2-bedroom	bungalow
	2	3-bedroom	bungalow
	16	3-bedroom	house
	2	4-bedroom	house
Karbon	21	2-bedroom	bungalow
	4	2-bedroom	house
	6	3-bedroom	house
Total	213		

Source: NCC

- 5.8 One registered provider considered that development in the study area was low to medium priority but was considering a site for acquisition. Another stated that development would be a medium priority.
- 5.9 Both respondents identified the need to build for families and older person households. One registered provider told us that a recent newbuild scheme had let quickly but relets had proved more challenging to let.

6. Summary of key findings and conclusions

- 6.1 The study area consists of a rural and coastal area. The area attracts visitors, and a significant proportion of the housing stock comprises of second homes and holiday lettings.
- 6.2 The profile of the study area as a whole, chapter 2, reveals that the predominant house type was detached or semi-detached houses. The social rented sector has a larger proportion of flats than other tenures. The predominant type in terms of number of bedrooms is the 3-bedroom house or bungalow, with 2 or 3-bedroom dwellings accounting for 75% of the total housing stock. Almost 50% of social rented stock is 2-bedroom dwellings.
- 6.3 Regarding population and household characteristics, the area as a whole had higher proportions of people aged over 60-years and above average proportions of households with no children when compared to Northumberland or English averages. The proportions of households aged over 65 years and married couples with no children were higher in the rural areas than the urban areas.
- 6.4 Chapter 3 shows that average rents and house prices within the local area are higher than the rest of Northumberland. In general terms, households on or below median incomes are unlikely to be able to afford to rent or buy an entry level (lower quartile) priced dwelling.
- 6.5 Regarding the affordability of affordable home products defined as affordable housing within the NPPF 2019 annexe B definitions, a 25% shared ownership dwelling would be the most affordable option. This would only be affordable to a household with income higher than the median. Some key worker households could afford some affordable home ownership options if the household had two incomes of a broadly similar level.
- 6.6 In chapter 4, different methods have been applied to arrive at the quantity of housing needed that is:
- affordable rented housing;
 - affordable home ownership; and
 - market housing
- 6.7 **Regarding affordable housing** in general we find that:
- the gross flow of households in affordable need is 23 households per annum over a 5-year period from 2020, (115 households over the 5-year period) table 4.1).
- 6.8 The analysis assumes that of this 5-year need:
- 50% (58 no.) households in affordable need are seeking affordable rented housing; and
 - 50% (57 no.) households in affordable need seeking some form of affordable home ownership;
 - the average flow of affordable rented housing *supply from vacancies* is estimated to be 100 units over the 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 currently;
 - the flow of households in social or affordable rented need is significantly less than the supply when vacancies and first lettings of new build is taken into account; and
 - the flow of households in affordable need seeking affordable home ownership is greater than the current supply by 57 dwellings over the 5-year period (11 households per annum), although current planning permissions for 29 affordable homes would likely reduce this to a residual need for 28 affordable home ownership dwellings over the 5-year period (6pa) on the basis of first sales.
- 6.9 The finding that the need for social and affordable rented housing is nil should be considered in a wider context. It arises because the area generates a sufficient number of affordable rented housing vacancies annually. However, Figure 2.4 (table A2.4 in the appendix) shows that around three quarters of social rented stock in the area is in the form 1 and 2-bedroom dwellings. Table 5.1 shows that around half of the dwelling stock is in the form of bungalows which will normally be reserved for older people yet younger people form most of the registered need for affordable housing (table 4.3).
- 6.10 It is likely that for this reason planning applications for further additional social and affordable rented housing may come forward on the basis of evidence that vacancies do not 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. Registered providers may also consider that new build social or affordable housing is needed to support regeneration or to facilitate improved management of the stock.
- 6.11 **Regarding market housing**, according to the draft local plan 2019 the minimum net additional housing requirement for the North Northumberland Coast neighbourhood plan area parishes over the plan period 2016-2036 is 110 dwellings, equivalent to 6 dwellings per annum (DPA). This is an overall requirement which includes market and affordable housing.
- 6.12 The Northumberland 5-year Housing Land Supply of Deliverable Sites 2020-2025 (forecast as of March 2020) Sites Summary Schedule identifies 2 sites with outline planning consent and an indicative number of 36 market and 29 affordable dwellings potentially to be built over a 5-year period that coincides with the effective date of this HNA (March 2020).
- 6.13 **Our overall conclusion** is that there are 3 main housing policy challenges facing the study as a whole:
- there is a shortage of housing overall for many households who cannot afford local prices and are seeking affordable home ownership;
 - there is imbalance within the affordable housing stock compared to identified needs between the total supply of affordable rented homes and affordable home ownership products, as well as within the affordable rented stock in terms of providing the most appropriate dwelling sizes to meet local household needs. Whilst there is an overall need for about 9 net additional affordable homes per annum in the study area, there is considered to be a slightly greater need for

additional affordable home ownership homes in order to help rebalance the stock (11pa), compared to a more-than sufficient supply of affordable rented homes. However, while there is a nil need for additional affordable rented homes (given the surplus of stock) there is a strategic need to rebalance the existing stock to better meet local household needs, such that some new affordable rented homes may be required to meet specific needs in the short-term; and

- the existing housing stock of housing for sale 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.

