

Sunderland 2012 Strategic Housing Market Assessment

Draft Final Report

March 2013

STRICTLY CONFIDENTIAL



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March 2013

Publishing Date: March 2013

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Sunderland 2012 Strategic Housing Market Assessment

1. Introduction

Background and objectives

- 1.1 arc⁴ Limited was commissioned in April 2012 to carry out a comprehensive Strategic Housing Market Assessment (SHMA) for Sunderland.
- 1.2 This research conforms to the Department of Communities and Local Government (CLG) Strategic Housing Market Assessment Guidance and provides a robust and defensible evidence base for future policy development. The research focuses on four core areas: a review of housing markets; an assessment of housing need and affordable requirements; a review of general market requirements; and provides policy recommendations.

Definitions

- 1.3 A series of terms are used in work of this nature. To avoid ambiguities, these terms are clearly defined as follows:

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing markets are geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work.

Housing requirement is the combination of both housing need and housing demand.

- 1.4 Definitions relating to affordable housing have been revised in the National Planning Policy Framework (March 2012):

Affordable housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning

SHMA Guidance

- 1.5 In August 2007, the CLG published Strategic Housing Market Assessments: Practice Guidance Version 2. This is the frame of reference for this report. The guidance brings together and builds upon the key elements of existing guidance on housing market and housing needs assessments and replaces the following Government guidance:
 - Local Housing Needs Assessment: A Guide to Good Practice (DETR, 2000);
 - Housing Market Assessment Manual (ODPM, 2004).
- 1.6 The CLG states that the guidance should be read in conjunction with the ‘Identifying Sub-Regional Housing Market Areas Advice Note’ (CLG, 2007).
- 1.7 Strategic Housing Market Assessments (SHMAs) are particularly valuable in assisting policy development, decision making and resource allocation, in particular by:
 - Thinking regionally and long-term about housing need and demand;
 - Providing robust evidence to inform policy debate, particularly around the provision of both market and affordable housing, including type, size and tenure mix;
 - Understanding the drivers and trajectories of housing markets.
- 1.8 SHMAs are considered robust and credible if, as a minimum, they provide all of the core outputs and meet the requirements of the process criteria presented in the SHMA Guidance. Table 1.1 summarises the core outputs which are required through the SHMA guidance. Table 1.2 presents the process checklist which needs to be adhered to in SHMA research. Appendix E comments on how each aspect of the process checklist has been adhered to in this research.

Table 1.1 Strategic Housing Market Assessment core outputs

| Strategic Housing Market Assessment core outputs | |
|---|---|
| 1 | Estimate of current dwellings in terms of size, type, condition, tenure. |
| 2 | Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market. |
| 3 | Estimate of total future number of households, broken down by age and type where possible. |
| 4 | Estimate of current number of households in housing need. |
| 5 | Estimate of future households that will require affordable housing. |
| 6 | Estimate of future households requiring market housing. |
| 7 | Estimate of the size of affordable housing required. |
| 8 | Estimate of household groups who have particular housing requirements including: families, older people, key workers, black and minority ethnic groups, disabled people, young people, Gypsies and Travellers. |

Table 1.2 Strategic Housing Market Assessment process checklist

| Strategic Housing Market Assessment process checklist | |
|--|---|
| 1 | Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region. |
| 2 | Housing market conditions are assessed within the context of the housing market area. |
| 3 | Involves key stakeholders, including house builders. |
| 4 | Contains a full technical justification of the methods employed, with any limitations noted. |
| 5 | Assumptions, judgements and findings are fully justified and presented in an open and transparent manner. |
| 6 | Uses and reports upon effective quality control mechanisms. |
| 7 | Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken. |

NPPF requirements

- 1.9 Local planning policies need to be grounded in robust and transparent evidence and key components of the evidence base include: a Strategic Housing Market Assessment and a Strategic Housing Land Availability Assessment. The SHMA should assess and identify the scale and mix of housing, and the range of tenures, the local population is likely to need over the Local Plan period which:
- Meets household and population projections, taking account of migration and demographic change;
 - Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as families with children, older people, people with disabilities, service families and people wishing to build their own homes); and
 - Caters for housing demand and the scale of housing supply necessary to meet this demand.
- 1.10 This report provides the first key piece of evidence to underpin planning policy, namely a SHMA which delivers the core outputs required through CLG SHMA guidance. Specifically, this research provides:
- Evidence for local authorities to help them plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as families with children, older people, people with disabilities, service families and people wishing to build their own homes);
 - Identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and
 - Identified affordable housing requirements.

Geography

- 1.11 Map 1.1. is a contextual map which positions Sunderland in relation to other districts in the North East. Map 1.2 is a ward map, Map 1.3 shows the five development areas which have been adopted for planning purposes and Map 1.4 presents local housing market areas (LHMAs) which were identified in the 2008 Strategic Housing Market Assessment. There have been no observable changes in LHMAs since the previous study.

Research methodology

- 1.12 The Sunderland City Council SHMA has been overseen by a Housing Market Partnership comprising of Council Officers and a range of stakeholders including developers/builders, Housing Association representatives, Estate Agents and Private Lettings Agents.
- 1.13 To deliver the SHMA, a multi-method approach was adopted, which comprised:
- A sample survey of households across the Sunderland area. A total of 33,350 households were contacted and 4,104 questionnaires were returned

and used in data analysis. This represents a 12.3% response rate overall and total number of questionnaires returned was well in excess of the 1,500 specified in Government guidance;

- Interviews with key stakeholders including Local Housing and Planning Authority representatives, Registered Providers (RPs), Estate Agents, Lettings Agents, Developers, Supporting People representatives;
- The SHMA household information has been weighted to reflect 2011 census tenure and age of head of household (under 65 and 65 and over) to ensure that the survey outputs fully reflect the tenure and age profile of Sunderland;
- A review of other relevant secondary data including house price trends, CORE lettings data and CLG Statistics.

1.14 Further information on the research methodology is presented at Appendix A.

Presentation of data

1.15 Data presented in this report is based on the 2012 household survey carried out as part of the Strategic Housing Market Assessment unless otherwise stated.

1.16 It is important to note that survey responses have been weighted to correct for response bias and then grossed up to reflect the total number of households and this process is explained in Appendix A. The 4,104 responses are therefore weighted and grossed up to 119,758 occupied dwellings based on the 2011 census. All survey information presented in this report is for weighted and grossed responses which are rounded up to the nearest 50 where appropriate.

1.17 It is suggested that the data from the household survey carried out as part of the SHMA has a shelf-life of five years.

Map 1.1

Sunderland context

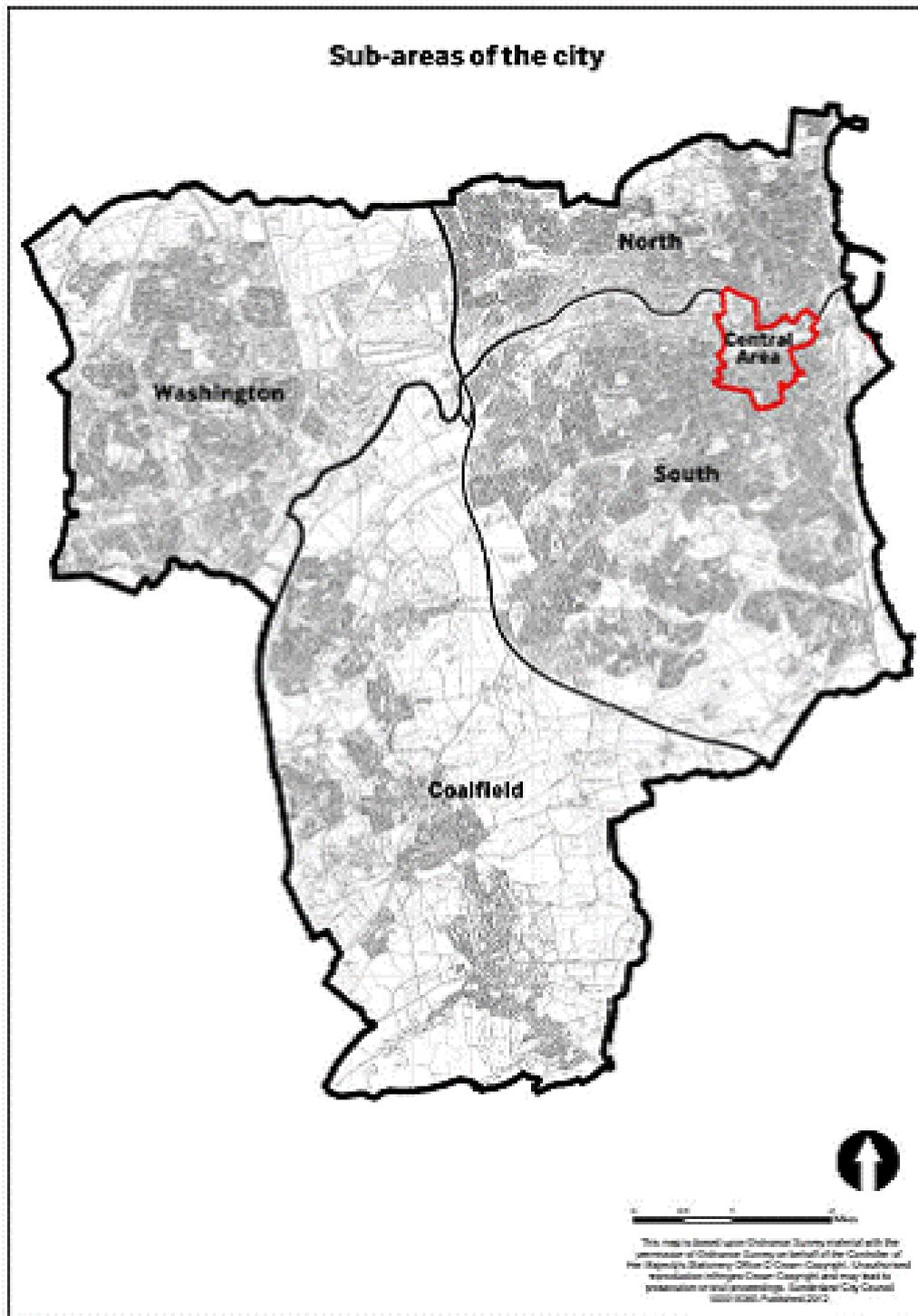


Map 1.2

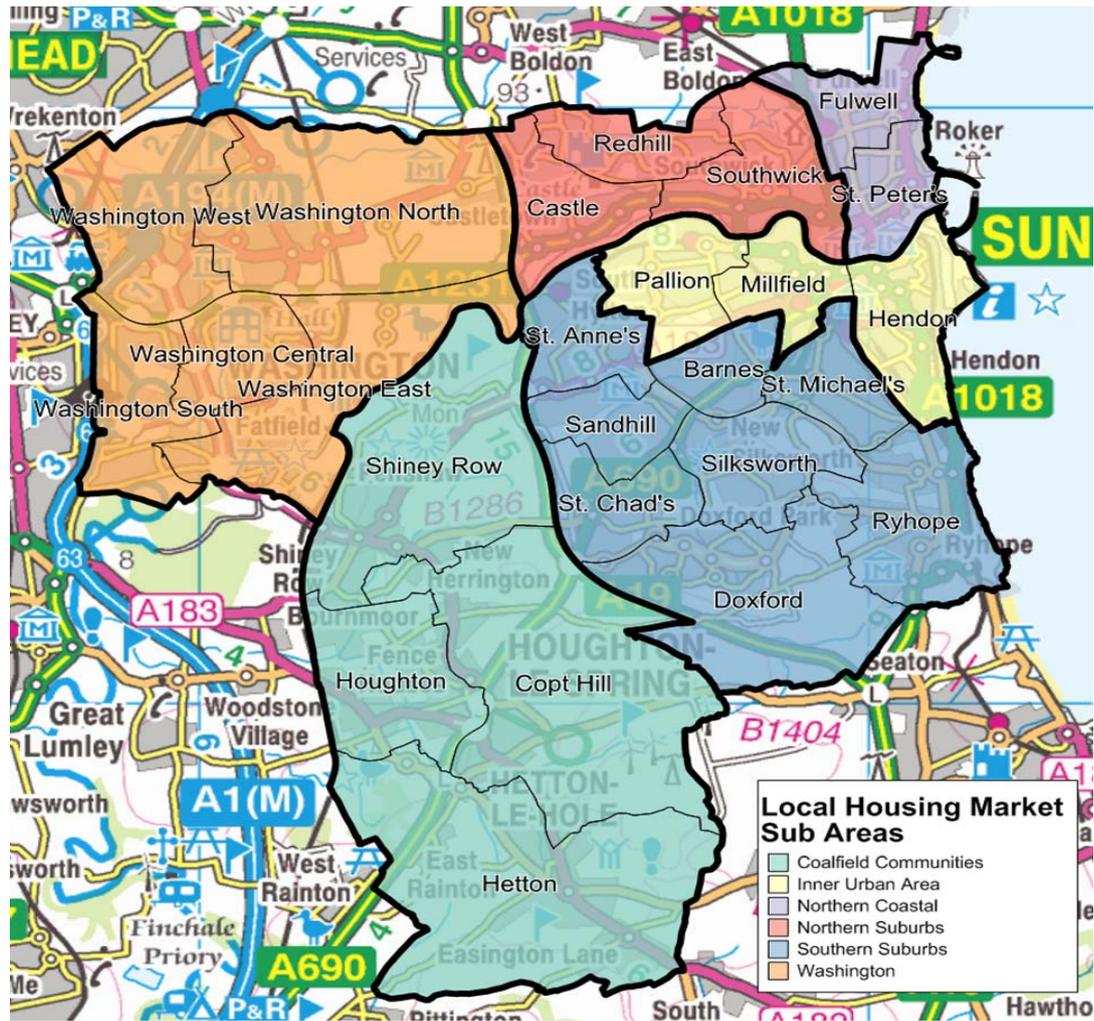
Sunderland ward geography



Figure 3: The Core Strategy Sub-Areas



Map 1.4 Sunderland Local Housing Market Areas



Report structure

1.18 The Sunderland 2012 SHMA report is structured as follows:

- Chapter 2 reviews the national and regional **policy context** within which the research needs to be positioned;
- Chapter 3 considers the Sunderland **housing market context**, in particular linkages with County Durham and other Tyne and Wear Authorities. This is achieved by reviewing migration and travel to work patterns and house price trends;
- Chapter 4 presents **SHMA core outputs** and summarises more detailed information presented in technical appendices accompanying this report;
- Chapter 5 reviews **general market demand**; and
- Chapter 6 **concludes** the report with a view on the current and future housing market and strategic issues.

1.19 The final report will include a substantial technical appendix, which provides detailed material that underpins the core outputs of the SHMA. The technical appendix material does include:

- General methodology (Appendix A);
- Housing need (Appendix B);
- Affordable housing policy considerations (Appendix C);
- Monitoring and updating (Appendix D); and
- Statement of conformity to SHMA guidance (Appendix E).

2. Policy and Strategic Review

Introduction

- 2.1 Over the past ten years the strategic housing role of local authorities has evolved beyond focussing primarily on the delivery of social housing; it is now much more about working for the benefit of communities, through understanding, shaping and responding to wider housing markets and trends that impact upon local housing market areas. Strategic Housing Market Assessments have helped underpin this work, helping local authorities to understand:
- The housing needs and aspirations of their communities;
 - Trends in the wider housing market, and how these impact locally;
 - Actions needed to ensure a supply of affordable housing to meet local needs; and
 - The requisite role of housing locally in supporting economic growth, as well as social and environmental well-being.
- 2.2 Evidence from SHMAs is therefore central in shaping and informing local strategic housing priorities. The effective collation and use of evidence, and delivery of the strategic housing role, at a local level has become increasingly important, arguably more so in the absence of robust regional strategic frameworks to structure local action and investment planning.
- 2.3 In order to make effective decisions regarding strategic housing priorities for Sunderland, it is also important to understand the broader strategic context within which local authorities are operating. Since coming to power in 2010, the coalition Government has embarked upon a sustained and radical programme of reform to both housing and planning policy. Set within the context of national austerity measures, these reforms aim to transform the way housing is planned for, delivered, accessed and managed.
- 2.4 National changes have in turn led to dramatic changes regionally, sub-regionally and locally as local councils step away from regional policy agendas and seek to implement reforms in the spirit of localism, through local and sub-regional partnerships. The pace and direction of change, moving away from long-standing regional housing, planning and economic strategies, has in some instances led to a policy vacuum, as local authorities seek to adjust and adapt to new ways of working, within more limited and constrained resources.
- 2.5 Here, in brief, we look at the national and emerging regional and sub-regional agendas that impact upon strategic housing issues for Sunderland

The National Planning Policy Framework

- 2.6 The National Planning Policy Framework was published on 27th March 2012 and came into effect on the same day, revoking Planning Policy Statement 3 Housing, which had previously formed the basis for housing planning policy. As part of its commitment to economic growth, localism and decentralisation, the

Government has used the Framework to streamline all existing national policy documents into one short Policy Framework.

- 2.7 The Framework stresses the need for councils to work with communities and businesses to seek opportunities for sustainable growth to rebuild the economy; helping to deliver the homes, jobs, and infrastructure needed for a growing population whilst protecting the environment. A presumption in favour of sustainable development now underpins the entire Framework meaning that proposals should be approved promptly unless they compromise the twelve sustainable development principles set out in the Framework.
- 2.8 The Framework identifies three dimensions to sustainable development: economic, social and environmental. The social role is defined as: *‘supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations...’*¹ These three dimensions (or roles) are seen as mutually dependent.
- 2.9 The Framework must be taken into account in the preparation of local and neighbourhood plans, and it is a material consideration in decision making. Up to date local plans are seen as a prerequisite and the following guidance is given:
- ‘The National Planning Policy Framework does not change the statutory status of the development plan as the starting point for decision making. Proposed development that accords with an up-to-date Local Plan should be approved, and proposed development that conflicts should be refused unless other material considerations indicate otherwise. ... The National Planning Policy Framework constitutes guidance for local planning authorities and decision-takers both in drawing up plans and as a material consideration in determining applications.’*²
- 2.10 Robust and comprehensive evidence bases (in particular Strategic Housing Market Assessments and Strategic Housing Land Availability Assessments) are seen as essential to *‘delivering a wide choice of high quality homes’*; the Framework states that local planning authorities should *‘use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with policies set out within the Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period.’*³
- 2.11 The need to *‘plan for a mix of housing based on current need and future demographic trends, market trends and the needs of different groups in the community’* is emphasised. The Frameworks also states that local planning authorities should:
- *‘identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*

¹ CLG National Planning Policy Framework March 2012 para 7

² CLG National Planning Policy Framework March 2012 paras 12 and 13

³ CLG National Planning Policy Framework March 2012 para 47

- *‘where they have identified that affordable housing is needed set policies for meeting this need on site...’⁴*
- 2.12 Authorities will need to illustrate the expected rate of housing delivery through a housing trajectory for the plan period and a Housing Implementation Strategy for the full range of housing.
- 2.13 New definitions of affordable housing are also included at Annex 2 covering social rented housing, affordable rented housing and intermediate housing.

The wider Government agenda

- 2.14 It is also helpful to understand the Government’s overall ambitions, as it is within this context that both national and local housing priorities need to be viewed.
- 2.15 The following summary⁵ outlines the Government’s key overall themes and provides a helpful guide to inform thinking and debate about how to respond to priorities locally, within this wider context:
- Economic growth;
 - Health and wellbeing;
 - Carbon reduction and tackling climate change;
 - Empowering people and communities; and
 - Deficit reduction.

Each of these themes is now taken in turn.

Economic growth

- 2.16 The Government seeks to deliver a nationally sustainable and resilient economy that is rebalanced across regions and sectors (public, private, voluntary and community). Housing’s contribution to the economy is generally considered in terms of supply:
- The provision of new homes in an area to accommodate new workers, and so bring new inward investment; and
 - The creation of employment opportunities through the construction industry.
- 2.17 However, the relationship is more complex with the contribution of housing being far greater.
- 2.18 To encourage economic growth the Government has put in place a new framework to create *‘the right conditions for a private sector led recovery.’* This includes measures to rebalance the economy using:

⁴ CLG National Planning Policy Framework March 2012 para 50

⁵ Chartered Institute of Housing Practice on line Strategic Housing support

- Business-led **Local Enterprise Partnerships** - LEPs have been established across the country, focussing on specific localities (for example, the 7 North East authorities of Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland). LEPs are responsible for determining local economic priorities and undertaking activities to drive economic growth and local job creation. LEPs have replaced Regional Development Agencies; and
- The **Regional Growth Fund** – the RGF has been set up to support areas heavily dependent upon the public sector to enable them to make the transition to private sector led growth. The RGF has been heavily oversubscribed.

2.19 The Government outlined its initial housing investment plans for the period April 2011 to March 2015 in the Comprehensive Spending Review of 20th October 2010. This delivered:

- A total investment in new affordable housing of £4.5billion to deliver 150,000 new affordable homes;
- £100million to bring empty homes back to use;
- £200million for mortgage rescue to protect vulnerable homeowners;
- £900million for the New Homes Bonus to encourage communities to accept new housing;
- £1.4billion capital funding (RGF) to support economic growth especially where areas are currently dependent on the public sector;
- £2billion to halve the backlog of non-decent council housing;
- £400million Homelessness Grant to support homelessness prevention initiatives and reduce homelessness presentations;
- £6.5 billion Supporting People funding to help vulnerable people live independently; and
- £725million Disabled Facilities Grant funding to help towards the cost of adapting homes to enable residents to continue to live there.⁶

2.20 Within this context it is of critical importance for local authorities to be clear about how housing and the economy relate within their area, to take a strategic view and to communicate this with partners.

Health and wellbeing

2.21 The Government is aiming to improve health outcomes whilst reducing health inequalities. It wants to enable greater independence, choice and control for people, and radical reforms to healthcare are being implemented. In terms of housing's contribution to health and wellbeing, this is generally considered in the

⁶ Source: Chartered Institute of Housing Briefing Paper on Comprehensive Spending Review

context of access to healthy, safe, secure and suitable homes. Housing is a wider determinant of health and an inability to access healthy, safe, secure and suitable accommodation has an adverse impact on health.

2.22 However, housing has a role in improving health beyond provision of decent homes, the Chartered Institute of Housing identifies the following local authority enabling activities:

- Spatial planning for housing;
- Environmental health action to ensure homes are healthy and free from hazards;
- Investment in new homes, and improvements and adaptations to existing homes;
- Housing and neighbourhood management services to people renting affordable homes;
- Housing services that enable people to access a homes when their needs change; and
- Housing services that enable people to live independently and help prevent crises e.g. housing support and adaptations.

2.23 The Department of Health White Paper *Caring for our future: reforming care and support* positions housing and support as key preventative services that can help reduce health costs.

2.24 A local authority's strategic housing role is central to developing a greater understanding of housing's requisite role in health and wellbeing at a local level. Potential changes brought about by housing and welfare reform could impact negatively unless this is managed strategically by the local authority with its partners; this is a key role of the Housing Strategy.

Carbon reduction and tackling climate change

2.25 Targets set by the previous Government in the 2008 Climate Change Act remain (to reduce greenhouse gas emissions by 34% by 2020 and by 80% by 2050). Housing has a strong role to play in helping meet these targets, not least in terms of improving the energy efficiency of existing housing stock. To this end participation in the Green Deal is key (see below).

Empowering people and communities

2.26 Since its inception the Government has stressed its commitment to decentralisation, localism and the 'Big Society', and its '*Programme for Government*' set the scene for a radical devolution of power to local authorities and community groups; critical to this has been the **Localism Act 2011**. The Act included measures to reform:

- The planning system;
- Social housing; and

- The council house finance system.
- 2.27 The Act provided:
- New freedoms and flexibilities for local government;
 - New rights for individuals;
 - Reform to make the planning system more democratic and effective; and
 - Reform to ensure that decisions about housing are taken locally.
- 2.28 The Act introduced most elements of the Government's housing reform programme, including changes to homelessness, social housing tenancies (introduction of five year minimum tenancy), mobility, regulation, and access to the Ombudsman. The Act also reformed council housing finance.
- 2.29 In keeping with the Government's localism ethos, much of the legislation within the Act is permissive, meaning that it is open to interpretation locally in terms of how members, professionals and communities decide to use its powers. Much of the Act came into effect in April 2012.