7. Data appendix

7.1 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 A2.1 Tenure

	North Northumberland Coastal Area		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
Owned outright	633	43.4	46,086	33.3	6,745,584	30.6
Owned (mortgage)	348	23.9	45,121	32.6	7,229,440	32.8
Shared ownership	8	0.5	510	0.4	173,760	0.8
Rented from council	61	4.2	14,820	10.7	2,079,778	9.4
Other social rented	152	10.4	11,021	8.0	1,823,772	8.3
Private rented	218	15.0	18,417	13.3	3,715,924	16.8
Living rent free	38	2.6	2,559	1.8	295,110	1.3
Total	1,457	100.0	138,534	100.0	22,063,368	100.0

Table A2.2 Tenure: HRP aged 65 or over

	North Northumberland Coastal Area		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
Owned outright	396	65.0	25,851	61.7	3,822,366	66.8
Owned (mortgage)	51	8.3	3,331	8.0	444,300	7.8
Social rented	98	16.1	9,061	21.6	1,084,460	19.0
Private rented/rent free	64	10.6	3,627	8.7	370,598	6.5
Total	609	100.0	41,870	100.0	5,721,724	100.0

Table A2.3 Number of bedrooms

	North Northumberland Coastal Area		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
No bedrooms	5	0.4	220	0.2	54,938	0.2
1-bedroom	89	6.1	10,772	7.8	2,593,893	11.8
2-bedroom	514	35.3	40,698	29.4	6,145,083	27.9
3-bedroom	578	39.6	59,864	43.2	9,088,213	41.2
4-bedroom	201	13.8	20,701	14.9	3,166,531	14.4
5 or more-bedroom	71	4.8	6,279	4.5	1,014,710	4.6
Total	1,457	100.0	138,534	100.0	22,063,368	100.0

Table A2.4 Tenure by number of bedrooms (North Northumberland coastal area only)

	Owned outright		Owned (mortgage)		Social rented		Private rented etc.		Totals	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1-bedroom	13	1	9	1	48	3	24	2	94	6
2-bedroom	209	14	99	7	105	7	101	7	514	35
3-bedroom	258	18	165	11	53	4	102	7	578	40
4 or more-bedroom	152	10	83	6	7	1	30	2	272	19
All categories	633	43	356	24	213	15	256	18	1,457	100

Table A2.5 House type by tenure (North Northumberland coastal area only)

	Owned outright		Owned (mortgage)		Social rented		Private rented etc.		Totals	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Detached	227	35.9	114	32.2	9	4.1	65	25.3	415	28.5
Semi-detached	225	35.5	136	38.3	100	47.2	85	33.2	546	37.5
Terraced	128	20.2	88	24.9	71	33.4	74	28.9	361	24.8
Flat etc.	53	8.4	17	4.6	33	15.3	32	12.6	134	9.2
Totals	633	100.0	356	100.0	213	100.0	256	100.0	1,457	100.0

Table A2.6 Population age structure

Age	North Northumberland Coastal Area		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
0-4	103	3.5	16,003	5.1	3,318,449	6.3
5 to 7	65	2.2	9,863	3.1	1,827,610	3.4
8 to 9	46	1.6	6,482	2.1	1,145,022	2.2
10 to 14	127	4.3	17,677	5.6	3,080,929	5.8
15	28	1.0	3,841	1.2	650,826	1.2
16 to 17	53	1.8	7,631	2.4	1,314,124	2.5
18 to 19	47	1.6	6,992	2.2	1,375,315	2.6
20 to 24	107	3.7	16,224	5.1	3,595,321	6.8
25 to 29	115	3.9	16,187	5.1	3,650,881	6.9
30 to 44	413	14.1	56,156	17.8	10,944,271	20.6
45 to 59	646	22.0	71,135	22.5	10,276,902	19.4
60 to 64	294	10.0	24,533	7.8	3,172,277	6.0
65 to 74	509	17.3	34,366	10.9	4,552,283	8.6
75 to 84	301	10.2	21,018	6.7	2,928,118	5.5
85 to 89	55	1.9	5,233	1.7	776,311	1.5