Deficit reduction

- 2.30 The Government's main priority is to reduce the national budget deficit. This prime objective is influencing the way in which all other priorities are tackled. Deficit reduction is central to the expectation that the private sector and local communities will deliver in place of the public sector. For example, the introduction of the new affordable rent model is fundamentally about securing more affordable housing for less public subsidy. The Green Deal is another example of a publicly funded scheme (Warm Front) being replaced by private investment arrangements, whereby energy companies and individuals pay for energy efficiency improvements themselves.
- 2.31 In summary, housing is seen by Government as key to creating and sustaining local communities. It is seen as contributing to the economy and supporting economic growth and employment, both directly and indirectly, which is why housing issues need to be addressed at a local level but in a planned and strategic way. The primary role therefore for local authorities is to understand and address the needs and aspirations of their communities.

National strategic policy context

- 2.32 The Department for Communities and Local Government has outlined what the Government wants to achieve in terms of housing as:
- Increase the number of houses available to buy and rent, including affordable housing;
 - Improve the flexibility of social housing (increasing mobility and choice) and promote homeownership;
 - Protect the vulnerable and disadvantaged by tackling homelessness and support people to stay in their homes; and

- Make sure that homes are of high quality and sustainable.
- 2.33 Last year (2011) the Government published its Housing Strategy for England, ***Laying the Foundations: A Housing Strategy for England***, which set out its 'intended direction of travel for housing, its role in the wider economy and its contribution to social mobility. It sets out ideas on the shape of housing provision that the Government wants to see, which involve the primacy of home ownership; social housing as welfare; and an increasing role for the private rented sector.'⁷
- 2.34 The Strategy presented both existing initiatives and policies and introduced a series of new interventions and approaches, along the following themes:
- **Increasing supply, more homes, stable growth** including a newbuild indemnity scheme led by the Home Builders Federation and Council for Mortgage Lenders to provide up to 95% loan to value mortgages for newbuild properties in England, backed by a housebuilder indemnity fund; and a £400m 'Get Britain Building' investment fund;
 - **Social and affordable housing reform** which includes implementing a radical programme of reform to make better use of social housing to support those who need it most; and re-invigorating Right to Buy by introducing new higher levels of discount, and the proposed one for one replacement of homes sold;
 - **A thriving private rented sector**, through supporting investment in homes to rent, marketing new Built to Rent pilot sites and encouraging local authorities to make full use of powers to tackle dangerous and poorly-maintained homes;
 - **A strategy for empty homes**, with a commitment to bring empty homes back into use through awarding the New Homes Bonus to empty properties brought back into use, providing information and practical advice to local authorities and communities and proposing changes to Empty Dwelling Management Orders to tackle the worst long-term empty homes;
 - **Quality of housing experience and support**, through supporting the most vulnerable households to prevent and tackle homelessness and providing a better deal for older people, with greater choice and support to live independently; and
 - **Quality, sustainability and design**, by encouraging the promotion of imaginative, innovative, locally distinctive, well designed new homes and neighbourhoods; a commitment to Zero Carbon homes by 2016; reviewing building regulations to further improve energy efficiency and carbon emission standards of new buildings.
- 2.35 These themes provide a useful framework for reviewing the current national policy position.

⁷ CIH Summary *Laying the Foundations: A Housing Strategy for England* November 2011

Increasing supply, more homes and stable growth

- 2.36 There have been a number of measures introduced aimed at delivering housing growth, these are briefly summarised here.
- 2.37 To encourage housing growth specifically the Local Growth White Paper introduced the **New Homes Bonus**, to incentivise housing growth and increase supply. The scheme commenced in April 2011 and is now a permanent feature of the local government finance system. However, from 2013 any allocated new homes bonus is deducted from a local authority's general support grant from Government, so, in effect, this ceases to be an additional resource available to local authorities; it should also be noted that the new homes bonus is not ring-fenced for housing provision unlike its predecessor the Housing and Planning Delivery Grant.
- 2.38 The **Affordable Rent Model** was introduced to utilise £2.5billion of capital investment alongside resources raised through tenancies offered to new social rented tenants at 80% of market rents. Where this combination of higher rent and lower grant is insufficient to make new schemes viable, existing social rent tenancies are converted to affordable rent (or intermediate tenure for sale) when properties are vacated, to cross-subsidise new provision.
- 2.39 Despite this investment, levels of housing supply have continued to struggle, with development levels reaching all-time lows. Confirming the role of housing growth in the economic recovery, the Government has subsequently introduced a series of measures aimed at increasing housing supply, these include:
- Planning reform and the National Planning Policy Framework;
 - The Community Right to Build;
 - Get Britain Building; and
 - Additional housing growth measures (the September Growth Package).

Planning Reform and the National Planning Policy Framework

- 2.40 The Government perceives planning as acting as a brake on the delivery of new housing supply. To this end a fundamental review of planning policy has been undertaken culminating in the introduction of the National Planning Policy Framework. In addition to this, other planning related measures have been announced aimed at facilitating housing development on stalled sites in the short term and these are summarised below under additional housing growth measure.
- 2.41 The **National Planning Policy Framework** was published on 27th March 2012 and came into effect on the same day, revoking Planning Policy Statement 3 Housing, which had previously formed the basis for housing planning policy. As part of its commitment to economic growth, localism and decentralisation, the Government has used the Framework to streamline all existing national policy documents into one short Policy Framework.
- 2.42 The Framework stresses the need for councils to work with communities and businesses to seek opportunities for sustainable growth to rebuild the economy; helping to deliver the homes, jobs, and infrastructure needed for a growing

population whilst protecting the environment. A presumption in favour of sustainable development means that proposals should be approved promptly unless they compromise the twelve sustainable development principles set out in the Framework.

- 2.43 The Framework identifies three dimensions to sustainable development: economic, social and environmental. These three dimensions (or roles) are seen as mutually dependent.
- 2.44 The Framework must be taken into account in the preparation of local and neighbourhood plans, and it is a material consideration in decision making.
- 2.45 New definitions of affordable housing were also included in the Framework covering social rented housing, affordable rented housing and intermediate housing.

Community Right to Build

- 2.46 Aimed at enabling local people to bring forward small scale, site specific, community led development, the Community Right to Build was introduced through the 2011 Localism Act's neighbourhood planning provisions; they became law on 6th April 2012. Under the Right communities are to determine the type of development that they wish to see, including the property type and tenure of any housing (this may also include small scale residential schemes within Green Belts to meet affordable housing requirements).

Get Britain Building

- 2.47 In November 2011, as part of its National Housing Strategy *Laying the Foundations*, the Government announced the launch of the Get Britain Building fund. The initial round has been subsequently followed with a second round of funding in June 2012. With an overall programme of £570million, the Fund aims to deliver up to 2,000 new homes. As a recoverable investment, the programme is intended to address difficulties in accessing development finance faced by smaller developers. To date, one scheme has been earmarked for this Fund.

Housing Growth Package

- 2.48 In September 2012 the Prime Minister also announced an additional series of planning and housing measures aimed at facilitating housing growth. Where required, these have been given legislative support through the Growth and Infrastructure Bill published in October 2012. The measures include:
 - Enabling developers to **renegotiate Section 106 agreements**: legislation is planned for early in 2013, which will allow any developer of a site deemed unviable due to affordable housing planning obligations to appeal with immediate effect. The Planning Inspectorate will then review the application to determine the number of affordable homes that need to be removed to reach viability. The original Section 106 agreement will then be suspended for a three year period. On agreements made prior to April 2010 the

Government is already consulting on legislation to allow developers to renegotiate affordable housing planning obligations for a temporary period⁸.

- The introduction of an **Infrastructure (Financial Assistance) Bill** to guarantee £40 billion for major infrastructure projects and £10 billion for new homes – the aim being to deliver more homes for the same cost using cheaper borrowing;
- **Additional £300million capital funding** for affordable housing, drawn from under-spending across other departments. This money is to be used to deliver up to 15,000 new affordable homes and bring 5,000 empty homes back into use;
- **Accelerating the release of public sector land**, this will be done by strengthening the role of the Homes and Communities Agency outside London through a targeted programme of land transfers from other Government departments and agencies. The Government also plans to prepare land for market, and develop a single ‘shop window’ for all surplus public sector land; [the Bill is also advocating the release of Council owned land for “less than best consideration”].
- Investing **£200million in private rented housing** to deliver 5,000 homes through provision of loans or equity to provide project finance. This is in direct response to the Montague Review recommendations (see below), including establishing a Task Force to bring together developers, institutional investors and management bodies;
- Supporting an additional 16,500 **first time buyers** by extending the FirstBuy scheme using an additional £280million to be matched by house builders up until March 2014;
- **Supporting purchase of new homes** by working with the House Builders Federation and lenders to increase the number of both developers and lenders taking part in the NewBuy scheme;
- **Accelerating the planning process for development** by legislating to allow the Planning Inspectorate to determine planning applications where a local authority has a poor track record in respect of the speed or quality of its planning decisions; and
- **Temporary relaxation of planning controls** to increase existing permitted development rights for extensions to homes and businesses in non-protected areas for a three year period.

Social and affordable housing reform

2.49 Access to housing has been a key focus of the Government’s social housing reform agenda. The Government initially set out its key objectives for social housing reform, and its proposals to achieve them, in a consultation paper *Local Decisions: a fairer future for social housing*. The five key objectives of social housing reform being:

⁸ This consultation closed on 8th October 2012

- Localism, fairness and focusing social housing on those most in need in a way that enables them to use it as a springboard to opportunity;
- That social housing is flexible and available to more people and to those that genuinely need it;
- To make the best use of the four million social rented homes;
- To increase the freedoms available to all social landlords to determine the type of tenancy they grant to new tenants; and
- To protect the rights of existing tenants.

2.50 Proposals to achieve these objectives included:

- The introduction of a new, more flexible, local authority affordable rent tenancy with a minimum fixed term of five years (this will be in addition to secure and introductory tenancies);
- Investment of £100million to bring empty properties in to use as affordable housing;
- Reforming the social housing allocations system by giving local authorities the powers to manage their housing waiting lists;
- Introduction of a nationwide social home swap programme for social tenants;
- Enabling local authorities to fully discharge a homelessness duty to secure accommodation by arranging an offer of suitable accommodation in the private rented sector without requiring the applicant's agreement;
- Introducing reforms to tackle overcrowding; and
- Replacing the Housing Revenue Account subsidy system with transparent self-financing arrangements.

2.51 Where appropriate, reforms were enacted in the 2011 Localism Act and generally came into effect in April 2012.

2.52 Alongside social housing reform sits the reform to the welfare system, which, with its changes to benefit, eligibility and entitlement, will impact significantly on housing supply and demand. The **Welfare Reform Act** received Royal Assent on 8th March 2012; it introduces Universal Credit as well as changes to housing benefit and other welfare benefits. The Act also introduces a new 'personal independence payment' to replace the existing disability living allowance.

2.53 In addition, the Act gives the Government powers to implement housing benefit reforms outlined in the June 2010 Budget and the October 2010 Comprehensive Spending Review, these include:

- Introducing a size criteria to the calculation of housing benefit for social sector tenants;
- Up-rating future Local Housing Allowance rates in line with Consumer Price Index rather than actual rents (from April 2013); and
- Introducing household benefit caps of £500 per week for couples and £350 per week for single claimants.

2.54 Changes already introduced to housing benefit following the June 2010 Budget include:

- Capping the maximum Local Housing Allowance payable for each property size and applying a four-bed limit. This mainly affects households living in London (from April 2011);
- Calculating Local Housing Allowance rates using the 30th percentile of market rents rather than the 50th percentile (from October 2011);
- Limiting housing benefit for working age tenants so that it only covers the size of property they are judged to need – the ‘bedroom tax’ (from April 2013);
- Increasing deductions for non-dependents (no longer frozen at £7.40 per week for non-earners and linked to prices since April 2011);
- Time limiting full housing benefit and Local Housing Allowance payable to people on Job Seekers’ Allowance so that after 12 months housing benefit is reduced by 10% (from April 2013);
- Increasing discretionary housing payments (from October 2010); and
- Resourcing an additional bedroom for carers (from April 2011).

2.55 Additionally, the age at which the single room rate is applied increased from 25 to 35 from January 2012. This increased the age that single people can qualify for housing benefit for a self-contained property.

A thriving private rented sector

2.56 The Government sees the provision of a healthy, robust private rented sector as essential to meeting housing need and demand. It’s approach to ensuring a thriving private rented sector is twofold, focusing on:

- **Maintaining standards:** local authorities should ensure that standards are maintained across the sector, using their powers to address fitness and disrepair issues; and
- **Increasing supply** by supporting investment in new private rented provision. To this end the Montague Review was commissioned.

The Montague Review of the barriers to institutional investment in private rented homes

2.57 The Government sees the private rented sector as playing a vital role in meeting housing needs and supporting economic growth. Rapid growth in the sector over recent years has seen a significant number of people making long term family homes in the sector. To help grow capacity in this sector the Government commissioned Sir Adrian Montague to ‘*Review the barriers to institutional investment in private rented homes*’ (2012).

2.58 The Review made a number of recommendations aimed at attracting large-scale institutional investors into the sector to develop ‘build to let’ homes. The recommendations include:

- Local authorities using flexibilities within the planning system to plan for and enable the development of private rented homes where there is an identified need;
- The Government releasing public sector land to facilitate delivery of private rented housing developments;
- Developing a body of good practice and facilitating the swift development of demonstration projects, there is therefore a need for the Government to provide targeted incentives to stimulate the development of new business models;
- The Government establishing a dedicated Task Force to act as an enabler; and
- Developing a ‘*new sense of identity*’ for the build to let product, with the Housing Task Force working with other industry bodies to develop voluntary standards to be adopted across the build to let sector.

2.59 The Government has responded to these recommendations from the review in the September Growth Package (see above).

A strategy for empty homes

2.60 The Government’s initial £100million 2010 Comprehensive Spending Review commitment to bring empty homes back into use, together with entitlement to new homes bonus, firmly established work on empty properties as a priority for local authorities – there being a need for local empty homes strategies to be developed and supported. Resources to further aid empty homes work were announced as part of the September Growth Package (see above).

Quality of housing experience and support

2.61 The Government has prioritised the provision of housing and support to help older, vulnerable or disadvantaged people:

‘Many older, vulnerable or disadvantaged people experience crises that affect their health and wellbeing. They need housing support to help them lead full and active lives. A home should help people be independent and give them the security to be active members of their communities.’⁹

2.62 The means through which assistance is available are:

- Disabled Facilities Grant allocations; and
- Supporting People.

2.63 The **draft Care and Support Bill** follows the Law Commission’s review of care legislation, which concluded that current legislation is too complex. Together with the White Paper *Caring for our future: reforming care and support*, the Bill addresses the issue this issue and attempts to simplify it. The Bill aims to:

⁹ www.communities.gov.uk/housing/olderpeople/

- Modernise law around people’s needs, promoting the wellbeing of the individual;
 - Clarify people’s entitlements, so they know what help they can receive and where to go to get it, so that they can make plans for their futures;
 - Support the needs of local communities through access to information and advice, promoting prevention and reducing dependency;
 - Simplify the system and give more flexibility to innovate and achieve better results; and
 - Consolidate existing legislation with a single statute, supported by new regulations and a single bank of good practice.¹⁰
- 2.64 In terms of **safeguarding vulnerable adults**, housing has a strong role to play alongside social services, health, the police and other agencies. The draft Care and Support Bill sets out a new safeguarding power, and places a duty on local authorities to respond to safeguarding concerns by making enquiries as necessary to decide on whether, and what, action is needed.
- 2.65 The Bill also includes various proposals to support integrated working, including a duty of cooperation and partnership between police, health and local authorities.
- 2.66 From the April 1st 2013 **Health and Wellbeing Boards**, which will include Directors of Public Health, will become statutory committees of local authorities. They will be responsible for encouraging integrated working on health and wellbeing issues, including development of Joint Health and Wellbeing Strategies, and Joint Strategic Needs Assessments.

Older people

- 2.67 In addition to Disabled Facilities Grants (“DFGs”) and Supporting People programmes the Government flags the following work currently being undertaken to help older people live at home longer:
- Research has been commissioned into Lifetime neighbourhoods;
 - Home Improvement Agencies are in place to help private tenants and home owners advising on potential improvements and adaptations to their home;
 - Handypersons schemes;
 - FirstStop, free and independent national information and advice service; and
 - The Housing Learning and Improvement Network knowledge hub.
- 2.68 In January 2012 the Government announced a new deal for older people to help them continue living independently, this included £51million for Home Improvement Agencies to provide:

¹⁰ Chartered Institute of Housing member briefing and request for feedback September 2012 Shaping Housing and Community Agendas

- Housing advice, including help to move to more suitable accommodation if needed;
- Handyperson services, including small home repairs, home safety and security adaptations;
- Energy efficiency advice; and
- Arranging for adaptations and home repairs.¹¹

2.69 An additional £20million for DFGs was also announced.

2.70 In September 2012 the care services minister announced an extra £100 million to fund specialist housing for older people. The fund is designed to stimulate the market in specialised housing, and the additional £100million takes the capital grant fund total to £300million, which aims to provide up to 9,000 specialist new homes for older people to move into.

Homelessness

2.71 In August 2012 the Government published its Homelessness Strategy, *Making every contact count: A joint approach to preventing homelessness*. The Strategy focuses on prevention and aims to ‘make sure that every contact local agencies make with vulnerable people and families really counts.’¹²

2.72 The report identifies ten local challenges that need to be addressed by local authorities, these are:

- Adopt a corporate commitment to prevent homelessness which has buy-in across all local authority services;
- Actively work in partnership with voluntary sector and other local partners to address support, education, employment and training needs;
- Offer a Housing Options prevention service, including written advice to all clients;
- Adopt a *no second night out* model or an effective local alternative;
- Have housing pathways agreed, or in development, with each key partner and client group, which include appropriate accommodation and support;
- Develop a suitable private rented sector offer for all client groups, including advice and support to all clients and landlords;
- Actively engage in preventing mortgage repossessions including through the Mortgage Rescue Scheme;
- Have a Homelessness Strategy which sets out a proactive approach to preventing homelessness and is reviewed annually so that it is responsive to emerging needs;

¹¹ www.communities.gov.uk

¹² CLG Making every contact count Aug 2012 page 3

- Not place any young person aged 16 or 17 in Bed and Breakfast accommodation; and
- Not place any families in Bed and Breakfast accommodation unless in an emergency, and then for no longer than six weeks.¹³

Quality, sustainability and design

- 2.73 The Government's commitment to delivering Zero Carbon homes; along with other binding carbon reduction targets agreed by the previous Government, make energy efficiency and tackling fuel poverty key issues for housing (especially as more than a quarter of emissions are produced in homes)¹⁴. Tackling energy efficiency in existing stock remains the sector's biggest challenge, and therefore utilising the Green Deal is important.
- 2.74 Introduced by the Energy Act 2011, the Green Deal intends to revolutionise the energy efficiency of properties across the county (both business and residential). Launched in October 2012, with funding available from January 2013, the financial mechanisms under the Deal eliminate the need for households to pay for energy efficiency improvements up front; instead the cost of improvements are to be covered by savings in energy bills and through a charge on household energy bills. The central rationale for the Green Deal is to reduce carbon emissions cost effectively.
- 2.75 The Act also introduces a new Energy Company Obligation (ECO), which integrates with the Green Deal to address energy efficiency improvements in the housing sector.

Regional and sub-regional strategic policy context

- 2.76 "The Localism Act 2011 provides the legislative framework for the Secretary of State to formally abolish the suite of Regional Spatial Strategies. Presently, the Government is has and continues to publish and consult on a rolling suite of Environmental Statements for each Regional Spatial Strategy as to the potential environmental affects of their abolition. Until a formal parliamentary decision is made, Regional Spatial Strategies remain a legal part of the development plan for each authority."
- 2.77 Regional housing and spatial strategies were developed collaboratively with a range of partners, including local authorities, and were evidence based; as a result it is likely that many of the once regional priorities remain relevant for Sunderland today.
- 2.78 A sub-regional housing strategy for Tyne and Wear was published in July 2007. It was consistent with the priorities and specific allocations set by RSS but added the detail needed to implement them within the framework of local housing strategies in the sub-region.

¹³ CLG Making every contact count Aug 2012 page 4

¹⁴ Chartered Institute of Housing The green agenda update 1st May 2012

- 2.79 The overall aim of the strategy was to ensure that the right type of housing is developed and delivered in the right place, and existing housing is brought up to at least the decent homes standard. Key issues relating to Tyne and Wear are presented in relation to the four objectives and summarised as:

OBJECTIVE 1 “Rejuvenating housing in Tyne and Wear”

1. Poor quality and obsolete housing in certain parts of Tyne and Wear that will not support long-term sustainable communities, and needs to be improved or replaced to meet current expectations;
2. Weaknesses in overall housing offer and residential environment, which do not fully support the economic and population growth strategies of the City region;

OBJECTIVE 2 “Providing quality and choice

3. A shortage of certain types of higher quality housing in attractive neighbourhoods which meets the aspirations of those that wish to remain in or are considering moving into Tyne and Wear;
4. Responding to the turn-around in the fortunes of Tyne and Wear which has now seen a growth in population, driven by net in-migration;
5. A concern about the potential shortage of affordable housing that is of good quality and that meets people’s aspirations
6. Investigating the need for housing for key workers in Tyne and Wear
7. Demand for social rented housing due to the impact of increased house prices, with incomes remaining low and the predicted growth in income to house price ratios

OBJECTIVE 3 “Improving existing housing”

8. The relatively poor condition of parts of the older private sector stock;
9. Achieving the government’s targets for the Decent Homes Standard in social and private housing; and raising the decent homes target in the private sector
10. The poor environmental performance and energy efficiency across much of the housing stock which can generate problems of fuel poverty;

OBJECTIVE 4 “Addressing community housing priorities”

11. Ensuring that we recognise and help to meet the housing and related support needs of all vulnerable people and excluded groups, embracing the opportunities of the Supporting People programme.
12. Preventing homelessness through advice, mediation, support and prevention activities
13. Dealing with social exclusion and related issues including Anti-Social Behaviour and the implementation of the Respect agenda in housing.

Local Strategic Policy Context

- 2.80 The Sunderland Strategy 2008-2025 is the principal vehicle driving forward initiatives to help deliver the vision that “Sunderland will be a welcoming, internationally recognised city where people have the opportunity to fulfil their aspirations for a healthy, safe and prosperous future”
- 2.81 The Strategy presents five strategic aims, which are based around the themes of prosperity, health, safety, learning and Sunderland being an attractive and inclusive city. Housing is recognised as a ‘cross-cutting’ priority to help deliver these aims, which need to be underpinned by a well-functioning housing market.
- 2.82 With regards to housing, the Sunderland Strategy aims to:
- Improve the choice of type, location and price to meet twenty-first century aspirations and demands;
 - Improve the quality and standards of housing in safe, secure, attractive and sustainable surroundings;
 - Provide accommodation and support appropriate to the needs of Sunderland’s large and diverse population;
 - Ensure that vulnerable people have access to safe, appropriate accommodation and support.
- 2.83 The Economic Masterplan (EMP) sets the direction for the City ‘s economy over the next 15 years and established how Sunderland wil have a prosperous and sustainable future. Key aims of the EMP are to increase the proportion of people in the 15-35 age group and those in higher value jobs.
- 2.84 It is recognised that insufficient economic opportunities combined with weak housing, shopping and cultural attractions, are responsible for young people leaving Sunderland to find higher skilled and higher paid employment and career opportunities elsewhere. It will be necessary to ensure that the right type of housing is developed to meet the aspirations of these people.
- 2.85 The Core Strategy will provide the overarching strategic planning policies for the City to 2032. Detailed site specific allocations will be set out in a separate document. The next iteration of the Core Strategy (the Revised Preferred Options draft) is expected to be published in April 2013 with adoption programmed for March 2015. Locally, the Core Strategy will take its strategic lead from the Sunderland Strategy and economic Masterplan.
- 2.86 With specific regard to future housing provision, the Regional Spatial Strategy (2008) comprises part of the statutory development plan for the city and only covers the plan period to 2021. The Core Strategy must legally remain in general conformity with its provisions, though as a consequence of the Localism Act 2011, there is now legal basis to review and roll forward its provisions forward and its formal revocation is expected during 2013. To simply consider aggregating the RSS housing requirements forward to 2032 would provide give a target of some 17,600 new dwellings net. However, the evidence and scenarios which underpinned the RSS were based on what is now dated information and were set during a completely different economic climate when

there was considerable optimism that the rate of economic growth would continue. Consequently, its growth provisions are increasingly not being realised across the Region. The Council is required to develop objectively assessed housing requirements which are both aspirational and realistic. This exercise is now underway and a series of scenarios have been developed and are now being updated in light of the recent Census 2011 data releases. Current scenario testing would suggest that a housing requirement of some 15,000 new dwellings would remain both challenging and yet realistic to deliver.

Concluding comments

- 2.87 The main purpose of this chapter has been to consider the general policy and strategic context within which this research needs to be positioned. A new policy framework for housing and planning is emerging. The Government's housing priorities have been established and set within the context of local decision making and accountability, reduced capital expenditure on housing, fundamental changes to the benefit system, a changing role for social rented housing, and a need for future housing investment to support economic growth. Economic uncertainty, job security and restricted mortgage lending exacerbate the challenges faced.
- 2.88 The importance of having robust and up-to-date information to help inform decision making at local authority level is evermore essential. In a challenging economic climate, this SHMA provides an excellent range of material to inform policy debate, contribute to the delivery of the Local Investment Plan, help inform and influence strategic responses, and shape local and sub regional strategic housing priorities to inform future investment plans.

3. Sunderland Housing Market Context

Introduction

- 3.1 The City of Sunderland is located in the Tyne and Wear sub-region of the North East of England. The resident population according to the 2011 census is 275,506. The City boundary encompasses Washington and the former coalfield communities including Hetton and Houghton. The A19 trunk road runs between Sunderland and Washington and the A1(M) is located to the west of Washington. The Tyne and Wear Metro links the city with other centres in the conurbation and a rail service directly links Sunderland with London.
- 3.2 To understand Sunderland's wider housing market context, it is appropriate to consider the relationship between Sunderland, other areas in Tyne and Wear and neighbouring County Durham, along with relationships with other regions of England and Wales. A CLG advice note¹⁵ defines sub-regional housing market areas as:
- “geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work”.*
- 3.3 The guidance suggests three core sources of information to assess sub-regional market areas:
- House prices and rates of change;
 - Household migration and search behaviour;
 - Contextual data such as travel to work areas, which reflect the functional relationships between places where people work and live.
- 3.4 Sunderland is a key part of the Tyne and Wear city-region. The Regional Spatial Strategy of 2008 includes a useful overview of the city-region. It has a population of around 1.6million (65% of the region's population) and lies at the heart of the economic and cultural life of the North East. The city-region does not have a definitive boundary due to the numerous overlapping inter-relationships throughout the region but it has two core areas: Newcastle and Sunderland; and includes Durham City. Sunderland is recognised as a relatively self-contained area within the city-region with a relatively balanced population and employment structure. It is also a strategic transport hub. The former RSS indicated that Sunderland's housing market area extends into South Tyneside and north-east County Durham.
- 3.5 This chapter proceeds with a **review of house prices**, rates of change and comparisons with sub-regional and national trends. The **relative affordability** of dwellings and change over time is explored. **Household migration and search** behaviour is analysed, drawing upon national migration data and the characteristics of moving households is reviewed through household survey information collected as part of this research project.

¹⁵ Identifying sub-regional housing market areas, CLG Advice Note April 2007

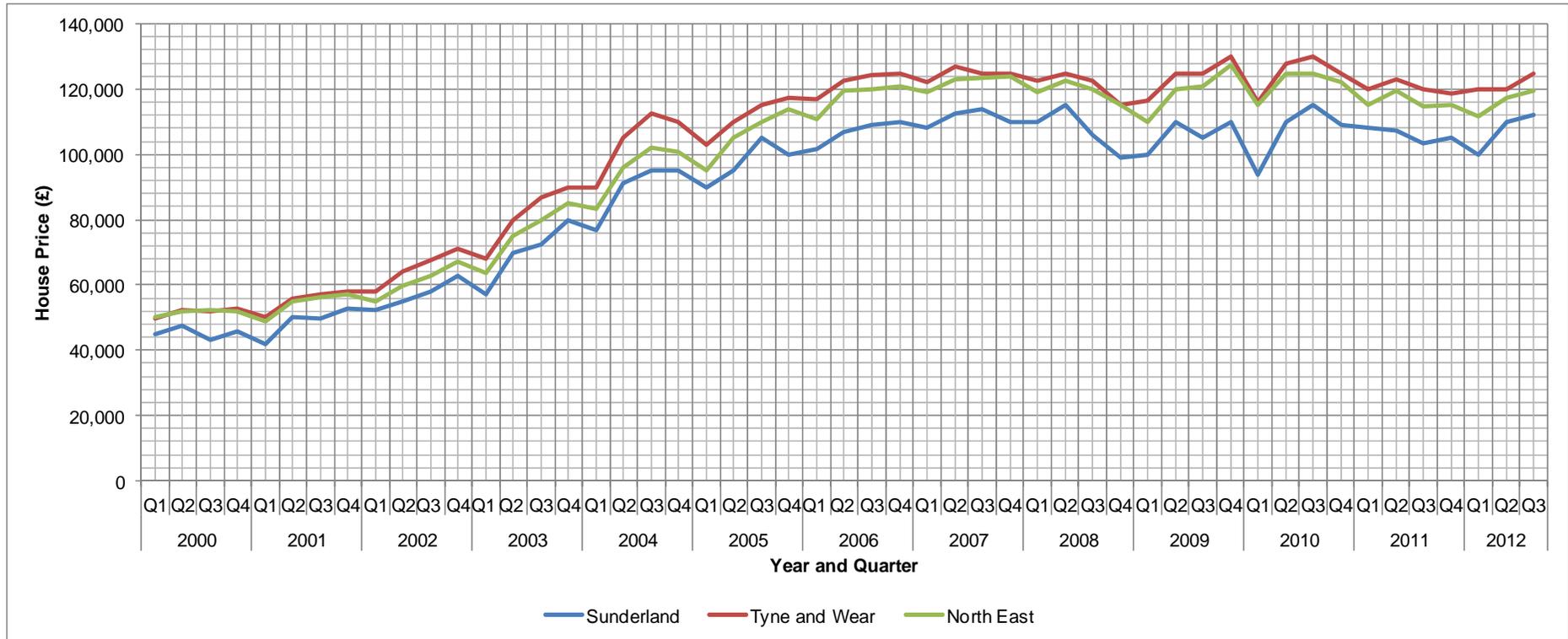
- 3.6 The chapter continues with a review of **travel to work** trends drawing upon 2001 census and household survey evidence. Material in the chapter helps to establish the **general housing market context** of Sunderland. This is further explored through Estate Agent interviews.

House prices and trends

- 3.7 Figure 3.1 shows how house prices across Sunderland have changed over the period 2000 to 2012.
- 3.8 Prices in Sunderland have been consistently lower than the Tyne and Wear and regional median price trends and have increased from £45,125 in 2000 to £112,250 in 2012, an increase of 148.7%. Prices first peaked at £115,000 in Q2 2008.
- 3.9 Table 3.1 summarises lower quartile, median and upper quartile prices by sub-area over the period 2008-2012 based on Land Registry address-level data. Please note there is a slight variation between CLG published data and data derived from address-level house price information. Data indicates that over the period 2008-2012 prices fell but have recovered during 2012. During 2012, median prices across Sunderland were around £109,000 and lower quartile prices were £73,000 .
- 3.10 Map 3.1 illustrates the range of lower quartile prices within the Sunderland area over the period 2011-12, highlighting relatively low prices in the inner urban areas and northern suburbs; and higher prices in the Northern Coastal and Southern Suburban and Washington local housing market areas.

Figure 3.1

Median house price trends 2000 to 2012: Sunderland, Tyne and Wear and the North East



Source: DCLG; Land Registry

Table 3.1 House prices in Sunderland by local housing market area

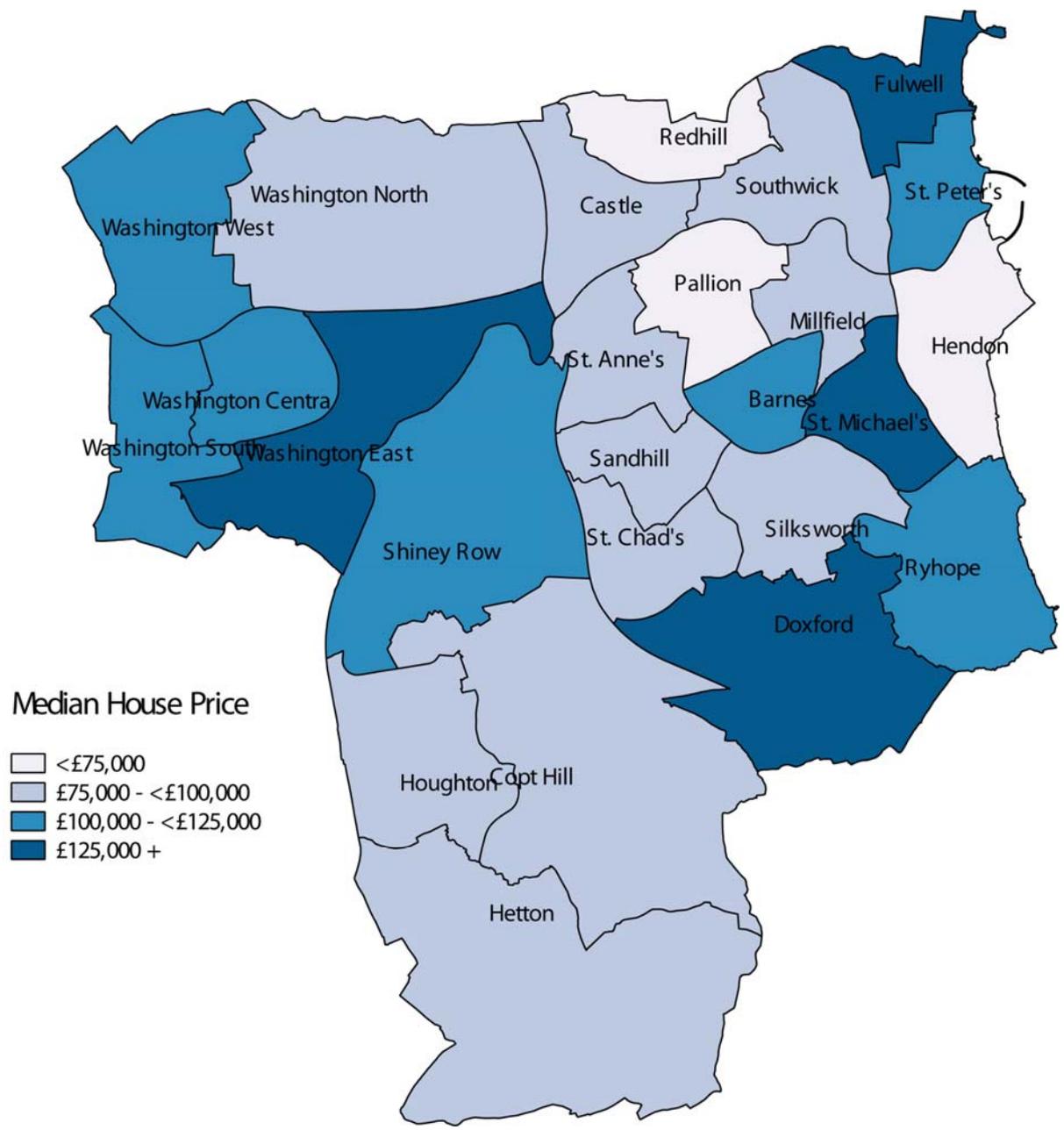
| Local housing market area | Price indicator | Year | | | | |
|---------------------------|----------------------|----------|----------|----------|----------|----------|
| | | 2008 | 2009 | 2010 | 2011 | 2012 |
| Coalfield Communities | Lower Quartile (25%) | £80,000 | £72,000 | £75,500 | £75,000 | £72,000 |
| | Median (50%) | £106,195 | £109,950 | £110,000 | £105,000 | £105,000 |
| | Average | £120,636 | £123,278 | £127,767 | £121,937 | £124,295 |
| Inner Urban Area | Lower Quartile (25%) | £70,000 | £60,000 | £75,000 | £69,975 | £65,000 |
| | Median (50%) | £90,000 | £81,250 | £100,000 | £95,000 | £90,000 |
| | Average | £108,811 | £103,253 | £112,128 | £111,865 | £107,124 |
| Northern Coastal | Lower Quartile (25%) | £115,500 | £105,000 | £80,000 | £83,750 | £83,250 |
| | Median (50%) | £137,500 | £130,000 | £118,000 | £119,975 | £117,000 |
| | Average | £172,811 | £138,862 | £129,064 | £132,031 | £126,707 |
| Northern Suburbs | Lower Quartile (25%) | £67,000 | £61,000 | £70,500 | £70,000 | £68,500 |
| | Median (50%) | £82,250 | £75,000 | £99,165 | £94,000 | £95,000 |
| | Average | £89,874 | £83,976 | £110,132 | £107,373 | £106,013 |
| Southern Suburbs | Lower Quartile (25%) | £92,500 | £81,500 | £79,975 | £72,000 | £73,000 |
| | Median (50%) | £118,750 | £110,000 | £106,750 | £100,000 | £108,750 |
| | Average | £133,287 | £123,152 | £124,572 | £116,050 | £118,940 |
| Washington | Lower Quartile (25%) | £86,000 | £87,750 | £82,000 | £79,950 | £80,000 |
| | Median (50%) | £116,000 | £115,000 | £110,000 | £110,000 | £115,000 |
| | Average | £130,890 | £130,767 | £136,162 | £126,432 | £136,172 |
| TOTAL | Lower Quartile (25%) | £83,500 | £75,952 | £77,950 | £75,000 | £73,000 |
| | Median (50%) | £109,950 | £105,975 | £107,500 | £105,000 | £109,000 |
| | Average | £126,722 | £120,464 | £125,214 | £119,828 | £121,895 |

Source: Land Registry Address Level data

Please note there is a slight variation between CLG published data and data derived from address-level data

Map 3.1

Sunderland median house prices Jan 2011-June 2012



Source: Land Registry Price Paid Data from 1 Jan 2011 to 30 June 2012

Relative affordability

- 3.11 The relative affordability of open market dwellings in Sunderland is compared with the other Local Authorities in the Region in Tables 3.2 and 3.3. Table 3.2 presents lower quartile house prices, lower quartile gross income of full-time workers and a ratio of lower quartile incomes to house prices. Table 3.3 presents median house price and income information.
- 3.12 In terms of relative affordability, Sunderland is one of the most affordable districts in the North East and the most affordable of the Tyne and Wear authorities.

Table 3.2 Relative affordability of lower quartile (LQ) prices by Sub-area (residence based)

| District | Lower Quartile House Price | LQ Gross Income per week | Annual Gross Income | LQ Income to House Price ratio (%) |
|----------------------|----------------------------|--------------------------|---------------------|------------------------------------|
| Newcastle upon Tyne | £94,933 | £317 | £16,505 | 5.75 |
| North Tyneside | £94,792 | £337 | £17,498 | 5.42 |
| Northumberland | £89,500 | £344 | £17,888 | 5.00 |
| Darlington | £82,542 | £330 | £17,144 | 4.81 |
| Stockton-on-Tees | £85,396 | £346 | £17,992 | 4.75 |
| Gateshead | £83,042 | £344 | £17,904 | 4.64 |
| NORTH EAST | £79,667 | £333 | £17,316 | 4.60 |
| Redcar and Cleveland | £79,667 | £335 | £17,441 | 4.57 |
| South Tyneside | £77,417 | £329 | £17,124 | 4.52 |
| Sunderland | £75,000 | £326 | £16,942 | 4.43 |
| Middlesbrough | £67,958 | £314 | £16,344 | 4.16 |
| Hartlepool | £74,042 | £357 | £18,548 | 3.99 |
| County Durham | £67,667 | £328 | £17,056 | 3.97 |

Table 3.3 Relative affordability of median prices by Sub-area (residence based)

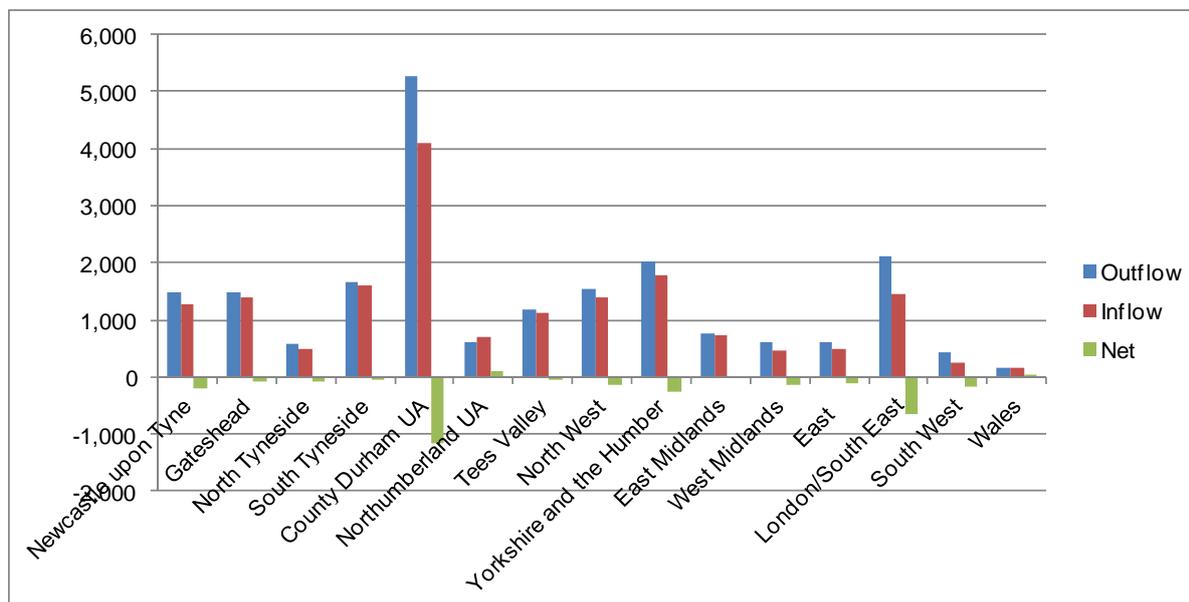
| District | Median House Price | Median Gross Income per week | Annual Gross Income | Median Income to House Price ratio (%) |
|----------------------|--------------------|------------------------------|---------------------|--|
| Newcastle upon Tyne | £131,667 | £441 | £22,932 | 5.74 |
| Northumberland | £137,483 | £474 | £24,648 | 5.58 |
| North Tyneside | £132,611 | £459 | £23,884 | 5.55 |
| Darlington | £119,500 | £430 | £22,350 | 5.35 |
| NORTH EAST | £119,500 | £451 | £23,447 | 5.10 |
| Gateshead | £115,998 | £457 | £23,769 | 4.88 |
| Redcar and Cleveland | £111,492 | £443 | £23,015 | 4.84 |
| Sunderland | £106,083 | £425 | £22,074 | 4.81 |
| Middlesbrough | £103,313 | £416 | £21,627 | 4.78 |
| Stockton-on-Tees | £122,483 | £496 | £25,776 | 4.75 |
| South Tyneside | £108,511 | £452 | £23,504 | 4.62 |
| Hartlepool | £105,903 | £471 | £24,471 | 4.33 |
| County Durham | £98,666 | £440 | £22,896 | 4.31 |

Sources: CLG House Price Statistics Q1-Q3 2011; Annual Survey of Hours and Earnings 2011

Household migration and search behaviour

3.13 Annual migration data is prepared by the Office of National Statistics (ONS) based on patient re-registrations with the National Health Service. Although it has limitations, it is the best annual source of internal migration from within England and Wales. Over the three year period July 2008 to June 2011 (3 years), ONS migration data indicates a consistent net out-flow of residents from Sunderland which has averaged around 1,000 each year (with around 5,800 people moving in and 6,800 moving out each year) Aggregated data for 2008-2011 indicates a net out-migration of 3,040 residents and as Figure 3.2 illustrates, strongest net out-flows are to County Durham and London/South East

Figure 3.2 Net flows of population between Sunderland and other districts and regions July 2008 to June 2011



Source: ONS Migration Flow Data via NHSCR

3.14 The following observations are based on further analysis of ONS migration data.

3.15 For in-migrants:

- 61.3% originated from the North East, with around 23.6% originating from County Durham, a further 27.3% from elsewhere in Tyne and Wear, 6.4% from Tees Valley and 4.1% from Northumberland; a further 10.2% originated from Yorkshire and the Humber, 8.4% from London/South East, 7.9% from the North West and 12.2% from elsewhere in England and Wales

3.16 For out-migrants:

- 59.8% are moving elsewhere in the North East, with 25.7% moving to County Durham, 25.4% to elsewhere in Tyne and Wear (mainly to Newcastle, Gateshead and South Tyneside);
- 10.3% are moving to London/South East and 9.9% to Yorkshire and the Humber and 7.5% to the North West;

3.17 Stemming the sustained trend of net out-migration remains a particular challenge. This research provides an opportunity to explore why people were planning to leave Sunderland and what can be done to encourage them to stay which is explored later in this chapter.

Characteristics of moving households

3.18 The 2012 household survey indicated that around 30,600 (25.6%) of households had moved home in the preceding 5 years. This compares with a national mobility rate of 33.5% of households¹⁶. Accurate data was obtained on the movement of 28,740 households (of whom 84.4% had moved within Sunderland and 15.6% moved into the City). The 2012 household survey identified 4,180 households who intend to leave Sunderland in the next five years.

Households moving into Sunderland

3.19 The 2012 household survey identified around 4,470 households who had moved into Sunderland in the preceding five years. 61.1% had originated from within the North East, notably County Durham (33.9%), South Tyneside (8.9%), elsewhere in Tyne and Wear (13.1%), Tees Valley 2.5% and Northumberland 2.6%; a further 38.9% originated from outside the North East.

3.20 Other information in households moving into Sunderland includes:

- 33% have moved into the Southern Suburbs, 23.4% into the Coalfield Communities area, 20.5% into Washington, 9.9% into the Northern Suburbs, 5.4% into the Northern Coastal and 7.7% into the Inner Urban Area. Table 3.4 summarises the origin of households moving into Sunderland and where they moved to within the City. This shows particularly strong linkages between County Durham and the Coalfield Communities and Washington market areas; between South Tyneside and the Northern Coastal and Northern Suburbs; and the majority of households moving into the Inner Urban Area and the Southern Suburbs originated from outside the North East.