90 & 90+	28	1.0	2,687	0.9	403,817	0.8
Total	2,936	100	316,028	100.0	53,012,456	100.0

Table A2.7 Population projections in broad age bands (2016 based)						
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
Change	-7,359	-4,385	-10,456	-12,176	32,186	-2,187
% change	-14.2%	-15.4%	-11.6%	-16.9%	43.2%	-0.7%

	North Northumberland Coastal Area		Northumberland		England	
	Number	Percent	Number	Percent	Number	Percent
One person aged 65 & over	298	20.4	19,407	14.0	2,725,596	12.4
One person other	230	15.8	21,999	15.9	3,940,897	17.9
Family all aged 65 and over	213	14.7	14,239	10.3	1,789,465	8.1
Married couple no children	244	16.8	22,263	16.1	2,691,927	12.2
Married couple 1 dep. child	58	4.0	8,226	5.9	1,285,267	5.8
Married couple 2 or more dep. children	82	5.6	11,771	8.5	2,087,738	9.5
Married couple all children non-dep	69	4.7	8,509	6.1	1,233,748	5.6
Same-sex Civil Partnership couple	3	0.2	121	0.1	30,775	0.1
Cohabiting couple no children	64	4.4	6,769	4.9	1,173,172	5.3
Cohabiting couple 1 dep. Child	27	1.8	3,002	2.2	438,750	2.0
Cohabiting couple 2 or more dep. children	22	1.5	2,876	2.1	452,030	2.0
Cohabiting couple all children non-dep	4	0.3	646	0.5	108,486	0.5
Lone parent 1 dep child	27	1.9	5,189	3.7	883,356	4.0
Lone parent 2 or more dep. children	21	1.5	3,421	2.5	689,899	3.1
Lone parent all children non-dep.	29	2.0	4,777	3.4	766,569	3.5
Other with one dependent child	9	0.6	1,111	0.8	290,816	1.3
Other with two 2 or more dependent children	4	0.3	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	8	0.5	384	0.3	61,715	0.3
Other household types	44	3.0	2,836	2.0	995,677	4.5
All households	1,457	100.0	138,534	100.0	22,063,368	100.0

8. Appendix: Is the gross affordable need of 23 households per annum (115 over 5-years) a reasonable estimate?

Triangulation with household survey data

- 8.1 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 North Northumberland Coastal neighbourhood area.
- 8.2 A summary of the household survey data that applies to stages 1 and 2 of the affordable need model (table 4.1) are stated in table A8.1.

Ref.	Step	Total
1	Level of need from existing households that are in affordable need according to survey data	87
2	Annualised level of affordable need (level of affordable need above divided by 5)	17
3	Level of affordable need from newly forming households annually	17
4	Therefore, the annual gross flow of households in affordable need (sum of rows 2 and 3)	34

Source: NCC household survey

- 8.3 The level of overall need using the survey method is higher than the housing register method. The main difference between the findings is that the household survey method shows a higher rate of new household formation.

Triangulation using prevalence rates

- 8.4 From arc4s 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.
- 8.5 arc4 is the only national housing consultancy that offers household surveys as a component of large-scale district, borough or city wide SHMA or HNA studies. The database contains anonymous weighted data representative of over 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.
- 8.6 Table A8.2 summarises the impact of prevalence rates on the household population at study area level. The table shows that this affordable need is made up of need from existing and newly forming households.

		Prevalence rate or factor	Households in area	Source
			1,196	Based upon of households (census 2011) updated to 2019
1	Existing households in need	10%	120	Based on national arc4 estimate
2	% in affordable need	91.3%	110	Same assumption as used in the affordable need model
3	Divide to convert to annual need	5	22	Assume clearance over a 5-year period
4	Newly forming households per annum	1.55%	19	Based on national gross household formation rate from the Survey of English Housing
5	Newly forming household % in affordable need	69%	13	Same assumption as used in the affordable need model
6	Total GROSS annual need (3+5)		35	

Sources as stated

- 8.7 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 borough level population by comparing the census baseline to the VOA 2019 and made an allowance for vacant homes. As noted in chapter 2 there has been a decline of resident households in the area.
- 8.8 Estimates of *gross* affordable need as stated in table 4.1, A8.1 and A8.2 are a similar order of magnitude, but the housing register derived data is the lower of the 3 estimates (23, 34 and 35). Whilst housing registers, in our experience, under-estimate the true level of affordable need, they are the best evidence we have for this study. We believe that because the estimates are similar numbers based upon different methodologies, **our key finding that the gross annual flow of affordable need of 23 households should be regarded as a minimum number.**