¹⁶ English Housing Survey 2010-2011 Table 5

Table 3.4 Origin of households moving into Sunderland by Local Housing Market Area

| Origin | Destination Local Housing Market area | | | | | |
|----------------|---------------------------------------|------------------|------------------|------------------|-----------------------|------------|
| | Northern Suburbs | Northern Coastal | Inner Urban Area | Southern Suburbs | Coalfield Communities | Washington |
| South Tyneside | 29.1 | 32.1 | 10.1 | | 9.5 | 5.9 |
| Gateshead | 6.8 | 12.8 | | 2.2 | 6.9 | 8.6 |
| Newcastle | | | | 12.1 | | 10.1 |
| North Tyneside | 9.0 | | | | | 3.4 |
| County Durham | 32.9 | 14.4 | 29.3 | 20.5 | 49.2 | 45.5 |
| Tees Valley | | | | 4.7 | 4.1 | |
| Northumberland | | | | | 6.6 | 5.4 |
| Outside NE | 22.3 | 40.7 | 60.6 | 60.3 | 23.7 | 21.2 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 444 | 243 | 345 | 1475 | 1047 | 916 |

Source: 2012 household survey

- Most had moved into a house, particularly semi-detached (24.9%) and terraced (21.5%) properties and 13.6% moved into detached houses; a further 18.4% had moved into a flat/apartment and 21.6% into bungalows (including Sunderland Cottages);
- 31.7% were owner occupiers, 51.5% rented privately and 16.9% rented from a social landlord;
- Singles (under 60) accounted for 21.3% of in-migrant households, couples 28.3% and couples with child(ren) 18.7%, lone parent families 4.9%, older singles/couples 22% and other types of household (e.g. friends sharing) 4.8%;
- 40.2% of households had a weekly income of at least £500 when the 2012 household survey was taken; 63.7% of heads of household were in employment and 17.5% were wholly retired from work;
- In terms of current workplace, 56.2% worked in Sunderland, with 30.4% working elsewhere in Tyne and Wear, 6.6% working elsewhere in the North East and 6.7% working outside the North East; and
- Main reasons for moving to Sunderland were to be closer to family and friends to give/receive support (13.7%), to be closer to work/new job (13.6%), for marriage/to live together (11.3%), and to be closer to family/friends for social reasons (9.2%).

3.21 Despite the longer-term trends of net out-migration, this evidence does indicate that people are moving to Sunderland for a variety of reasons, particularly linked to personal circumstances. Sunderland is attracting economically active households relocating to the North East, including those

working outside Sunderland which is an encouraging indicator of the City's regional role.

Residential mobility within Sunderland

- 3.22 The 2012 household survey identified that 84.4% of households moving within the preceding 5 years had moved within Sunderland (around 25,850 households with accurate household survey data from 24,270 households). Households moving within the City were doing so for a variety of reasons. Those most frequently reported included moving to a larger/better property (20.4%), forced to move (11.7%), divorce/separation/family stress (9.5%) and wanted own home/live independently (8.9%).
- 3.23 Table 3.5 reviews the tenure choices of households moving within Sunderland. Owner-occupiers and social renters tend to move within their respective tenures. Private renters are more likely to move into an alternative tenure, with 27.6% moving into affordable housing, although the largest proportion (59.1%) are still likely to move into a private rented property. Respondents who had previously lived with family and friends (i.e. newly forming households) moved into a range of tenures including affordable private renting (37.3%), affordable (31.9%) and owner occupation (30.8%).
- 3.24 Table 3.6 considers the profile of dwellings being moved into by households moving within Sunderland. Households are mainly moving into semi-detached and terraced houses along with flats. 76.6% are moving into two and three bedroom properties.

Table 3.5 Residential mobility – movement between different tenures

| Current Tenure | Previous Tenure | | | | | Total |
|----------------|-----------------|------------|----------------|---------------------------------------|--------|-------|
| | Owned | Affordable | Private Rented | Previously living with family/friends | Other* | |
| Owned | 60.9 | 2.1 | 11.7 | 30.8 | 0.0 | 27.1 |
| Affordable | 15.4 | 80.6 | 27.6 | 31.9 | 29.6 | 36.8 |
| Private Rented | 23.7 | 17.3 | 59.1 | 37.3 | 70.4 | 35.6 |
| Other | 0.0 | 0.0 | 1.6 | 0.0 | 0.0 | 0.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 6868 | 5380 | 6992 | 4587 | 233 | 24060 |

*examples of other would include people previously living in communal establishments and in care.

Table 3.6 Residential mobility – profile of properties moved into by type and size

| No. Bedrooms | Property type | | | | | | | | |
|------------------------|----------------|--------------------------------|----------------|---------------------|----------|------------|-----------------|-------|-------|
| | Detached house | Semi-detached house\town house | Terraced house | Sunderland Cottages | Bungalow | Maisonette | Flat/ Apartment | Other | Total |
| One | 0.0 | 0.0 | 0.8 | 1.4 | 4.8 | 0.0 | 8.3 | 0.1 | 15.4 |
| Two | 1.3 | 13.1 | 9.1 | 4.2 | 6.4 | 0.4 | 13.8 | 0.3 | 48.6 |
| Three | 2.7 | 12.0 | 10.6 | 0.3 | 1.2 | 0.3 | 0.7 | 0.2 | 28.1 |
| Four | 2.8 | 2.2 | 1.1 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 6.3 |
| Five or more | 0.4 | 0.4 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 | 1.7 |
| Total | 7.3 | 27.7 | 22.1 | 5.9 | 12.6 | 0.7 | 22.8 | 0.9 | 100.0 |
| Base (valid responses) | 23956 | | | | | | | | |

Source: 2012 household survey

Households planning to leave Sunderland

- 3.25 The 2012 household survey identified around 4,170 households who were intending to move in the next five years and were considering moving outside Sunderland. Table 3.6 shows that 22.5% were considering moving elsewhere in Tyne and Wear (particularly to Newcastle and South Tyneside), 24.3% were considering County Durham, 12.8% elsewhere North East, 27.8% elsewhere UK and 12.6% outside the UK.
- 3.26 Table 3.7 considers the relationship between destination and current local housing market area of residence. County Durham was most likely to be a destination for residents currently living in the Coalfield Communities, Washington and the Southern Suburbs. Residents in the Inner Urban and Northern Coastal areas were most likely to consider moving out of the North East and residents in the Northern Suburbs were most likely to consider moving to South Tyneside.

Table 3.7 Preferences of households planning to move out of Sunderland

| Destination | Local Housing Market Area (%) | | | | | | |
|-----------------------------------|-------------------------------|------------------|------------------|------------------|-----------------------|------------|-------|
| | Northern Suburbs | Northern Coastal | Inner Urban Area | Southern Suburbs | Coalfield Communities | Washington | Total |
| Elsewhere in Tyne and Wear | | | | | | | |
| Newcastle | 0.0 | 0.0 | 12.7 | 16.7 | 0.0 | 6.1 | 8.4 |
| Gateshead | 0.0 | 4.9 | 0.0 | 5.2 | 0.0 | 11.5 | 4.4 |
| North Tyneside | 0.0 | 0.0 | 0.0 | 0.0 | 3.8 | 6.0 | 1.9 |
| South Tyneside | 50.0 | 20.8 | 12.3 | 5.4 | 0.0 | 0.0 | 7.1 |
| Tyne and Wear | 0.0 | 0.0 | 0.0 | 2.4 | 0.0 | 0.0 | 0.8 |
| Co. Durham | | | | | | | |
| Easington/Seaham | 0.0 | 0.0 | 0.0 | 3.1 | 8.6 | 0.0 | 2.8 |
| Durham City | 0.0 | 0.0 | 0.0 | 10.3 | 18.5 | 0.0 | 7.1 |
| Elsewhere in Co. Durham | 50.0 | 4.1 | 7.3 | 7.7 | 17.7 | 31.2 | 14.4 |
| Elsewhere | | | | | | | |
| Elsewhere in NE | 0.0 | 15.9 | 12.2 | 8.4 | 27.2 | 4.0 | 12.8 |
| Elsewhere in UK | 0.0 | 32.2 | 28.3 | 27.2 | 20.5 | 37.2 | 27.8 |
| Outside UK | 0.0 | 22.2 | 27.2 | 13.6 | 3.7 | 4.0 | 12.6 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 86 | 491 | 632 | 1344 | 860 | 767 | 4180 |

Source: 2012 household survey

3.27 Households considering moving out of Sunderland have some distinctive characteristics:

- They tend to be higher-income households, with 55.7% receiving at least £500 per week;
- The largest group are singles under 60 (26.8%), couples with no children (24%) and couples with children (21.5%);
- 64.1% are owner occupiers, 30.9% are private renters and 5.1% are social renters;
- 27.4% live in a terraced house, 25.1% in a semi-detached house, 20.2% in a detached house, 17.4% in flat, 9.3% in a bungalow and 0.6% in other property types;
- 67.4% of heads of household are in employment. 55.5% work outside Sunderland, notably elsewhere in Tyne and Wear and in County Durham;
- 19.9% want to move to a better/more pleasant neighbourhood, 15.7% to be closer to work or because they had a new job and 13.1% want a property which is larger or better in some way.

3.28 Moving to a better/more pleasant area and wanting a property which is larger or better in some way are key reasons for moving from Sunderland. Given that households considering leaving Sunderland are more likely to have high incomes and work outside the City, they are likely to consider properties over a larger geographical area. This means that Sunderland is in competition with a range of residential localities, particularly elsewhere in Tyne and Wear and County Durham. A key message here is the need to provide larger, better quality, more aspirational properties in higher quality environments within Sunderland in order to help stem out-flows to other locations. Price differentials with locations outside the City should be carefully considered (e.g. can a comparable product be sold more cheaply in Sunderland than say Chester-le-Street?) whilst ensuring good quality construction, space standards and higher quality local environments which would help to boost the appeal of stock in Sunderland to households considering moving out of the City.

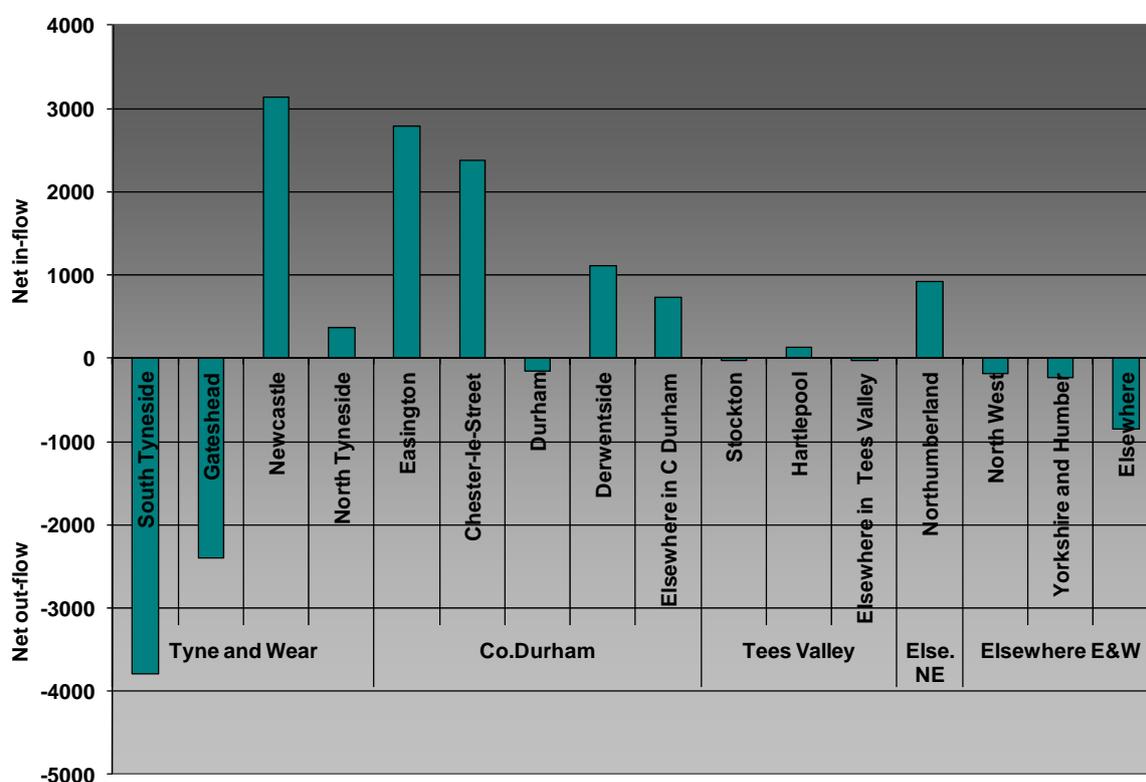
Travel to work trends

3.29 The 2011 census will provide updated information on travel to work trends but this is not yet published. The 2001 census provides an analysis of travel to work patterns and the extent to which residents in Sunderland travel to locations outside the City and how many people commute into Sunderland. The 2001 census identified the travel to work patterns of 147,954 individuals; of these:

- 81,473 lived and worked in Sunderland;
- 35,206 commuted into Sunderland for work but lived outside the city; and
- 31,275 lived in Sunderland but commuted out of the city for work.

3.30 Therefore, the vast majority of Sunderland's employees live in the City and there is a net in-flow of 3,931 employees on a daily basis. Figure 3.3 illustrates net commuter flows between Sunderland and other areas. Data indicates that the strongest net commuting flows out of Sunderland are to neighbouring South Tyneside and Gateshead. Strongest net commuter in-flows are from Newcastle, Easington and Chester-le-Street. Overall, there is a particularly strong inflow of commuters from County Durham, reflecting the view that Sunderland has lost population to County Durham in particular, but also that employment linkages with the City remain strong and that adjoining areas of County Durham form an important part of Sunderland's functional housing market area.

Figure 3.3 Commuting flows between Sunderland and other locations



Source: 2001 census

3.31 Further information on location of workplace and mode of transport to get to work was obtained in the 2012 household survey. A total of 73,794 households reference people and partners who were in employment, of whom:

- 58,191 (65.4%) live and worked in Sunderland;
- 30,755 (34.6%) live in Sunderland but worked outside the City.

3.32 Table 3.8 summarises the workplace of Sunderland residents in 2012.

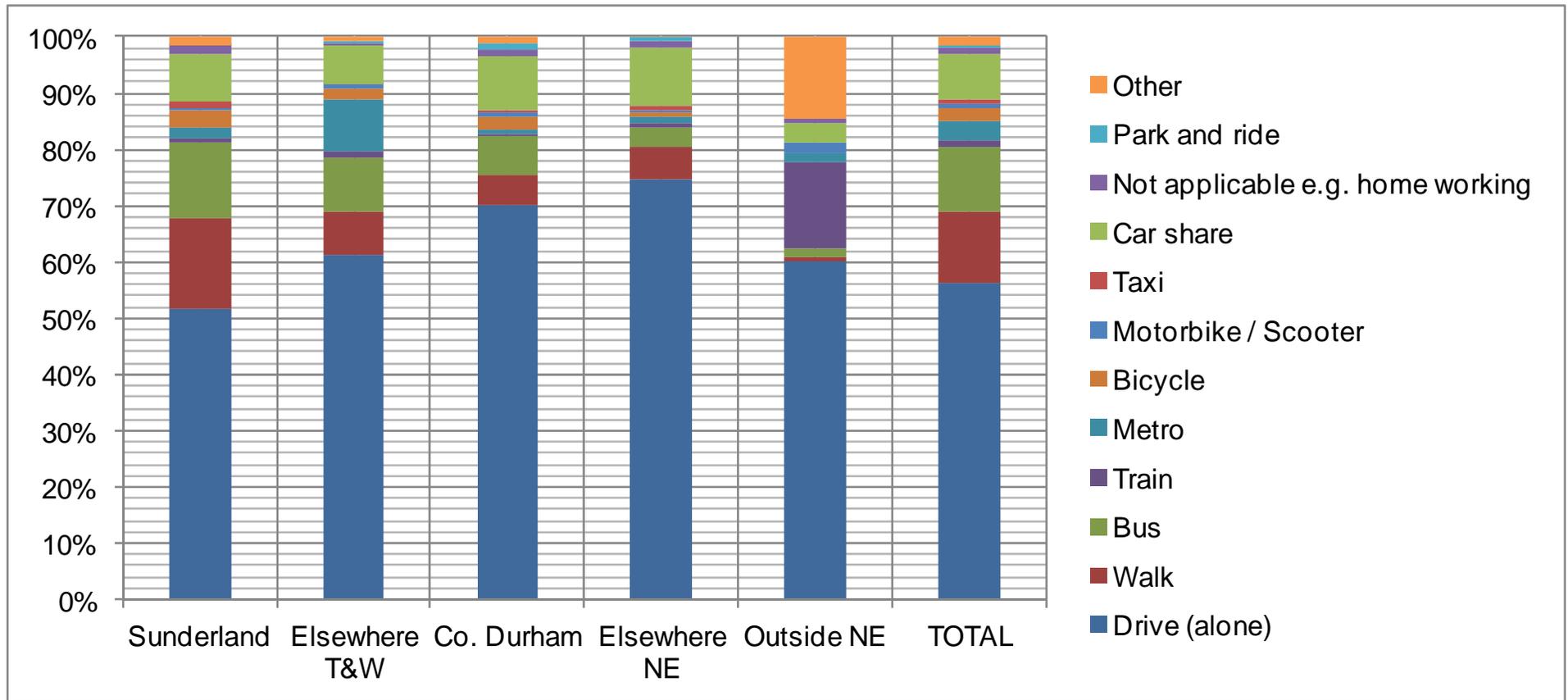
Table 3.8 Workplace of Sunderland residents in employment

| Location of work | No. | % of cases |
|--------------------------|-------|------------|
| Sunderland | 58191 | 65.4 |
| Newcastle | 6320 | 7.1 |
| South Tyneside | 3890 | 4.4 |
| Gateshead | 5695 | 6.4 |
| North Tyneside | 1179 | 1.3 |
| County Durham | 8054 | 9.1 |
| Elsewhere in North East | 3687 | 4.1 |
| Elsewhere | 1931 | 2.2 |
| Base (working residents) | 88946 | 100.0 |

Source: 2012 household survey

3.33 Figure 3.4 provides a valuable insight into the mode of transport used by Sunderland residents to get to their place of work. Overall, the vast majority (63.7%) travel by car (of these 54.8% travel alone and 8.6% car share), 12.4% walk to work and 11.4% travel by bus. Only 4% use the Metro, although this is used by 10.4% of residents who work elsewhere in Tyne and Wear.

Figure 3.4 Workplace and mode of transport to get to work



Source: 2012 household survey

Concluding comments

- 3.34 The purpose of this chapter has been to consider the general housing market context of Sunderland and inter-relationships between Sunderland and other locations. By reviewing house prices, migration and travel to work patterns, a picture of the market dynamics of Sunderland starts to emerge. Following a period of house price increase during the 2000s, prices have subsequently fallen but are now starting to increase and affordability of lower quartile prices remains an issue. However, median prices in Sunderland remain below those of Tyne and Wear and the North East.
- 3.35 Overall, the City of Sunderland can be described as a relatively self-contained market. The vast majority of people moving from within Sunderland tend to remain within the geographical boundary of the City and certainly well above the 70% threshold suggested by the CLG. Analysis in Chapter 4 of this report considers the extent to which distinctive local housing markets exist within the City and concludes that there are six distinctive local markets operating in the City plus the Central Area of Sunderland.
- 3.36 Notwithstanding the fact that Sunderland is a relatively self-contained market area, there are strong linkages with other locations evidenced through migration and travel to work data. Sunderland is continuing to lose population to other locations, particularly to Newcastle, County Durham and further afield, notably to Yorkshire and the Humber. Although there is an overall net out-migration from Sunderland to other locations (often of higher-income economically active families and singles to neighbouring locations in search of higher quality housing and residential environments), in-migration continues, particularly of people returning to the City or relocating in the North East.
- 3.37 The vast majority of Sunderland residents in employment work in the City. The important role of Sunderland in the regional economy is reflected in the scale of commuting into the City. 2001 census data indicated that around 35,000 people commute into Sunderland on a daily basis, particularly from Newcastle, Easington and Chester-le-Street. The 2012 household survey demonstrates a strong commuter out-flow to County Durham and Newcastle in particular.
- 3.38 Most people tend to travel by car to their workplace which partly reflects the location of many key employment centres such as Nissan and Doxford International.
- 3.39 In summary, the administrative boundary of the City of Sunderland represents a distinctive housing market area as the vast majority of moving households (over 70%) stay within the City. However, it can be argued based on travel to work and migration data, that the broader functional market area of Sunderland extends into County Durham and elsewhere in Tyne and Wear (Newcastle, Gateshead and South Tyneside in particular). Under the Duty to Cooperate further work is needed to identify the nature of interaction between housing market areas outside the administrative boundary of the City.

4. Current Housing Market in Sunderland

Introduction

- 4.1 The purpose of this chapter is to review the current housing market in Sunderland and provides information relating to the following stages and steps of the SHMA process:

| Stage 1: Demographic and economic context | |
|--|--|
| Step 1.1 | Demography and household types |
| Step 1.2 | National and regional economic policy |
| Step 1.3 | Employment levels and structure |
| Step 1.4 | Incomes and earnings |
| Stage 2: The housing stock | |
| Step 2.1 | Dwelling profile |
| Step 2.2 | Stock condition |
| Step 2.3 | Shared housing and communal establishments |
| Stage 3: The active market | |
| Step 3.1 | The cost of buying or renting a property |
| Step 3.2 | Affordability of housing |
| Step 3.3 | Overcrowding and under-occupation |
| Step 3.4 | Vacancies, turnover rates and available supply by tenure |
| Stage 4: Bringing the evidence together | |
| Step 4.1 | Mapping market characteristics |
| Step 4.2 | Trends and drivers |
| Step 4.3 | Issues for future policy/strategy |

4.2 Material in this chapter provides a basis for the following SHMA core outputs:

Core Output 1 **Estimates of current dwellings in terms of size, type, condition and tenure**

Core Output 2 **Past and current housing market trends; balance between supply and demand; key drivers.**

4.3 There are essentially three key primary drivers influencing the current (and future) housing market: demographic, economic and dwelling stock characteristics, as summarised in Table 4.1.

Table 4.1 Primary market drivers

| Primary Driver | Attributes | Impact on overall demand through: |
|-------------------------------|--|-----------------------------------|
| Economy | Jobs, income, activity rates, educational attainment, unemployment | Economic migration |
| Demography | Changing no. of households, household structure, ethnicity | Natural Change |
| Housing stock and aspirations | Quality vs aspirations, relative prices, accessibility, development programmes | Household mobility and migration |

Stage 1: Demographic and economic context

Step 1.1 Demography and household types

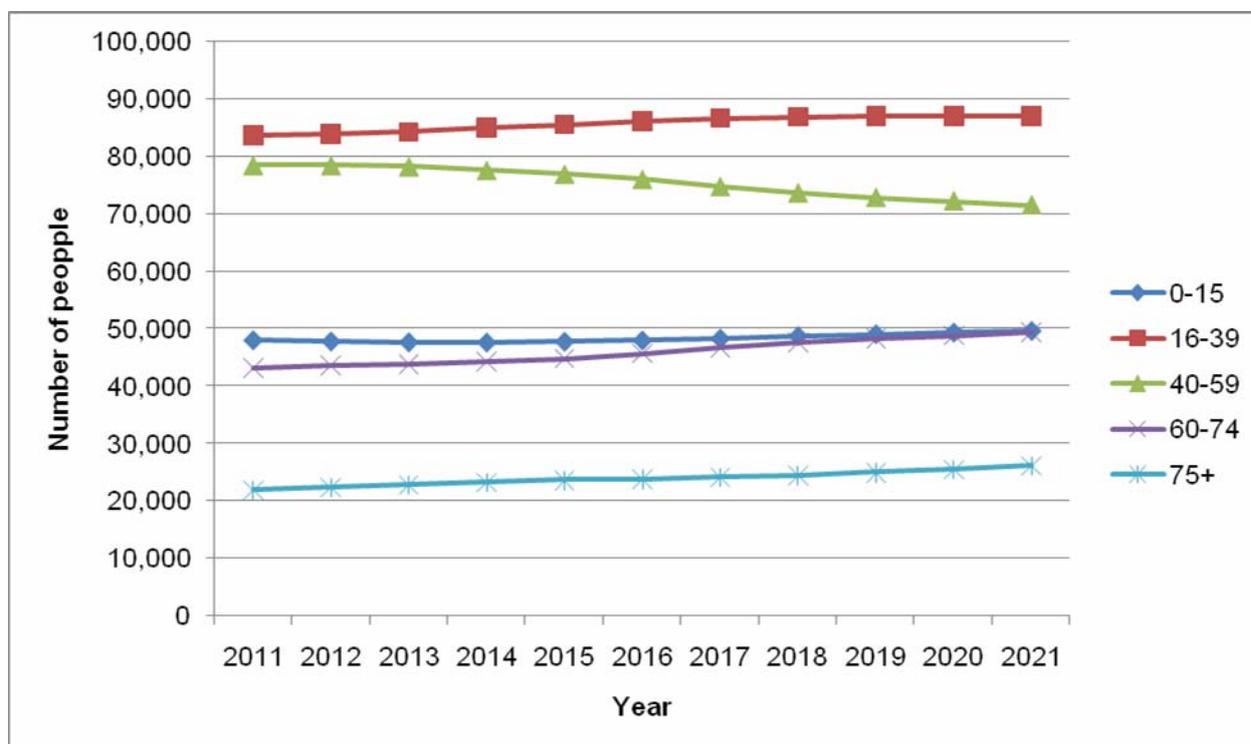
Population and household trends

4.4 The material presented in this section is based on ONS 2011 interim population projections. These update the ONS 2010 projections and take into account the results of the 2011 census.

4.5 The resident population of Sunderland in 2011, based on the 2011 census is 275,506. By 2021, this is projected to increase by 3.1% to 283,966. During this time period, a demographic shift is likely. The proportion of residents aged 60 or over is expected to increase from 23.7% in 2011 to 26.6% and the proportion of residents aged 75 and over is projected to increase from 8% to 9.2%.

4.6 The number of residents aged 85+ is expected to increase from 5,250 in 2011 to 7,757 in 2021, an increase of 47.7%.

Figure 4.1 Sunderland population projections (in thousands) 2011 to 2021



Source: ONS 2011 Interim Population Projections

Age profile

4.7 The age profile of Sunderland mirrors that of the North East and England (Table 4.2).

Table 4.2 Age profile

| Age Group | Sunderland | North East | England |
|-------------|------------|------------|----------|
| 0-15 | 17.5 | 17.8 | 18.9 |
| 16-39 | 30.5 | 30.6 | 32.1 |
| 40-59 | 28.5 | 27.8 | 26.7 |
| 60-74 | 15.6 | 15.7 | 14.6 |
| 75+ | 7.9 | 8.1 | 7.7 |
| Total | 100.0 | 100.0 | 100.0 |
| Base | 275506 | 2596886 | 53012456 |

Source: ONS 2011 Census

Household type

4.8 According to the 2011 census, the structure of households in Sunderland mirrors that of the region and England (Table 4.3). There are some marginal variations, for instance there are slightly higher proportions of single people (non pensioner), couples with non-dependent children and lone parents compared with regional and national data.

Table 4.3 Household type

| Household Type | Sunderland (%) | North East (%) | England (%) |
|---|----------------|----------------|-------------|
| Non-Pensioner | | | |
| One Person | 18.4 | 18.4 | 17.9 |
| Couples - no children | 12.2 | 12.8 | 12.3 |
| Couples with dependent child(ren) | 12.8 | 13.4 | 15.3 |
| Couples with non-dependent child(ren) | 7.4 | 6.2 | 5.6 |
| Cohabiting - no children | 4.3 | 4.9 | 5.3 |
| Cohabiting - with dependent child(ren) | 4.8 | 4.5 | 4 |
| Cohabiting - with non-dependent child(ren) | 0.7 | 0.6 | 0.5 |
| Lone parent - with dependent child(ren) | 8.3 | 8.1 | 7.1 |
| Lone parent - with non-dependent child(ren) | 4.5 | 3.8 | 3.5 |
| Other - with dependent child(ren) | 2.2 | 1.9 | 2.6 |
| Other - all student | 0.6 | 0.7 | 0.6 |
| Other | 2.3 | 2.8 | 4.5 |
| Pensioner | | | |
| One Person | 13.4 | 13.5 | 12.4 |
| Couples | 7.9 | 8.2 | 8.1 |
| Other | 0.2 | 0.3 | 0.3 |
| Total | 100.0 | 100.0 | 100.0 |
| Base | 119,758 | 1,129,935 | 22,063,368 |

Source: 2011 Census Table KS105EW

Ethnicity

4.9 Table 4.4 summarises the ethnic profile of Sunderland's population based on the 2011 census. 94.8% of the population describe themselves as White British, the largest single ethnic group. Other notable ethnic groups include White Other (0.9%), Bangalesdhi (0.8%), Indian (0.6%), and Chinese (0.6%). By comparison 6.4%% of the population of the North East and 19.5% of the population in England are from ethnic groups other than White British.

Table 4.4 Ethnicity of Sunderland's population

| Ethnicity | | No. | % |
|------------------------------|---|---------|-------|
| White | English/Welsh/Scottish/Northern Irish/British | 261,209 | 94.8 |
| | Irish | 608 | 0.2 |
| | Gypsy or Irish Traveller | 70 | 0.0 |
| | Other | 2,395 | 0.9 |
| Mixed | White/Black Caribbean | 539 | 0.2 |
| | White / Black African | 239 | 0.1 |
| | White / Asian | 608 | 0.2 |
| | Other | 392 | 0.1 |
| Asian or Asian British | Indian | 1736 | 0.6 |
| | Pakistani | 669 | 0.2 |
| | Bangladeshi | 2,075 | 0.8 |
| | Chinese | 1,536 | 0.6 |
| | Other Asian | 1320 | 0.5 |
| Black or Black British | Black African | 1062 | 0.4 |
| | Black Caribbean | 111 | 0.0 |
| | Black Other | 100 | 0.0 |
| Chinese or other | Arab | 292 | 0.1 |
| | Other | 545 | 0.2 |
| Base | | 275,506 | 100.0 |

Source: 2011 Census Table KS201EW

4.10 The 2012 household survey identified 1,771 households headed by someone who described themselves as belonging to an ethnic group other than White British (Table 4.5).

4.11 Some facts relating to households where the household reference person is from a non-White British ethnic group include:

- 44.7% live in the Inner Urban Area and a further 22.6% live in the Southern Suburbs, 17.2% in Washington, 10.6% in the Coalfield Communities and 4.9% in the Northern Suburbs;
- A majority (52.9%) are owner occupiers, 33.4% rented privately and 13.7% are social renters;
- 34.8% had a gross income of less than £300 per week and 43.9% received more than £500 per week;
- 544 BAME households were in some form of housing need (30.7%); overcrowding, sharing facilities and property disrepair were most likely to be cited;
- 14.4% were dissatisfied with the state of repair of their homes.

Table 4.5 Ethnicity of Sunderland's population 2012

| Ethnicity of Household Reference Person | No. of households | % of households |
|---|-------------------|-----------------|
| White (British, English, Welsh, Scottish, Northern Irish) | 115286 | 98.5 |
| White - Irish | 114 | 0.1 |
| White - Gypsy or Irish Traveller | 22 | 0.0 |
| White - Central and Eastern European | 184 | 0.2 |
| White - other | 376 | 0.3 |
| Mixed or multiple ethnic group | 105 | 0.1 |
| Asian or Asian British | 522 | 0.4 |
| Black / African / Caribbean / Black British | 204 | 0.2 |
| Other ethnic group e.g. Middle East, North African, Arab | 244 | 0.2 |
| Total | 117058 | 100.0 |
| Missing Cases | 2700 | |
| Grand Total | 119758 | |

Step 1.2 National and regional economic policy

- 4.12 An overview of key economic policy documents relating to Sunderland has been presented in Chapter 2. The City is striving for economic growth which will increase housing requirements.

Overview

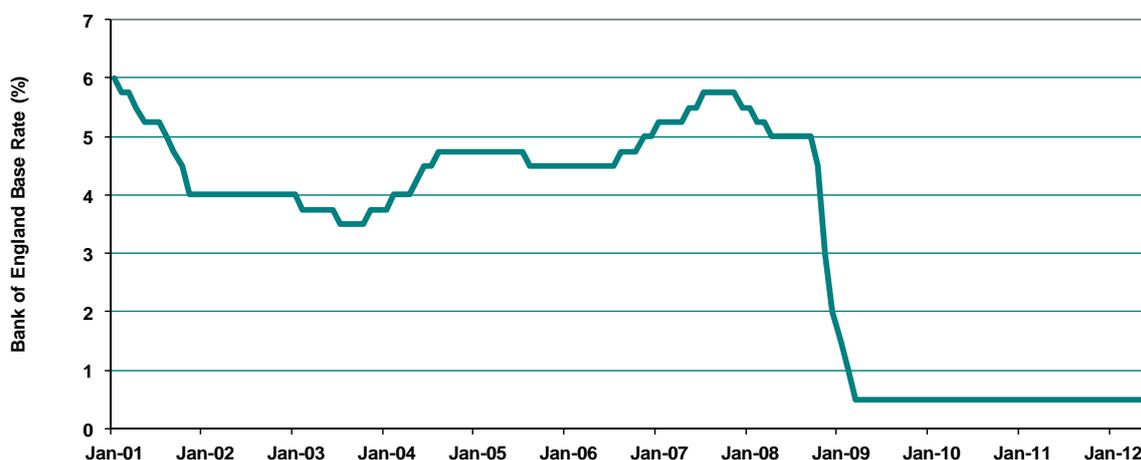
- 4.13 Macroeconomic factors such as interest rates, inflation and national economic growth all impact on the operation of the housing market. A useful overview of the UK economic context is provided by PriceWaterhouseCoopers (PWC).
- 4.14 PWC comment (July 2012) that there is likely to be Gross Domestic Product (GDP) growth of around zero in 2012 rising to 1.7% in 2013 and describes the general business climate as 'cloudy but improving'. The PWC report also comments that the UK housing market is likely to remain relatively flat over the next couple of years but should recover later in the decade as confidence is gradually restored, credit conditions ease for first time buyers and underlying supply shortages reassert themselves. However, it could be after 2020 before real house prices return to pre-crisis peak levels.

Interest rate trends

- 4.15 Figure 4.2 summarises interest rate trends over the period 2000 to 2012. Since 2000, the average monthly interest rate has been 3.8%. Over most of this period, interest rates fluctuated between 3.5% and 6%, but since

September 2008 have fallen and since March 2009 they have remained at 0.5%.

Figure 4.2 Interest rate trends 2001 -2012



Source: Bank of England

Step 1.3 Employment levels and structure

4.16 It is vitally important that the linkages between housing and the economy are explored in this research. Economic drivers include:

- The economic potential of local residents, including economic activity rates, educational qualifications and local incomes; and
- The future structure of the local economy and its role in the Regional Growth agenda.

4.17 The links between housing and the economy can be demonstrated in many ways:

- Physical development and regeneration can improve economic activity rates and also play a major role in enhancing the skills base of local residents through training initiatives;
- Providing a more diverse 'housing offer' can complement economic regeneration by providing residential opportunities for a variety of socio-economic groups, including higher income groups, recent graduates and students;
- Improving the 'housing offer' particularly in terms of choice and quality, may help stem out-migration and thus help maintain population to support local services and maintain Central Government resources.

4.18 A range of baseline economic data is now presented which provides a position statement of Sunderland's economic base. Future economic potential

is then discussed, in particular Sunderland's position within the Tyne and Wear City Region.

Economic activity

4.19 Economic activity levels amongst Sunderland's adult working-age population are summarised in Table 4.6. Economic activity rates are slightly lower than comparable regional and national data and the rate of unemployment is 8.6%.

Table 4.6 Economic activity 2012 (Adults 16 to 64)

| Economic Activity | Sunderland (%) | North East LEP (%) | North East Region (%) | England (%) |
|----------------------------------|-----------------------|---------------------------|------------------------------|--------------------|
| Total Economically Active | 70.9 | 73.6 | 73.3 | 76.6 |
| In employment | 62.3 | 65.9 | 65.2 | 70.3 |
| Unemployed | 8.6 | 7.7 | 8.1 | 6.3 |
| Economically inactive | 29.1 | 26.4 | 26.7 | 23.4 |
| Base: Working Age Population | 185,200 | 1,255,800 | 1,676,400 | 33,725,500 |

Source: Nomis - Labour Market Profile www.nomisweb.co.uk

Educational qualifications

4.20 Compared with regional and national data, Sunderland has a slightly higher proportion of working age residents without qualifications (Table 4.7). The proportion with higher-level qualifications i.e. NVQ3 and above is 46% which is slightly lower than the regional and national proportions.

Table 4.7 Educational qualifications of working age population

| % of economically active with: | Sunderland (%) | North Eastern LEP (%) | North East (%) | England (%) |
|---------------------------------------|-----------------------|------------------------------|-----------------------|--------------------|
| NVQ4+ - aged 16-64 | 25.6 | 31.6 | 30.8 | 36.8 |
| NVQ3 only - aged 16-64 | 20.4 | 19.1 | 19.2 | 16.8 |
| Trade Apprenticeships - aged 16-64 | 4.8 | 4.7 | 4.7 | 3.7 |
| NVQ2 only - aged 16-64 | 21.5 | 20.3 | 20.5 | 17.0 |
| NVQ1 only - aged 16-64 | 14.5 | 12.8 | 12.7 | 12.5 |
| other qualifications - aged 16-64 | 5.7 | 4.8 | 5.1 | 6.6 |
| no qualifications - aged 16-64 | 7.5 | 6.7 | 7.1 | 6.6 |
| Total | 100.0 | 100.0 | 100.1 | 100.0 |
| Base | 130,200 | 916,200 | 1,220,000 | 25,516,900 |

Source: Annual Population Survey via NOMIS Jan-Dec 2011

Step 1.4 Income and earnings

- 4.21 Table 4.8 summarises median and lower quartile income levels in Sunderland based on earnings of all residents in full-time employment. This illustrates that lower quartile incomes are comparable to the regional levels but around 91% of the national lower quartile figure; median incomes in Sunderland lag slightly behind the regional median and are 83.6% of the national median income.

Table 4.8 Income profiles 2011

| Location | Earnings each week | | Earnings each year | |
|------------|--------------------|---------|--------------------|---------|
| | Lower Quartile | Median | Lower Quartile | Median |
| Sunderland | £325.80 | £424.50 | £16,942 | £22,074 |
| North East | £333.00 | £450.90 | £17,316 | £23,447 |
| England | £360.00 | £507.60 | £18,720 | £26,395 |

Source: Annual Survey and Hours and Earnings (resident analysis full-time) via NOMIS

- 4.22 The 2012 household survey provided details on household incomes and can be used to illustrate how income levels vary by sub-area, tenure and household type (Tables 4.9 to 4.11).
- 4.23 Within Sunderland there are considerable variations in income. The annual average household income was highest in the Northern Coastal area (£27,092) and lowest in the Inner Urban Area (£17,513) where 50% of households received less than £225 each week.
- 4.24 Couples with one or two children had the highest average income (£34,349 each year) and single people aged 60 or over the lowest (£11,700 per year) along with student households.
- 4.25 Social renters had the lowest household incomes, with half receiving less than £175 each week. In contrast, owner occupiers with a mortgage had the highest income with an average of £32,740 and 50% received at least £625 each week.

Table 4.9 Gross household income by local housing market area

| Local Housing Market Area | Weekly household income | | | Annual household income | | |
|---------------------------|-------------------------|-------------|-------------|-------------------------|----------------|----------------|
| | Lower Quartile | Median | Mean | Lower Quartile | Median | Mean |
| Northern Suburbs | £175 | £275 | £350 | £9,100 | £14,300 | £18,180 |
| Northern Coastal | £225 | £475 | £521 | £11,700 | £24,700 | £27,092 |
| Inner Urban Area | £125 | £225 | £337 | £6,500 | £11,700 | £17,513 |
| Southern Suburbs | £225 | £375 | £450 | £11,700 | £19,500 | £23,399 |
| Coalfield Communities | £175 | £325 | £418 | £9,100 | £16,900 | £21,755 |
| Washington | £225 | £375 | £460 | £11,700 | £19,500 | £23,898 |
| Total | £175 | £325 | £427 | £9,100 | £16,900 | £22,211 |

Notes on statistics:

Mean = average

Median = Mid-point of income distribution i.e. 50% incomes are above this figure and 50% are below

Lower Quartile – 25% point of income distribution i.e. 25% below this figure and 75% are above

Source: 2012 household survey

Table 4.10 Mean and Median Gross household income by household type

| Household type | Weekly household income | | | Annual household income | | |
|---|-------------------------|-------------|-------------|-------------------------|----------------|----------------|
| | Lower Quartile | Median | Mean | Lower Quartile | Median | Mean |
| Single Adult (under 60) | £125 | £275 | £337 | £6,500 | £14,300 | £17,500 |
| Single Adult (60 or over) | £125 | £175 | £225 | £6,500 | £9,100 | £11,700 |
| Couple only (both under 60) | £325 | £625 | £596 | £16,900 | £32,500 | £30,979 |
| Couple only (one or both over 60) | £225 | £325 | £403 | £11,700 | £16,900 | £20,956 |
| Couple with 1 or 2 child(ren) | £425 | £625 | £661 | £22,100 | £32,500 | £34,349 |
| Couple with 3 or more children | £225 | £425 | £529 | £11,700 | £22,100 | £27,504 |
| Couple with child(ren) aged 18+ | £325 | £475 | £565 | £16,900 | £24,700 | £29,367 |
| Lone parent with 1 or 2 child(ren) under 18 | £125 | £225 | £255 | £6,500 | £11,700 | £13,254 |
| Lone parent with 3 or more children | £175 | £325 | £298 | £9,100 | £16,900 | £15,515 |
| Lone parent with child(ren) aged 18+ | £175 | £225 | £276 | £9,100 | £11,700 | £14,340 |
| Student Household | £90 | £90 | £132 | £4,680 | £4,680 | £6,840 |
| Other type of household | £175 | £275 | £341 | £9,100 | £14,300 | £17,728 |
| Total | £175 | £325 | £427 | £9,100 | £16,900 | £22,211 |

Notes on statistics:

Mean = average

Median = Mid-point of income distribution i.e. 50% incomes are above this figure and 50% are below

Lower Quartile – 25% point of income distribution i.e. 25% below this figure and 75% are above

Source: 2012 household survey

Table 4.11 Mean and Median Gross household income by tenure

| Tenure | Weekly household income | | | Annual household income | | |
|---|-------------------------|-------------|-------------|-------------------------|----------------|----------------|
| | Lower Quartile | Median | Mean | Lower Quartile | Median | Mean |
| Owned (no mortgage) | £225 | £325 | £430 | £11,700 | £16,900 | £22,356 |
| Owned (with mortgage) | £375 | £625 | £630 | £19,500 | £32,500 | £32,740 |
| Rented Privately (furnished) | £175 | £325 | £399 | £9,100 | £16,900 | £20,761 |
| Rented Privately (unfurnished) | £125 | £225 | £282 | £6,500 | £11,700 | £14,671 |
| Rented from Gentoo (formerly/previously Council) | £125 | £175 | £218 | £6,500 | £9,100 | £11,349 |
| Rented from another Housing Association (e.g. Places for People, Home, Endeavour, Accent, Three Rivers, Two Castles etc) | £125 | £175 | £218 | £6,500 | £9,100 | £11,350 |
| Shared Ownership, Shared Equity, Discounted for sale, Low Cost Home Ownership | £175 | £325 | £291 | £9,100 | £16,900 | £15,137 |
| Tied accommodation (with a job) | £475 | £625 | £525 | £24,700 | £32,500 | £27,283 |
| Total | £175 | £325 | £427 | £9,100 | £16,900 | £22,211 |

Notes on statistics:

Mean = average

Median = Mid-point of income distribution i.e. 50% incomes are above this figure and 50% are below

Lower Quartile – 25% point of income distribution i.e. 25% below this figure and 75% are above

Source: 2012 household survey

Stage 2: The housing stock

Step 2.1 Dwelling profile

4.26 The 2012 household survey provides a wealth of information on current dwelling stock including dwelling size, type, condition and tenure. The characteristics of residents living in particular tenures can also be explored to ascertain the general markets that tenures are serving. This analysis is needed to help inform priorities for the development of affordable and market housing, explore demand trends for social rented stock and explore inter-relationships between tenures.

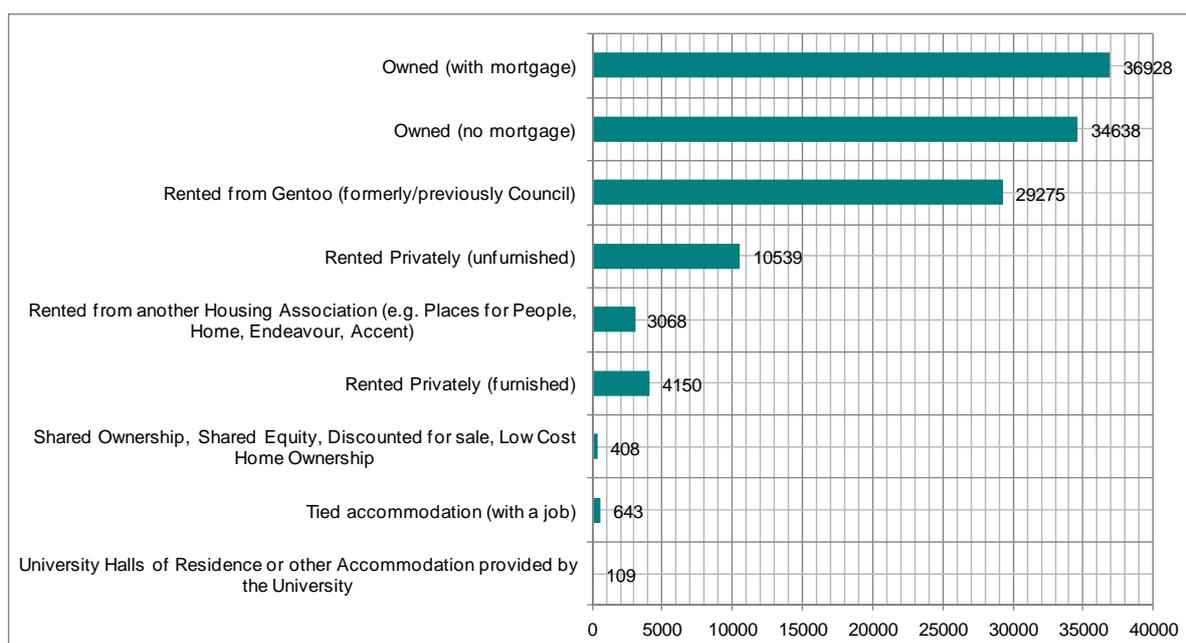
Total stock and change over time

- 4.27 According to the 2011 census there were 123,367 dwellings in Sunderland accommodating and 2012 Council Tax data reports 124,851 dwellings¹⁷. The 2012 household survey has used the 2011 census base of 119,760 households. In 2001 there were 122,075 dwellings across Sunderland.
- 4.28 2012 Council Tax data reports that 4,516 dwelling are vacant. Within the total dwelling stock figure there are an estimated 1,500 units of Student Halls of Residence accommodation.

Property tenure

- 4.29 The tenure profile of Sunderland is summarised in Figure 4.3. Variations in broad tenure groups by local housing market area is summarised in Figure 4.4 Overall, based on 2012 household survey evidence, 59.7% of occupied dwellings are owner-occupied, 27.3% are social rented and 12.9% are private rented.

Figure 4.3 Sunderland tenure profile 2012



Source: 2012 household survey

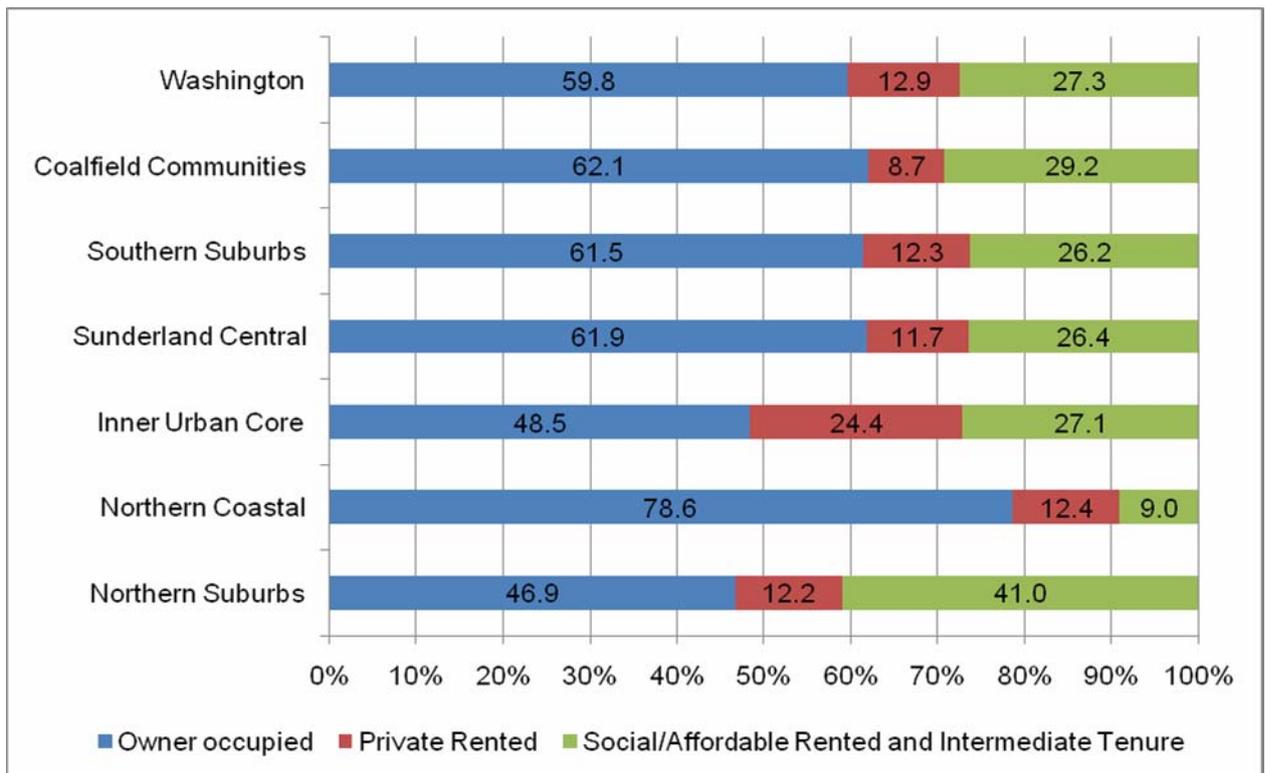
- 4.30 The tenure profile varies to some extent across Sunderland, as illustrated in Figure 4.4. Proportions of owner occupied dwellings are highest in the Northern Coastal area, with proportions of social rented highest in the

¹⁷ 2012 Council Tax

Northern Suburbs. The proportion of private rented dwellings is highest in the Inner Urban Area.

- 4.31 Table 4.12 compares the tenure profile of Sunderland with the national and regional profile and indicates that the proportion of owner-occupied dwellings is slightly lower than the national average; the proportion of social rented stock is higher compared with the North East and much higher than the national average; and the proportion of private rented properties is below the national average.

Figure 4.4 Variation in tenure profile by local housing market area



Source: 2012 household survey

Table 4.12 Comparison of national and regional tenure profiles with Sunderland

| Tenure | Sunderland (%) | North East (%) | England (%) |
|---------------------------------------|----------------|----------------|-------------|
| Owner Occupied | 59.8 | 61.8 | 63.4 |
| Affordable (Social/affordable rented) | 27.1 | 22.9 | 17.7 |
| Private Rented | 12.8 | 14.9 | 18.1 |
| Intermediate | 0.3 | 0.4 | 0.8 |
| Total | 100 | 100 | 100 |
| Base | 119758 | 1129935 | 22063368 |

Source: ONS 2011 Census

Property size and type

- 4.32 Table 4.13 reviews the profile of occupied dwelling stock by size and type. Overall, the vast majority (72.1%) of properties are traditional houses and a further 4.5% are Sunderland Cottage terraces; 12.1% are flats and maisonettes and 10.6% are bungalows. Of all occupied properties, most have either two (35.5%) or three (41.2%) bedrooms, with 14.2% having four or more bedrooms.
- 4.33 Tables 4.14 and 4.15 summarise dwelling type profile in terms of property type and number of bedrooms by local housing market area. These tables show notable variations across the City, for instance the relatively higher proportion of detached properties in the Coalfield Communities and Washington areas; higher proportions of semi-detached dwellings in the Northern Suburbs, Northern Coastal and Southern Suburbs; Sunderland Cottages in the Northern Coastal and Inner Urban Areas; bungalows in the Coalfield Community and Washington areas; and flats in the Inner Urban Area. In terms of number of bedrooms (Table 4.15), proportions of larger 4 or more bedroom dwellings were highest in the Northern Coastal and Washington sub-areas; in contrast the proportion of one bedroom/bedsit dwellings was highest in the Inner Urban Area. Generally across Sunderland the majority of dwellings in each sub-area had two or three bedrooms.
- 4.34 Table 4.16 compares the property type profile of Sunderland with the North East and England using data provided by the Valuation Office Agency which relates to all dwellings. The data shows that Sunderland has a lower proportion of detached houses and flats compared with both regional and national data. The proportion of bungalows is noticeably higher but this will include Sunderland Cottages. The proportion of terraced houses is slightly lower than the regional average but higher than the national average.

Table 4.13 Property type and size

| No. Bedrooms | Property type | | | | | | | Total | Base |
|--------------|----------------|---------------------------------|----------------|---------------------|----------|---------------------------|-------------------------|--------|--------|
| | Detached house | Semi-detached house\ town house | Terraced house | Sunderland Cottages | Bungalow | Flat/Apartment/Maisonette | Caravan/Park Home/Other | | |
| One/Bedsit | 0.0 | 0.0 | 0.4 | 0.5 | 3.1 | 5.0 | 0.1 | 9.1 | 10817 |
| Two | 0.9 | 11.8 | 7.3 | 3.1 | 5.7 | 6.5 | 0.2 | 35.5 | 42120 |
| Three | 3.5 | 21.7 | 12.8 | 0.8 | 1.6 | 0.6 | 0.2 | 41.2 | 48948 |
| Four | 5.7 | 3.7 | 2.1 | 0.0 | 0.3 | 0.0 | 0.1 | 11.8 | 14027 |
| Five or more | 1.0 | 0.8 | 0.4 | 0.0 | 0.0 | 0.0 | 0.1 | 2.4 | 2808 |
| Total | 11.1 | 38.0 | 23.0 | 4.5 | 10.6 | 12.1 | 0.7 | 100.0 | 118720 |
| Base | 13123 | 45138 | 27316 | 5289 | 12615 | 14400 | 839 | 118720 | |

Source: 2012 household survey

Table 4.14 Property type by local housing market area

| Local Housing Market Area | Dwelling type (%) | | | | | | | Total | Base(Valid Responses) |
|---------------------------|-------------------|---------------------------------|----------------|---------------------|----------|-----------------|-------|-------|-----------------------|
| | Detached house | Semi-detached house\ town house | Terraced house | Sunderland Cottages | Bungalow | Flat/Maisonette | Other | | |
| Northern Suburbs | 5.3 | 51.8 | 20.9 | 3.8 | 6.7 | 10.5 | 0.9 | 100.0 | 14595 |
| Northern Coastal | 3.7 | 48.4 | 17.8 | 12.7 | 2.6 | 14.5 | 0.2 | 100.0 | 9842 |
| Inner Urban Area | 3.6 | 25.8 | 26.0 | 15.8 | 8.8 | 18.7 | 1.4 | 100.0 | 14877 |
| Southern Suburbs | 11.7 | 46.8 | 13.8 | 2.8 | 10.9 | 13.3 | 0.7 | 100.0 | 37318 |
| Coalfield Communities | 16.4 | 32.9 | 29.9 | 0.4 | 15.9 | 3.8 | 0.6 | 100.0 | 19049 |
| Washington | 16.9 | 22.9 | 33.7 | 0.1 | 12.8 | 13.0 | 0.5 | 100.0 | 23334 |
| Sunderland | 11.0 | 38.0 | 23.0 | 4.4 | 10.6 | 12.2 | 0.7 | 100.0 | 119015 |

Source: 2012 household survey

Table 4.15 Property size by local housing market area

| Local Housing Market Area | No. bedrooms (%) | | | | | Total | Base(Valid Responses) |
|---------------------------|------------------|------|-------|------|--------------|-------|-----------------------|
| | One/Bedsit | Two | Three | Four | Five or more | | |
| Northern Suburbs | 9.6 | 41.2 | 40.9 | 7.2 | 1.1 | 100.0 | 14635 |
| Northern Coastal | 8.2 | 30.2 | 43.5 | 13.6 | 4.5 | 100.0 | 9790 |
| Inner Urban Area | 12.0 | 43.8 | 34.8 | 6.1 | 3.3 | 100.0 | 14927 |
| Southern Suburbs | 8.7 | 38.0 | 39.7 | 11.5 | 2.1 | 100.0 | 37452 |
| Coalfield Communities | 9.5 | 35.1 | 41.1 | 11.6 | 2.7 | 100.0 | 19044 |
| Washington | 7.6 | 25.4 | 47.1 | 18.1 | 1.7 | 100.0 | 23306 |
| Sunderland | 9.1 | 35.6 | 41.2 | 11.8 | 2.4 | 100.0 | 119154 |

Source: 2012 household survey

Table 4.16 Property type comparison

| Property type | Sunderland (%) | North East (%) | England (%) |
|--|----------------|----------------|-------------|
| Detached house | 7.5 | 10.8 | 15.5 |
| Semi-detached house | 34.0 | 30.4 | 24.3 |
| Terraced house | 28.0 | 30.4 | 27.0 |
| Bungalow (including Sunderland Cottages) | 16.1 | 11.8 | 9.8 |
| Flat/Maisonette | 14.1 | 16.2 | 22.0 |
| Other | 0.4 | 0.3 | 1.4 |
| Total | 100.0 | 100.0 | 100.0 |
| Base | 124610 | 1180650 | 22986730 |

Source: 2011 Valuation Office Agency (total dwelling stock)

Newbuild activity

4.35 Table 4.17 summarises newbuild activity over the period 2007/08 to 2011/12 in terms of gross completions by broad tenure. Completions have averaged 687 each year, with private sector development accounting for 59% of the total and RPs 41%.

Table 4.17 Newbuild activity in Sunderland

| Year | No. of Completions (Gross) | | |
|-----------------------|----------------------------|-------------|-------------|
| | Private | RSL | Total |
| 2007/08 | 613 | 205 | 818 |
| 2008/09 | 421 | 422 | 843 |
| 2009/10 | 395 | 219 | 614 |
| 2010/11 | 319 | 411 | 730 |
| 2011/12 | 280 | 150 | 430 |
| TOTAL (14yrs) | 2028 | 1407 | 3435 |
| Annual Average | 406 | 281 | 687 |

City of Sunderland Council

*Right to buy*¹⁸

4.36 At the time of the 1980 Housing Act which gave Council renters the right-to-buy their homes, there was a total of 54,364 Council dwellings in Sunderland. By the time of stock transfer to Sunderland Housing Group in 2001, a total of 17,471 dwellings had been sold under right-to-buy, representing 32.1% of Council dwelling stock. Although post-transfer tenants have still had the right to acquire their homes, the ability for renters to buy their homes has become

¹⁸ Based on CLG/ODPM information

more difficult as house prices have increased and therefore the price paid, after available discounts are taken into consideration, has increased too. Table 4.18 indicates that the level of right to buy/acquire sales has fallen dramatically from a peak of 688 in 2004/5 and over the past three years to 2011/12, an average of 20 dwellings have been sold.

Table 4.18 Right to buy/acquire activity in Sunderland 2004/5 to 2011/12

| Year | No. Sales |
|------------------------|-----------|
| 2004/05 | 688 |
| 2005/06 | 433 |
| 2006/07 | 209 |
| 2007/08 | 123 |
| 2008/09 | 21 |
| 2009/10 | 14 |
| 2010/11 | 26 |
| 2011/12 | 20 |
| Total | 1534 |
| Average (last 3 years) | 20 |

Owner occupation: general market context

- 4.37 Over the period 2000 to 2012, median house prices have increased from £45,125 to £112,250, peaking in 2007 at £129,874. Table 4.19 summarises how average property prices have changed over the period 2000 to 2012 and how rates of change have varied annually, peaking at a 25.1% increase in 2002/3. The rate of house price increase has been slowing since 2004 and began to reverse in 2008 but prices have increased during 2012 by 4% on the previous year.
- 4.38 It is interesting to note that in 2000, a household income of around £15,733 was required to ensure that an average-priced property was affordable in Sunderland. By 2012, an income of £35,606 was required, an increase of 126.3% and far outstripping wage inflation over this period. This compares with a average income of £25,464¹⁹.

¹⁹ Average income based on 2012 ASHE Resident Analysis

Table 4.19 Average property prices in Sunderland 2000-2012 and annual rate of change

| Year | Average Price (£) | Price inflation: % increase in previous year | Gross Income required to be affordable (£)* |
|--------|-------------------|--|---|
| 2000 | £55,064 | | £15,733 |
| 2001 | £59,891 | 8.8 | £17,112 |
| 2002 | £71,123 | 18.8 | £20,321 |
| 2003 | £88,944 | 25.1 | £25,413 |
| 2004 | £107,720 | 21.1 | £30,777 |
| 2005 | £115,176 | 6.9 | £32,908 |
| 2006 | £123,439 | 7.2 | £35,268 |
| 2007 | £129,874 | 5.2 | £37,107 |
| 2008 | £126,967 | -2.2 | £36,276 |
| 2009 | £121,388 | -4.4 | £34,682 |
| 2010 | £125,672 | 3.5 | £35,906 |
| 2011 | £119,803 | -4.7 | £34,230 |
| 2012** | £124,622 | 4.0 | £35,606 |

*To be affordable, it is assumed that a property should cost no more than 3.5x gross household income

**Q3 2012 average price

Source: CLG Housing Statistics and Land Registry Price Paid data

Owner occupation: stock information

4.39 The majority of households in Sunderland (59.8%) live as owner-occupiers²⁰; 30.8% own outright (36,900) and 28.9% own with a mortgage (34,600). Table 4.20 provides a summary of a range of data associated with owner-occupied stock. Key observations include:

- 83.3% of owner-occupied properties are houses; 76.9% have two or three bedrooms;
- 18.3% of owner-occupied stock was built pre-1919 and 41.2% has been built since 1965;
- Although the vast majority of owner-occupier households are satisfied with the condition of stock, 4.0% of outright owners and 7.4% of owners with a mortgage were dissatisfied or very dissatisfied.

²⁰ excluding intermediate tenure

Table 4.20 Attributes of owner-occupied stock

| Property type | OO(O) | OO(M) | OO(All) | All Stock |
|------------------------------------|--------------|--------------|----------------|------------------|
| Detached house | 14.4 | 16.6 | 15.5 | 11.0 |
| Semi-detached house\town house | 41.9 | 44.6 | 43.2 | 38.1 |
| Terraced house | 23.5 | 25.7 | 24.6 | 23.0 |
| Sunderland Cottages | 5.9 | 4.5 | 5.2 | 4.4 |
| Bungalow | 10.4 | 4.2 | 7.4 | 10.6 |
| Maisonette | 0.2 | 0.2 | 0.2 | 0.4 |
| Flat/Apartment | 3.0 | 3.7 | 3.3 | 11.8 |
| Caravan / Park Home | 0.1 | 0.0 | 0.1 | 0.1 |
| Other | 0.4 | 0.4 | 0.4 | 0.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 36770 | 34638 | 71409 | 119017 |
| Property age | OO(O) | OO(M) | OO(All) | All Stock |
| Pre 1919 | 19.1 | 17.5 | 18.3 | 15.5 |
| 1919 to 1944 | 17.3 | 15.6 | 16.5 | 16.9 |
| 1945 to 1964 | 23.5 | 24.2 | 23.9 | 26.1 |
| 1965 to 1984 | 27.1 | 23.2 | 25.2 | 25.9 |
| 1985 to 2004 | 11.1 | 14.6 | 12.8 | 11.4 |
| 2005 onwards | 1.8 | 4.9 | 3.3 | 4.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 36344 | 34215 | 70559 | 109406 |
| No. of bedrooms | OO(O) | OO(M) | OO(All) | All Stock |
| One/Bedsit | 1.6 | 2.1 | 1.8 | 9.1 |
| Two | 31.0 | 23.2 | 27.2 | 35.6 |
| Three | 48.8 | 50.7 | 49.7 | 41.3 |
| Four | 16.1 | 20.1 | 18.0 | 11.8 |
| Five or more | 2.6 | 3.9 | 3.2 | 2.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 29153 | 46493 | 71357 | 119153 |
| Satisfaction w/repair | OO(O) | OO(M) | OO(All) | All Stock |
| Very satisfied | 49.8 | 33.6 | 41.9 | 40.6 |
| Satisfied | 34.2 | 46.5 | 40.2 | 34.1 |
| Neither satisfied nor dissatisfied | 7.2 | 10.5 | 8.8 | 0.0 |
| Dissatisfied | 3.6 | 7.1 | 5.3 | 11.2 |
| Very dissatisfied | 0.5 | 0.3 | 0.4 | 14.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 36928 | 34638 | 71566 | 119649 |

Notes: OO(O) = Owned Outright OO(M) = Owned with a mortgage

Table based on valid responses which excludes missing cases

Source: 2012 household survey

Owner occupation: household characteristics

4.40 A range of socio-economic and demographic information on residents has been obtained from the 2012 household survey. Some interesting observations relating to owner-occupiers include:

- There are disparities in the income profile of owner-occupiers. Outright owners tend to be older and therefore more likely to be living on a retirement income (41.1% receive an income of under £300 per week). This could have implications for the ability of households to maintain their home. In contrast, 15.1% of owners with a mortgage receive under £300 per week and 55.9% receive at least £500 per week;
- 86.9% of outright owners have lived in their home for at least 10 years (and of these 69.4% have lived there for at least 20 years), indicating a high degree of residential stability. This compares with 54.5% of mortgaged owners who have lived in their home for at least 10 years, again reflecting the different age profiles of households who own outright or have a mortgage;
- 72.9% of household reference persons (heads of household) in a property owned outright are aged 60 or over and 56.3% of all heads of household aged 75 or over are outright owners; in contrast, 32.5% of household reference persons aged 16 to 59 live in a mortgaged property;
- Couples with children account for 33.1% of owner-occupiers with a mortgage and a further 15.9% are couples/lone parents with adult children; 18.8% are couples with no children; 67.5% of outright owners are singles/couples over 60, 10.4% are couples/lone parents with adult children;
- 52.9% of BAME households are owner-occupiers;
- 71.2% of all economically active household reference persons live in owner-occupied stock; and
- 63.3% of all retired household reference persons are owner-occupiers along with 24.5% of household reference persons who are permanently sick or have a disability.

Owner occupation – views of estate agents

4.41 Estate agents consulted in Sunderland generally identified the local housing markets as being generally weak, with activity in terms of sales limited. Demand was felt to be slow or poor by almost all of the estate agents interviewed; only one identified demand as being good and this was due to selling six houses in the week the interview took place.

4.42 Agents confirmed that in terms of Sunderland's housing markets values are static or falling. Generally agents felt that values have either gone down or remain the same as they were two years ago; compared to five years ago values are down significantly, with one agent commenting that the market '*has changed completely, it was booming then*'.

- 4.43 Agents identified a number of reasons for the poor levels of demand for housing in Sunderland, these include:
- Lack of confidence;
 - Overall market conditions;
 - Lack of finance (restricted access to mortgages and prohibitively high deposits);
 - Time of the year (autumn);
 - Unrealistic (high) sales values;
 - Recession and economic climate;
 - Lack of first time buyers; and
 - Unemployment.
- 4.44 Some locations were identified as having stronger demand than others, these included:
- Ashbrooke;
 - Barnes;
 - Hetton;
 - Houghton;
 - Newbottle;
 - Springwell village; and
 - Fatfield (Washington)
- 4.45 In terms of property type, town houses, flats and detached properties were identified as not selling so well in current market conditions; houses that are '*too expensive*' were also identified as problematic, emphasising the price sensitive nature of the current market. Retirement complexes were also felt to be slower to sell. Traditional family housing (three and four bed semis, detached and terraced houses) were identified as being the most preferred type of dwelling people are interested in buying.
- 4.46 There was a strong consensus that to sell, a property needs to be on at the 'right' price. There is demand for all property types but sales are extremely price sensitive, and a lack of access to mortgage finance (and deposits) is a significant barrier preventing people accessing owner occupation. The inability to access mortgage finance was repeatedly identified by agents as a critical factor in preventing owner occupation across local housing market areas. There are very limited numbers of first time buyers, which is having an adverse impact on movement within the market.
- 4.47 Sales to buy to let investors remain strong, with demand being generally for lower end properties (with values around £50,000 being mentioned); repossessions are being acquired by buy to let investors.
- 4.48 Negative equity was identified as being an issue within the market, especially in terms of preventing people from moving, and therefore dampening demand.

- 4.49 The housing market within Sunderland was felt to be fairly self-contained, with demand generally coming from existing residents. That said a number of agents identified demand from people moving into the area for family reasons or for employment. Conversely, lack of employment opportunities and unemployment were identified as factors limiting demand.
- 4.50 New build homes are selling better than resales in some instances, but this is due to developers *'slashing prices to keep the market moving which undervalues older properties'*; developers also offer a range of incentives to achieve sales on new developments. If 'deals' are not on the table then new build properties are selling no quicker than resales. Area was also felt to be a key factor, with new build homes selling well *'in good areas otherwise no better than resales.'*
- 4.51 Provision of intermediate tenure housing was felt to be a good idea by some of the agents interviewed; although just over half felt that it was not necessary. For those identifying affordable home ownership as important, it was felt that the provision of affordable family and starter homes for sale for around £100,000 would be most beneficial.
- 4.52 For those agents dealing with student accommodation, it was felt that demand for this type of provision was either static or falling.

Affordable: stock information

- 4.53 There are an estimated 32,751 households living in affordable housing, of whom 29,275 live in Gentoo stock, 3,068 live in other Registered Provider stock and a further 408 live in Intermediate Tenure dwellings. Intermediate affordable housing can be defined as *'housing at prices and rents above those of social rent, but below market price or rents'*. Intermediate tenure includes shared equity products (e.g. Homebuy), discounted for sale houses etc as summarised in Table 4.21.

Table 4.21 Intermediate tenure options

| Tenure option | General description |
|-------------------------------------|---|
| Newbuild homebuy (Shared ownership) | Property is owned jointly between household and an RSL. A mortgage is paid on the part owned and rent on the RSL share (normally between 25% and 75%). A service charge is also normally paid. It is usually possible to 'staircase' up to a 100% equity share. |
| Leasehold Scheme for the Elderly | Property is owned jointly with a Housing Association. Specifically for older people. 'Staircasing' to full value not normally possible. |
| Shared equity | Property is jointly owned with someone else e.g. a Housing Association or private developer; the household only pays a mortgage on the share they own. |
| Open market homebuy | Equity loan scheme to help households buy on the open market allowing eligible households to borrow between 15 and 50% of the property value at a low, or no, interest rate. Any change in property value would be shared with the loan |

| Tenure option | General description |
|---------------------------|---|
| | provider. |
| Social homebuy | Allows social housing tenants to buy their current home either outright or on shared ownership terms. |
| Discounted home ownership | Property is bought and resold at below open market value in perpetuity. |

4.54 Observations relating to affordable housing based on the 2012 household survey are presented in Table 4.22. This shows:

- Houses account for 56.5% of all occupied affordable stock, flats 22.5%, bungalows 19.1% and 1.9% other dwelling types.
- Most households living in affordable dwellings have one (23.3%), two (45.7%) or three (28.5%) bedrooms. Overall 22.6% of Gentoo and 32.4% of other Registered Provider households have one bedroom;
- 56.4% of occupied Gentoo stock was built before 1965 and 43.7% was built after 1965; this compares with 40.1% before 1965 and 59.9% after 1964 for other Registered Provider occupied dwellings;
- There is a high degree of satisfaction with the state of repair of Gentoo stock (70.3%) and stock owned by other Registered Providers (74.2%). 11.3% of households living in Gentoo stock and 13.8% living in other RP stock were dissatisfied with state of repair, slightly higher than the average of 9.5% across all tenures.

Table 4.22 Attributes of affordable dwelling stock

| Property type | Rented (Gentoo) (%) | Rented (Other HA) (%) | Intermediate (%) | Total Affordable (%) | All Stock (%) |
|------------------------------------|---------------------|-----------------------|------------------|----------------------|---------------|
| Detached house | 2.9 | 1.3 | 4.4 | 2.7 | 11.0 |
| Semi-detached house\town house | 36.7 | 27.3 | 27.0 | 35.7 | 38.1 |
| Terraced house | 18.1 | 20.3 | 3.9 | 18.1 | 23.0 |
| Sunderland Cottages | 0.4 | 0.0 | 6.4 | 0.5 | 4.4 |
| Bungalow | 20.8 | 4.7 | 10.2 | 19.1 | 10.6 |
| Maisonette | 0.6 | 0.6 | 0.0 | 0.6 | 0.4 |
| Flat/Apartment | 20.0 | 43.1 | 43.1 | 22.5 | 11.8 |
| Caravan / Park Home | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Other | 0.5 | 2.7 | 5.0 | 0.8 | 0.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 28839 | 3013 | 408 | 32261 | 119017 |
| Property age | Rented (Gentoo) (%) | Rented (Other HA) (%) | Intermediate (%) | Total Affordable (%) | All Stock (%) |
| Pre 1919 | 5.0 | 6.1 | 6.4 | 5.2 | 15.5 |
| 1919 to 1944 | 14.8 | 20.0 | 0.0 | 15.1 | 16.6 |
| 1945 to 1964 | 36.4 | 14.0 | 5.8 | 33.7 | 25.7 |
| 1965 to 1984 | 34.0 | 19.7 | 24.3 | 32.4 | 25.2 |
| 1985 to 2004 | 4.5 | 34.9 | 35.3 | 8.0 | 11.9 |
| 2005 onwards | 5.3 | 5.3 | 28.2 | 5.6 | 4.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 23398 | 2671 | 408 | 26477 | 109406 |
| No. of bedrooms | Rented (Gentoo) (%) | Rented (Other HA) (%) | Intermediate (%) | Total Affordable (%) | All Stock (%) |
| One/Bedsit | 22.6 | 32.4 | 5.8 | 23.3 | 9.1 |
| Two | 45.6 | 43.5 | 69.9 | 45.7 | 35.6 |
| Three | 29.5 | 20.1 | 24.3 | 28.5 | 41.3 |
| Four | 2.4 | 1.0 | 0.0 | 2.2 | 11.8 |
| Five or more | 0.0 | 3.0 | 0.0 | 0.3 | 2.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 29072 | 3038 | 408 | 32518 | 120335 |
| Satisfaction w/repair | Rented (Gentoo) (%) | Rented (Other HA) (%) | Intermediate (%) | Total Affordable (%) | All Stock (%) |
| Very satisfied | 26.5 | 30.4 | 48.3 | 27.2 | 35.9 |
| Satisfied | 43.7 | 43.7 | 47.3 | 43.8 | 40.2 |
| Neither satisfied nor dissatisfied | 16.2 | 10.6 | 4.4 | 15.5 | 11.9 |
| Dissatisfied | 8.3 | 9.8 | 0.0 | 8.4 | 7.5 |
| Very dissatisfied | 2.9 | 3.9 | 0.0 | 3.0 | 1.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 29275 | 3068 | 408 | 32751 | 119649 |

Table based on valid responses which excludes missing cases

Source: 2012 household survey

Affordable housing: household characteristics

4.55 Key observations relating to the characteristics of households living in affordable housing:

- Although a variety of household types live in social rented properties, 43.4% are older singles and couples, 17.7% are singles under 60, 10.3% are couples/lone parents with adult children, 7.7% are couples with children, 8.4% are lone parents and 5.7% are couples with no children and 6.9% are other household types;
- Older singles/couples account for 73.9% of households living in intermediate tenure dwellings, 20.3% of households renting from a Registered Provider (other than Gentoo) are singles under 60;
- Overall, 48.5% of all households living in social rented stock are headed by someone aged 60 or over;
- 49.7% of Gentoo households and 46.7% of households living in other Registered Provider stock have lived in their accommodation for 10 years or more compared with 15.6% and 14.8% respectively who have lived there for less than two years. This suggests a degree of residential stability amongst social renters. 37.1% of households living in intermediate tenure dwellings have lived in their accommodation for at least 10 years and 28.2% have lived in their home for less than 2 years;
- 27.9% of all heads of households living in affordable housing are working either full- or part-time. A further 34.7% are retired, 7.7% are unemployed, 21.2% are permanently sick/disabled and the remaining 8.5% are not working for some other reason e.g. caring for someone or in full-time education;
- Incomes are generally low, with 79.8% of households living in affordable accommodation receiving less than £300 each week and 55.4% receive less than £200 each week.

Private rented sector: general context

4.56 Nationally, the private rented sector has established itself as an important dimension of the housing market to complement owner occupation and social renting. The sector plays a major role in facilitating labour mobility. The sector is diverse in terms of the range of households it accommodates and the types of properties available. A report 'The Modern Private Rented Sector'²¹ provides a useful overview of the sector. Drawing upon 2001 census data, it suggests that the private rented sector has five key roles:

- A traditional housing role for people who have lived in the private rented sector for many years;

²¹ 'The Modern Private Rented Sector' David Rhodes, 2006 University of York with CIH/JRF

- Easy access housing for the young and mobile;
 - Providing accommodation tied to employment;
 - A residual role for those who are unable to access owner occupation or social renting;
 - An alternative to social rented housing (for instance those wanting to move to a different area but unable to do so through their social housing provider).
- 4.57 Given the range of roles of the private rented sector, there is a considerable diversity in the characteristics of private renting tenants. Evidence from the 2001 census (Rhodes, 2006) indicates that households living in private rented accommodation:
- tend to have younger heads of household;
 - are ethnically diverse;
 - singles, lone parents and other multi-adult households are over-represented compared with other tenures;
 - people in professional and higher technical occupations are over-represented compared with other tenures;
 - are more likely to be highly mobile geographically and turnover rates are high;
 - are more likely to accommodate international migrants.
- 4.58 The report ‘The Private Rented Sector: its contribution and potential²²’ identified that the private rented sector is complex and distinct sub-markets include:
- Young professionals;
 - Students, whose needs are increasingly being met by larger, branded, institutional landlords;
 - The housing benefit market, where landlord and tenant behaviour is largely framed by housing benefit administration;
 - Slum rentals at the very bottom of the PRS, where landlords accommodate often vulnerable households in extremely poor quality property;
 - Tied housing, which is a diminishing sub-sector nationally but still has an important role in some rural locations;
 - High-income renters, often in corporate lettings;
 - Immigrants whose most immediate option is private renting;

²² The Private Rented Sector: its contribution and potential’ Julie Rugg and David Rhodes, Centre for Housing Policy The University of York 2008

- Asylum seekers, housed through contractual agreements with government agencies;
 - Temporary accommodation, financed through specific subsidy from the Department for Work and Pensions; and
 - Regulated tenancies, which are a dwindling portion of the market
- 4.59 The report concludes that the PRS needs to become a flexible, well-functioning element of the housing market. To this end, its recommendations include:
- More policy to encourage a better understanding of managed rented housing and mandatory regulation of managing agents to ensure better quality management standards and Registered Providers should be encouraged to enter this market place;
 - Initiatives to ‘grow’ the business of letting, encouraging smaller, good landlords to expand their portfolios and view this as a business;
 - Equalising rental choice so low-income households can make a real choice between a social or private let and see both as being equally desirable;
 - Light-touch licensing and effective redress to encourage local authorities to target the very worst landlords and a permit/licence would be required by all landlords that would be revoked if the landlord did not meet statutory requirements on housing management and quality.
- 4.60 The private rented sector in Sunderland has continued to grow in response to current market conditions, as people struggle to access mortgage finance potential purchasers turn to renting, whilst many potential vendors unable to sell find themselves reluctant landlords. To illustrate the point the following example was provided:
- ‘Prior to the credit crunch a typical property selling for between £90,000 to £120,000 would require a £4-6,000 deposit; in the current market a 15% deposit of £13,500 to £18,000 is required, which is impossible to save.’*
- 4.61 Some stakeholders raised concerns that the private rented sector is too big and, in some instances, offers poor quality accommodation. However, it is apparent that the scale and extent of the private rented sector in Sunderland is unknown. Several stakeholders identified the need for additional research into the sector to enable an evidence base to be developed along with a better understanding of the challenges facing the sector. Much anecdotal evidence was provided by stakeholders (for example, Echo 24) concerning poor conditions and management practices within the private rented sector, which is felt to be poorly regulated - licensing of private landlords is not compulsory.
- 4.62 It is clear that there are significant issues linked to the buy to let market, which has been described as saturated. Poor management practice has also been linked to buy to let properties. There are concentrations of private rented accommodation within the city centre and across the inner city areas along with some buy to lets from former repossession properties in the Washington

area. The rental market is very strong in ex-local authority areas (i.e. ex-right to buy homes); most buy to let properties are below £80,000 in value.

- 4.63 Demand for rented accommodation is from all household types, from people excluded from social housing and those on low income and benefit dependents, to economic migrants working at Nissan, the hospital, and the University. There are very few professionals renting properties across Sunderland. Given this demand profile there are strong concerns about the impact of welfare reforms and how these will make the private rented sector inaccessible to many currently using it; anecdotal examples of private landlords ceasing to let to tenants on housing benefit were cited. It was felt that these factors will continue to drive up demand for affordable housing in Sunderland.

Private rented sector: stock information

- 4.64 The 2012 household survey estimated that there are around 15,330 privately renting households across Sunderland, representing 12.9% of households²³. Of these:
- 10,539 rent unfurnished;
 - 4,150 rent furnished; and
 - 643 rent tied accommodation.
- 4.65 Table 4.23 summarises the distribution of households living in the private rented sector by local housing market area. Numerically, the greatest number of private renting households are in the Southern Suburbs but proportionately they account for 23.6% of households in the Inner Urban Area.

²³ Note this excludes Halls of Residence

Table 4.23 Distribution of private renting households in Sunderland

| Local Housing Market Area | Private Rented Tenure | | | Total PRS | Total Households | % of all households living in PRS |
|---------------------------|------------------------------|--------------------------------|---------------------------------|--------------|------------------|-----------------------------------|
| | Rented Privately (furnished) | Rented Privately (unfurnished) | Tied accommodation (with a job) | | | |
| Northern Suburbs | 286 | 1426 | 72 | 1784 | 14634 | 12.2 |
| Northern Coastal | 391 | 831 | 0 | 1222 | 9843 | 12.4 |
| Inner Urban Area | 1123 | 2351 | 52 | 3526 | 14927 | 23.6 |
| Southern Suburbs | 1206 | 2843 | 352 | 4401 | 37740 | 11.7 |
| Coalfield Communities | 642 | 1541 | 167 | 2350 | 19097 | 12.3 |
| Washington | 503 | 1547 | 0 | 2050 | 23517 | 8.7 |
| Total | 4151 | 10539 | 643 | 15333 | 119758 | 12.8 |

Source: 2012 household survey

4.66 Table 4.24 summarises a range of data relating to private rented properties. Key observations include:

- Houses account for the majority of occupied private rented stock (52.7% overall), with flats accounting for a further 29.4%, Sunderland cottages and bungalows 16.9% and other property types 0.9%. The majority of occupied private rented property (66.3%) has either one or two bedrooms; of particular note 15.5% of all private-rented furnished properties have one bedroom. Tied accommodation tends to be larger, with 55.3% of dwellings having at least three bedrooms;
- Occupied private rented stock in Sunderland tends to be proportionately older than stock overall. 21.5% of private rented properties were built pre-1919 and a further 22.7% were built between 1919 and 1944. Around 17.1% of occupied properties have been built since 1985 and of these 6.8% had been built since 2005;
- Levels of dissatisfaction with property condition were particularly apparent amongst private renters, with 21.5% expressing dissatisfaction with their accommodation (as high as 25.3% for tied renters).

Private rented sector: characteristics of tenants

4.67 The characteristics of private renting households vary to some extent between the three renting types:

- Overall, private renters are particularly mobile. 43.2% of all renters had lived in their accommodation for less than two years; unfurnished renters were the most mobile (48.3% had lived in accommodation for less than two years), along with 34.8% of furnished renters;
- There is a diversity of household types living in private rented accommodation including singles under 60 (26.1%), older singles/couples (16.8%), couples with no children (15.9%), couples with children (13%), lone parents (16.1%), couples/lone parents with adult children (5.4%) and other types of household (5.6%).
- Overall 20% of private rented households have a head of household aged 60 or over and 30.4% of all heads of household aged 16-39 rent privately;
- 51.3% of private renting heads of household people are in either full-time or part-time employment; a further 13.2% are unemployed, 14.4% are permanently sick/disabled, 2.8% are in education/training and 18.3% are either retired, looking after the home or are full time carers;
- 58.3% of private renters have an income of less than £300 each week. In contrast, around 31.3% of furnished renters and 10.7% of unfurnished renters receive at least £500 per week. These account for around 2,200 households and indicate there is a 'higher-end' executive renting market exists in Sunderland.

Table 4.24 Summary of key data relating to private rented stock in Sunderland

| Property type | PR (F) (%) | PR(Unf) (%) | PR(Tied) (%) | Total PR (%) | All Stock (%) |
|------------------------------------|------------|-------------|--------------|--------------|---------------|
| Detached house | 1.4 | 6.0 | 77.3 | 7.8 | 11.0 |
| Semi-detached house\town house | 13.3 | 21.6 | 11.5 | 18.9 | 38.1 |
| Terraced house | 24.7 | 28.2 | 0.0 | 26.0 | 23.0 |
| Sunderland Cottages | 3.7 | 11.9 | 0.0 | 9.2 | 4.4 |
| Bungalow | 6.7 | 8.7 | 0.0 | 7.8 | 10.6 |
| Maisonette | 2.1 | 0.4 | 0.0 | 0.8 | 0.4 |
| Flat/Apartment | 45.6 | 22.9 | 11.3 | 28.6 | 11.8 |
| Caravan / Park Home | 2.4 | 0.0 | 0.0 | 0.7 | 0.1 |
| Other | 0.0 | 0.4 | 0.0 | 0.3 | 0.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 4150 | 10445 | 643 | 15239 | 118908 |
| Property age | PR (F) (%) | PR(Unf) (%) | PR(Tied) (%) | Total PR (%) | All Stock (%) |
| Pre 1919 | 23.1 | 5.0 | 34.1 | 21.5 | 15.5 |
| 1919 to 1944 | 24.9 | 14.8 | 7.3 | 22.7 | 16.9 |
| 1945 to 1964 | 24.0 | 36.4 | 38.8 | 22.8 | 26.1 |
| 1965 to 1984 | 16.2 | 34.0 | 19.8 | 15.9 | 25.9 |
| 1985 to 2004 | 8.1 | 4.5 | 0.0 | 10.3 | 11.4 |
| 2005 onwards | 3.7 | 5.3 | 0.0 | 6.8 | 4.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 3314 | 8470 | 477 | 12261 | 109406 |
| No. of bedrooms | PR (F) (%) | PR(Unf) (%) | PR(Tied) (%) | Total PR (%) | All Stock (%) |
| One/Bedsit | 15.5 | 12.7 | 0.0 | 12.9 | 9.1 |
| Two | 58.2 | 53.9 | 14.2 | 53.4 | 35.6 |
| Three | 20.3 | 30.4 | 57.0 | 28.8 | 41.3 |
| Four | 2.4 | 2.3 | 14.7 | 2.8 | 11.8 |
| Five or more | 3.5 | 0.7 | 14.0 | 2.0 | 2.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 4150 | 10376 | 643 | 15169.8 | 119153 |
| Satisfaction w/repair | PR (F) (%) | PR(Unf) (%) | PR(Tied) (%) | Total PR (%) | All Stock (%) |
| Very satisfied | 21.1 | 28.2 | 40.6 | 26.9 | 35.9 |
| Satisfied | 39.2 | 30.0 | 34.1 | 32.6 | 40.2 |
| Neither satisfied nor dissatisfied | 17.7 | 20.6 | 0.0 | 19.0 | 11.9 |
| Dissatisfied | 17.3 | 15.8 | 11.2 | 16.0 | 7.5 |
| Very dissatisfied | 4.6 | 5.3 | 14.0 | 5.5 | 1.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 4042 | 10436 | 643 | 15121 | 119649 |

Source: 2012 household survey

4.68 The 2012 household survey provided data on 11,500 households who have moved into private rented accommodation over the past 5 years. Data suggests that:

- Around 19.9% were emerging households (either younger people forming their first independent home or household formation resulting from relationship breakdown etc.);
- The vast majority (77.4%) had originated from within Sunderland; of the remainder, 8.6% originated from County Durham, 4.1% from elsewhere in Tyne and Wear, 0.7% from elsewhere in the North East and 9.2% from elsewhere in the UK and beyond;
- 47.2% of these households had moved within the private rented sector, 19.8% had moved from owner-occupation, 9.5% from social rented stock, 19.9% had been living with family/friends and a further 2.6% had been previously been living in other circumstances (for instance in communal establishments).
- The main reasons for people moving into rented accommodation included forced to move (15.5%), divorce/separation/family stress (12.2%) wanting a larger/better property (11%), affordability of previous accommodation (8.4%) and marriage/to live together (7.9%).

4.69 When asked what outcomes they wanted for the private rented sector, stakeholders identified the following:

- Address concerns about the accessibility of the sector to people with physical disabilities;
- A better and more strategic understanding of the sector underpinned by robust evidence;
- The Council to take a stronger role in driving up standards in the private rented sector and work with landlords to promote minimum standards; and
- Have better control over student accommodation.

Student accommodation

4.70 Sunderland also has a strong student rental market which supplements university-owned Halls of Residence and is concentrated in Hendon, Millfield, Pallion and St. Peter's wards. Sunderland University wants to ensure there is sustainable position on student housing within the city and that students have access to housing which meets their needs regarding location, type, price etc. The University is not looking for a protectionist policy in relation to their own student accommodation but rather it sees policy addressing the bigger issue of a general oversupply of student accommodation when considered against actual need/demand in the area. This is in the context of uncertainty in future demand for higher education due to government policy on funding, student number controls and immigration.

4.71 A comprehensive on-line survey was carried out as part of the 2012 SHMA and around 9,000 students were emailed of whom 240 responded. The survey found that:

- Respondents live in a variety of dwelling types, with 38.3% living in Hall of Residence, 19.6% in flats/apartments, 21.3% in terraced houses, 13% in other types of house, 3% in private purpose-built student accommodation and 4.9% in other types of dwelling such as Sunderland cottages and bungalows;
- The majority rent, with 38.9% from the University and 40.8% in the private sector. A further 14.1% were owner occupiers and 6.2% rent from Gentoo and other social housing providers;
- A majority were satisfied with their accommodation (68.3%) and 16.2% were dissatisfied;
- 60.4% were satisfied with the neighbourhood in which they lived and 19.9% are dissatisfied;
- Students were asked about the mode(s) of transport they used to travel to their place of education. Walking was mentioned by 61.2%, bus by 37.7%, metro by 24.2% and driving alone by 21.2% and car sharing by 3.9%.
- The majority (81.1%) paid between £40 and £100 each week for their rent/mortgage; and incomes were low with 74.4% receiving less than £200 each week;
- When asked about future housing intentions, 67.3% intended on moving in the next 5 years. 52.2% expected to move to a private rented dwelling and 17.4% into owner occupation. A range of dwelling types and sizes were expected to be moved to. A majority had limited savings, with 42% having none and 41.6% having less than £10,000;
- The need for more employment opportunities was mentioned by 64.3% of respondents who were planning to move away from Sunderland and 36.7% mentioned the need to reduce crime.

4.72 A number of issues were raised by stakeholders in relation to student accommodation within Sunderland, and it is clearly a complex issue. Demand for student lets changes on a yearly basis, is unpredictable and therefore hard to plan for, and, whilst it is a positive force in terms of the economic benefits, it raises challenges in terms of community sustainability, especially in areas saturated by large numbers of student lets, where issues of anti-social behavior, noise and summer void periods are a major problem for local residents.

4.73 There was a strong sense among many respondents that no more student housing should be built, however, it is important that the university is involved as a key partner in developing the evidence base and understanding of the wider private rented sector in Sunderland; and it wants and needs to be involved in working with the Council in terms of finding solutions and strategic planning. This work needs to develop a better understanding of the tipping

point (for example 20% in a given area) beyond which an area has reached saturation point in terms of unsustainable student housing.

- 4.74 There are also issues linked to international students around which the University is keen to work with the Council to improve matters. International students are easy prey for unscrupulous landlords and often have bad experiences of renting privately, creating a very poor image of the city, which is not economically conducive. There are also areas where better working between the Council and the University could help to facilitate a positive experience of University life, for example, provision of more accessible information around Council Tax to prevent international students falling into arrears.

Step 2.2: Stock Condition

- 4.75 The 2012 household survey reviewed the extent to which households were satisfied with the state of repair of their dwellings. Overall 78.2% of respondents expressed satisfaction (34.9 % were very satisfied and 41.4% were satisfied); 12.2% were neither satisfied nor dissatisfied; a total of 9.5% expressed degrees of dissatisfaction, although only 1.8% were very dissatisfied. Table 4.25 explores how the level of dissatisfaction varied by dwelling tenure, age and type.
- 4.76 Data suggests that private renters, households living in older properties and households living in terraced houses, Sunderland Cottages and caravans/park homes were most likely to express dissatisfaction with state of repair.
- 4.77 Stock condition was raised as a concern by stakeholders both in respect of some of Sunderland's private rented sector stock and its older housing stock. There are high concentrations of older property types across Sunderland (Sunderland cottages and Tyneside flats) that are not energy efficient and are costly to maintain and improve. Whilst some private landlords provide decent housing many do not, with several stakeholders feeling that the sector is too big. Decency within the affordable housing sector was not identified as an issue, with all contributing providers generally meeting the decent homes standard.

Table 4.25 Dissatisfaction with state of repair by property tenure, age and type

| Tenure | % dissatisfied | Base (Valid Responses) |
|---|----------------|------------------------|
| Owned (no mortgage) | 4.3 | 34638 |
| Owned (with mortgage) | 7.0 | 36928 |
| Rented Privately (furnished) | 21.4 | 4150 |
| Rented Privately (unfurnished) | 21.0 | 10539 |
| Rented from Gentoo (formerly/previously Council) | 11.3 | 29275 |
| Rented from another Housing Association (e.g. Places for People, Home, Two Castles) | 13.8 | 3068 |
| Shared Ownership, Shared Equity, Discounted for sale, Low Cost Home Ownership | 0.0 | 408 |
| Tied accommodation (with a job) | 25.3 | 643 |
| Total | 9.2 | 119649 |
| Property type | % dissatisfied | Base (Valid Responses) |
| Detached house | 4.0 | 13123 |
| Semi-detached house\town house | 7.9 | 45267 |
| Terraced house | 12.3 | 27374 |
| Sunderland Cottages | 20.1 | 5290 |
| Bungalow | 5.6 | 12635 |
| Maisonette | 0.0 | 481 |
| Flat/Apartment | 12.6 | 13988 |
| Caravan / Park Home | 15.1 | 144 |
| Other | 2.8 | 715 |
| Total | 9.2 | 119758 |
| Property age | % dissatisfied | Base (Valid Responses) |
| Pre 1919 | 13.3 | 16924 |
| 1919 to 1944 | 10.0 | 18437 |
| 1945 to 1964 | 8.1 | 28543 |
| 1965 to 1984 | 7.7 | 28328 |
| 1985 to 2004 | 3.3 | 12520 |
| 2005 onwards | 1.6 | 4655 |
| Total | 9.2 | 109406 |

Source: 2012 household survey

Step 2.3: Shared housing and communal establishments

4.78 There are a total of 206 Houses in Multiple Occupation listed in Sunderland's HMO registration scheme (Table 4.26). Over half are located in Millfield and Hendon wards.

Table 4.26 Location of HMOs in Sunderland

| Ward | No. of HMOs | HMO - Mandatory | HMO - Non Licensable | Grand Total | % Grand Total |
|--------------------|-------------|-----------------|----------------------|-------------|---------------|
| Barnes | 3 | 3 | 55 | 58 | 6.7 |
| Castle | 0 | 0 | 0 | 0 | 0.0 |
| Copt Hill | 0 | 0 | 0 | 0 | 0.0 |
| Doxford | 0 | 0 | 0 | 0 | 0.0 |
| Fulwell | 0 | 0 | 6 | 6 | 0.7 |
| Hendon | 38 | 38 | 73 | 111 | 12.9 |
| Hetton | 0 | 0 | 1 | 1 | 0.1 |
| Houghton | 0 | 0 | 3 | 3 | 0.3 |
| Millfield | 48 | 48 | 272 | 320 | 37.1 |
| Pallion | 1 | 1 | 9 | 10 | 1.2 |
| Redhill | 0 | 0 | 0 | 0 | 0.0 |
| Ryhope | 0 | 0 | 1 | 1 | 0.1 |
| Sandhill | 0 | 0 | 0 | 0 | 0.0 |
| Shiney Row | 0 | 0 | 2 | 2 | 0.2 |
| Silksworth | 0 | 0 | 1 | 1 | 0.1 |
| Southwick | 2 | 2 | 20 | 22 | 2.5 |
| St. Anne's | 0 | 0 | 0 | 0 | 0.0 |
| St. Chad's | 0 | 0 | 0 | 0 | 0.0 |
| St Michaels | 35 | 35 | 146 | 181 | 21.0 |
| St Peters | 49 | 49 | 89 | 138 | 16.0 |
| Washington Central | 0 | 0 | 1 | 1 | 0.1 |
| Washington East | 0 | 0 | 3 | 3 | 0.3 |
| Washington North | 0 | 0 | 4 | 4 | 0.5 |
| Washington South | 0 | 0 | 1 | 1 | 0.1 |
| Washington West | 0 | 0 | 0 | 0 | 0.0 |
| Total | 176 | 176 | 687 | 863 | 100.0 |

Source: Sunderland City Council

4.79 Information from the 2011 census indicates a total of 5,233 people living in communal establishments in Sunderland. The largest numbers were in educational establishments (e.g. halls of residence) and residential care homes (Table 4.27).

Table 4.27 Residents in Communal Establishments

| Type of communal establishment | No. People |
|--|-------------|
| Medical and Care Establishments | |
| NHS – General Hospital | 0 |
| NHS – Mental health hospital/unit | 75 |
| NHS – Other hospital | 30 |
| LA – Children’s Home (inc. secure units) | 20 |
| LA – Care home or other home | 108 |
| RSL/HA | 20 |
| Other – Care home with nursing | 720 |
| Other – Care home without nursing | 804 |
| Other – Children’s home (including secure units) | 10 |
| Other | 107 |
| Other establishments | |
| Total | 1601 |
| Establishment not stated | 127 |
| Total | 3622 |

Source: ONS 2011 Census Table KS405EW

Stage 3: The active market

Steps 3.1 and 3.2: The cost of buying or renting a property and affordability

Buying a property

- 4.80 A range of information relating to house prices, rates of change and comparisons with other locations was presented in Chapter 2.

Renting a property: private renting

- 4.81 Table 4.28 illustrates the cost of renting privately in Sunderland and the household income required to ensure that the property is affordable. It would be possible to secure a private rented property for around £350 to £450 per calendar month. Larger, higher quality properties in more desirable areas command a minimum of around £600 per calendar month.

Table 4.28 Private renting in Sunderland and income required to be affordable

| Property size (no. of bedrooms) | Lower Quartile | Median | Minimum income required for lower quartile rent to be affordable (based on 25% of gross income) | |
|---------------------------------------|-------------------|--------|---|--------|
| | | | Monthly | Weekly |
| One | £350 | £400 | £1,400 | £323 |
| Two | £450 | £495 | £1,800 | £415 |
| Three | £484.50 | £550 | £1,938 | £447 |
| Four | £495 | £660 | £1,980 | £457 |

Source: Internet search of lettings agents Summer 2012

4.82 Assuming an entry-level private sector rent of £350 per month, a household income of around £1,400 each month or £323 each week is required for the property to be affordable (equating to 25% of gross income). The relative affordability of different open market options is carefully considered in assessing housing need and the scale of affordable housing required. This is discussed in more detail in Appendix C.

Renting a property: renting from a social landlord

4.83 Table 4.29 illustrates the cost of renting a property from a social landlord (e.g. Gentoo and other Housing Associations such as Cheviot, Home and Three Rivers).

Table 4.29 The cost of renting from a social landlord in Sunderland and income required for property to be affordable

| Property size (No. of bedrooms) | Weekly Rent | Min. income required for rent to be affordable (based on 25% of gross household income) | |
|------------------------------------|---------------|--|---------|
| | | Weekly | Monthly |
| Bedsit | £59.21 | £237 | £1,026 |
| One | £60.42 | £242 | £1,047 |
| Two | £66.24 | £265 | £1,148 |
| Three | £70.63 | £283 | £1,224 |
| Four | £75.84 | £303 | £1,315 |
| Five | £78.35 | £313 | £1,358 |
| ALL | £66.98 | £268 | £1,161 |

Source: Housing Corporation RSR 2011

4.84 The relative affordability of different open market options is carefully considered in assessing housing need and the scale of affordable housing required. This is discussed in more detail in Appendix C.

Step 3.3: Overcrowding and under-occupation

Overcrowding

4.85 The 2012 household survey identified that a total of 7,702 (6.4%) households across Sunderland were living in overcrowded conditions. Analysis was based on the number of bedrooms the household had access to, compared with the number required according to the bedroom standard model²⁴. Table 4.30 shows that the proportion of households who were overcrowded averaged 4.3% across Sunderland and was highest in the Inner Urban Area (5.7%).

Table 4.30 Overcrowding by local housing market area

| Local Housing Market Area | No. Overcrowded Households | Total Households | % Overcrowded |
|---------------------------|----------------------------|------------------|---------------|
| Northern Suburbs | 674 | 14634 | 4.6 |
| Northern Coastal | 309 | 9841 | 3.1 |
| Inner Urban Area | 858 | 14927 | 5.7 |
| Southern Suburbs | 1438 | 37740 | 3.8 |
| Coalfield Communities | 784 | 19096 | 4.1 |
| Washington | 1031 | 23516 | 4.4 |
| Total | 5094 | 119754 | 4.3 |

Source: 2012 household survey

4.86 How rates of overcrowding vary by tenure is shown in Table 4.31 and by household type in Table 4.32. Data indicates that overcrowding is experienced across all tenures but of particular note 6.2% of Gentoos renters are living in overcrowding dwellings.

²⁴ The Bedroom Standard assumes that single adults over 20 and couples are allocated one room; same gender children aged 10-20 can share; any gender children aged under 10 can share

Table 4.31 Overcrowding by tenure

| Tenure | No. Overcrowded Households | Total Households | % Overcrowded |
|---------------------------------|----------------------------|------------------|---------------|
| Owned (no mortgage) | 1021 | 36928 | 2.8 |
| Owned (with mortgage) | 1362 | 34638 | 3.9 |
| Rented Privately (furnished) | 99 | 4151 | 2.4 |
| Rented Privately (unfurnished) | 471 | 10540 | 4.5 |
| Rented from Gentoo | 1822 | 29276 | 6.2 |
| Rented from another RP | 59 | 3068 | 1.9 |
| Shared Ownership etc. | 29 | 409 | 7.1 |
| Tied accommodation (with a job) | 124 | 643 | 19.3 |
| TOTAL | 5096 | 119762 | 4.3 |

Source: 2012 household survey

4.87 Overcrowding is particularly prevalent amongst households consisting of a lone parent or couple with three or more children (Table 4.32). Numerically, other types of household (e.g. unrelated adults sharing) are most likely to experience overcrowding.

Table 4.32 Overcrowding by household type

| Household type | No. Overcrowded Households | Total Households | % Overcrowded |
|---|----------------------------|------------------|---------------|
| Single Adult (under 60) | 0 | 16401 | 0.0 |
| Single Adult (60 or over) | 0 | 20392 | 0.0 |
| Couple only (both under 60) | 0 | 13227 | 0.0 |
| Couple only (one or both over 60) | 0 | 24790 | 0.0 |
| Couple with 1 or 2 child(ren) | 222 | 14946 | 1.5 |
| Couple with 3 or more children | 381 | 2514 | 15.2 |
| Couple with child(ren) aged 18+ | 273 | 9808 | 2.8 |
| Lone parent with 1 or 2 child(ren) under 18 | 259 | 6462 | 4.0 |
| Lone parent with 3 or more children | 171 | 707 | 24.2 |
| Lone parent with child(ren) aged 18+ | 155 | 3706 | 4.2 |
| Student Household | 155 | 373 | 41.6 |
| Other type of household | 3480 | 6436 | 54.1 |
| Total | 5096 | 119762 | 4.3 |

Source: 2012 household survey

Under-occupation

4.88 Using the bedroom standard model methodology, it is possible to identify households that are under-occupying i.e. there are more bedrooms than theoretically needed. Overall, 87,080 households (72.7%) in Sunderland are technically under-occupying e.g. a couple in a two or three bedroom house or a single person in a two bedroom house. However, it is more appropriate to consider more severe under-occupation, whereby a household has 3 or more 'spare bedrooms': a total of 7,699 households (6.4%) are severely under-occupying. Table 4.33 summarises the number and proportion of households where there is severe under-occupation by local housing market area, indicating that it is particularly pronounced in the Washington and the Northern Coastal areas.

Table 4.33 Under-occupation by local housing market area

| Local Housing Market Area | No. Severely - Underoccupying | Total Households | % Severely underoccupying |
|---------------------------|-------------------------------|------------------|---------------------------|
| Northern Suburbs | 605 | 14634 | 4.1 |
| Northern Coastal | 776 | 9841 | 7.9 |
| Inner Urban Area | 425 | 14927 | 2.8 |
| Southern Suburbs | 2341 | 37740 | 6.2 |
| Coalfield Communities | 1363 | 19096 | 7.1 |
| Washington | 2189 | 23516 | 9.3 |
| Total | 7699 | 119754 | 6.4 |

Source: 2012 household survey

4.89 Table 4.34 considers severe under-occupation by tenure. Severe under-occupation is most prevalent in the owner occupied market (accounting for 94.2% of severe under-occupation). Overall, 12.8% of outright owners severely under-occupy along with 7.3% of owners with a mortgage. Although severe under-occupation is less prevalent in the social rented sector, the 2012 household survey identified 141 households currently renting from a social landlord who are severely under-occupying.

Table 4.34 Under-occupation by tenure

| Tenure | No. Severely - Underoccupying | Total Households | % Severely underoccupying |
|---------------------------------|-------------------------------|------------------|---------------------------|
| Owned (no mortgage) | 4714 | 36928 | 12.8 |
| Owned (with mortgage) | 2542 | 34638 | 7.3 |
| Rented Privately (furnished) | 46 | 4151 | 1.1 |
| Rented Privately (unfurnished) | 69 | 10540 | 0.7 |
| Rented from Gentoo | 146 | 29276 | 0.5 |
| Rented from another RP | 0 | 3068 | 0.0 |
| Shared Ownership etc. | 0 | 409 | 0.0 |
| Tied accommodation (with a job) | 185 | 643 | 28.8 |
| TOTAL | 7702 | 119762 | 6.4 |

Source: 2012 household survey

4.90 Table 4.35 illustrates the relationship between severe under-occupation relates and household type. This shows that severe under-occupation is most prevalent amongst couples under sixty and pensioner couples. This suggests that severe under-occupation may indicate: market choice amongst some non-pensioner households (i.e. a couple may want a large property); evidence of 'empty nesting' whereby children have left the family home; and an unwillingness to uproot from existing neighbourhoods; or a lack of sufficiently attractive alternative dwellings.

Table 4.35 Under-occupation by household type

| Household type | No. Severely - Underoccupying | Total Households | % Severely underoccupying |
|---|-------------------------------|------------------|---------------------------|
| Single Adult (under 60) | 693 | 16401 | 4.2 |
| Single Adult (60 or over) | 922 | 20392 | 4.5 |
| Couple only (both under 60) | 1847 | 13227 | 14.0 |
| Couple only (one or both over 60) | 3543 | 24790 | 14.3 |
| Couple with 1 or 2 child(ren) | 472 | 14946 | 3.2 |
| Couple with 3 or more children | 0 | 2514 | 0.0 |
| Couple with child(ren) aged 18+ | 134 | 9808 | 1.4 |
| Lone parent with 1 or 2 child(ren) under 18 | 0 | 6462 | 0.0 |
| Lone parent with 3 or more children | 0 | 707 | 0.0 |
| Lone parent with child(ren) aged 18+ | 91 | 3706 | 2.5 |
| Student Household | 0 | 373 | 0.0 |
| Other type of household | 0 | 6436 | 0.0 |
| Total | 7702 | 119762 | 6.4 |

Source: 2012 household survey

Step 3.4: Vacancies, turnover rates and available supply by tenure

Vacancy rates

- 4.91 There are a total of 4,516 vacant dwellings across Sunderland representing 3.6% of all dwelling stock. This compares with indicative ‘transactional vacant’ rates of around 2% (social rented) and 4% (private sector)²⁵, i.e. the proportion of stock which should be vacant at any one time to allow mobility within different tenures.
- 4.92 Although the Council have been active in bringing empty properties back into use, the issue of empty homes was identified as a problem with some stakeholders feeling that more could be done to enable landlords to purchase and refurbish properties – buying at below market value and using loans to fund improvements that can be repaid over time. Other comments from stakeholders about empty properties include:
- They should be renovated and restored;
 - More could be done to disguise empty properties;
 - Commuted sums in lieu of on-site provision should be used to bring empty homes back into use as affordable housing;
 - Incentives should be offered to owners to bring their empty homes back into use; and
 - Greater use of punitive measures should be made against owners not taking action to bring their empty properties back into use.
- 4.93 Overall it was felt that a more realistic and targeted approach to empty properties is needed.

Turnover rates

- 4.94 The 2012 household survey identified length of residence, from which annual turnover rates can be derived by local housing market area (Table 4.36) and tenure (Table 4.37). Overall, 7% of households had resided at their current address for less than 12 months. Within Sunderland, turnover rates were lowest in the Northern Coastal market area (5.9%) and highest in the Inner Urban Area (10.6%).
- 4.95 Table 4.36 shows that there are strong relationships between turnover and tenure, with the private rented sector exhibiting strong rates of turnover and the owner-occupied sector the least; this is entirely consistent with national trends.

²⁵ Memorandum by the Department for Transport, Local Government and the Regions (EMP 26) on Empty Homes, September 2001

Table 4.36 Household turnover rates by local housing market area

| Ward | % residing at current address for less than 12 months | Base (Valid Responses) |
|-----------------------|---|------------------------|
| Northern Suburbs | 7.5 | 14634 |
| Northern Coastal | 5.9 | 9842 |
| Inner Urban Area | 10.6 | 14883 |
| Southern Suburbs | 6.2 | 37702 |
| Coalfield Communities | 6.8 | 19098 |
| Washington | 6.4 | 23516 |
| Total | 7.0 | 119675 |

Source: 2012 household survey

Table 4.37 Household turnover rates by tenure

| Tenure | % residing at current address for less than 12 months | Base (Valid Responses) |
|--|---|------------------------|
| Owned (no mortgage) | 1.1 | 36881 |
| Owned (with mortgage) | 3.3 | 34639 |
| Rented Privately (furnished) | 25.2 | 4151 |
| Rented Privately (unfurnished) | 32.5 | 10539 |
| Rented from Gentoo (formerly/previously Council) | 6.8 | 29239 |
| Rented from another Housing Association (e.g. Places for People, Home, Endeavour, Accent, Three Rivers, Two Castles etc) | 7.7 | 3069 |
| Shared Ownership, Shared Equity, Discounted for sale, Low Cost Home Ownership | 11.5 | 407 |
| Tied accommodation (with a job) | 0.0 | 643 |
| TOTAL | 7.0 | 119677 |

Source: 2012 household survey

Supply by tenure

Owner occupied

4.96 On the basis of household turnover rates presented in Table 4.37, around 1,547 owner occupied dwellings become available for purchase on an annual basis.

Private rented

- 4.97 There is a high degree of turnover in private rented properties which results in a good overall supply. Data suggests around 4,468 private rented lets become available each year.

Social rented

- 4.98 Table 4.38 summarises lettings data provided by the Housing Strategy Statistical Appendix and from RP CORE lettings data. Using CORE lettings data, it is possible identify the total number of RP lettings and the total number of lettings to new tenants from within Sunderland (that is, existing households moving into the social rented sector from another tenure and newly-forming households moving into the social rented sector). The total number of lettings to new tenants is used to establish the capacity of the social rented sector to accommodate new tenants. Using three years' data 2008/9 to 2010/11, the three year average is 1,509 lettings to new tenants each year. This has been used in the affordability housing requirement modelling in Chapter 6.

Table 4.38 Expected annual capacity for new renters in social rented sector

| | 2008/09 | 2009/10 | 2010/11 |
|--|---------|---------|---------|
| RSL CORE Data | | | |
| Lettings to new tenants from within Sunderland | 1586 | 1505 | 1436 |
| Total Lettings | 2671 | 2362 | 2327 |

Sources: HSSA; CORE (General) Lettings;

Notes: Lettings to new tenants = lettings to households who were not previously social renters (either from the Council or a housing association)

- 4.99 Further details of social rented capacity by ward and property size/designation can be found in Appendix B.

Intermediate tenure

- 4.100 There are very few intermediate tenure properties currently becoming available in Sunderland.

Stage 4: Bringing the evidence together

Step 4.1 Mapping market characteristics

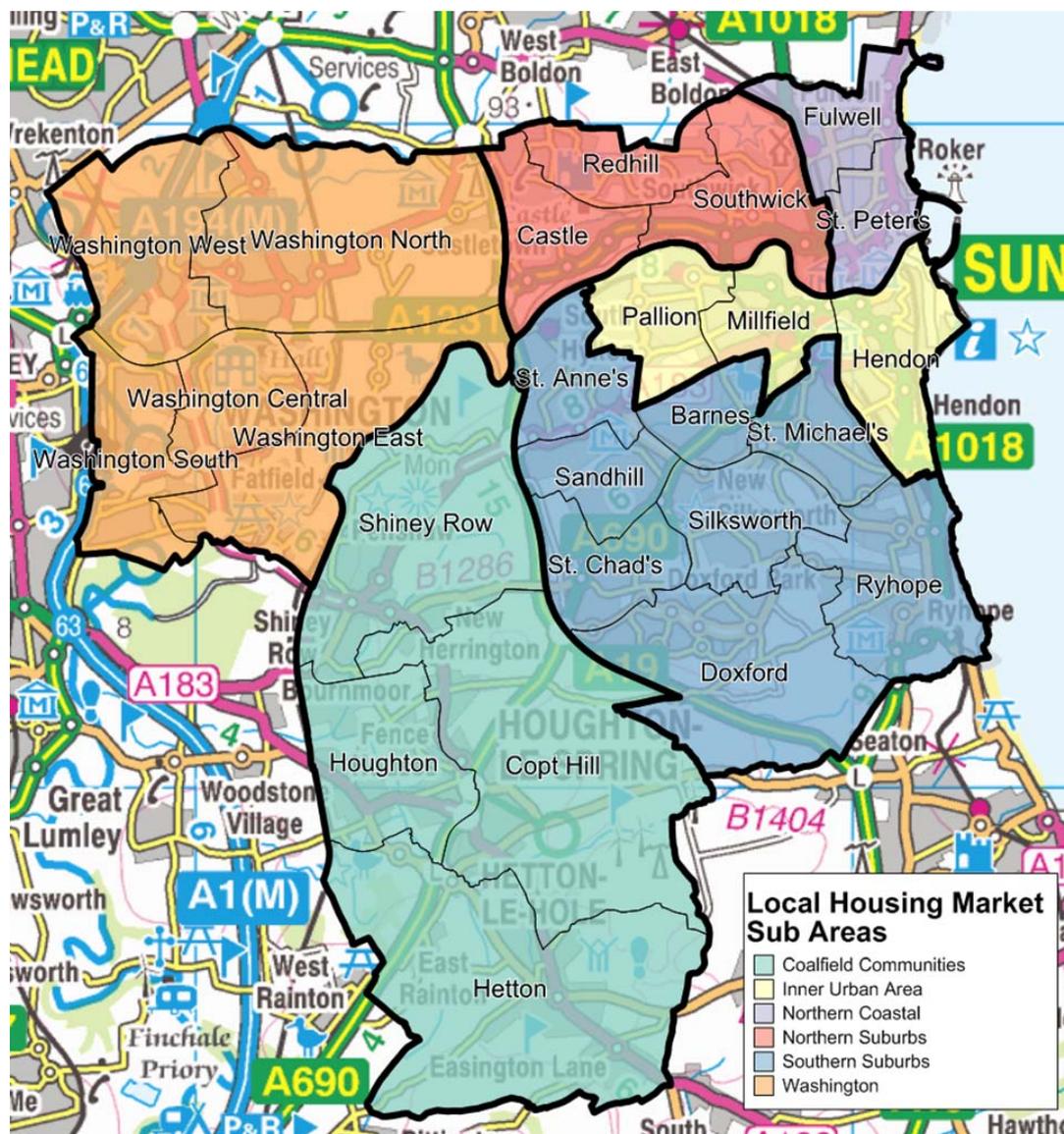
Introduction

- 4.101 Material presented in Chapter 3 established that the City of Sunderland can be described as a relatively self-contained market area. However, it does have strong linkages with County Durham and elsewhere in Tyne and Wear (particularly Newcastle, South Tyneside and Gateshead).
- 4.102 The purpose of this section is to explore the extent to which distinctive local housing markets can be identified within the City of Sunderland by considering:
- The function of housing markets (through the review of travel to work and, migration patterns); and
 - The typology of housing markets (through the review of dwelling stock and socio—economic and demographic characteristics)

Defining local housing market areas

- 4.103 Work to define local market areas has been based on stakeholder consultation and a review of relevant statistical information relating to: house prices, migration patterns, travel to work, household income, ethnicity, property type, tenure and amenities.
- 4.104 A series of distinctive local market areas are proposed as shown in Map 4.1 and are: Northern Suburbs, Northern Coastal, Inner Urban Area, Southern Suburbs, Coalfield Communities and Washington. These areas have been built upon the 2008 study and appropriately reflect the broad variations in dwelling type, socio-economic factors and household mobility trends within the City.

Map 4.1 Local housing Market areas within Sunderland



Local market verification

4.105 A range of data can be analysed to ascertain the extent to which local housing market areas vary in social, economic, demographic and dwelling stock characteristics. This is a purely illustrative exercise which considers the variations in property and household attributes across each of the market local housing market areas. Table 4.39 provides a review of the distinctive attributes of each market area and helps to verify the existence of local housing market areas. For each variable, a Sunderland mean has been calculated. Results for each sub-area are then compared against this mean to indicate the extent to which the local housing market area result varies against the mean. Noteworthy comments relating to each area are summarised in Table 4.40.

Table 4.39 Attributes of market areas

| Attribute | Local Housing Market Area and % variation from Sunderland Mean Value | | | | | | Sunderland Mean |
|---|--|------------------|------------------|------------------|-----------------------|------------|-----------------|
| | Northern Suburbs | Northern Coastal | Inner Urban Area | Southern Suburbs | Coalfield Communities | Washington | |
| Tenure | | | | | | | |
| Owner occupied | 78.4 | 131.6 | 81.2 | 103.6 | 103.0 | 104.0 | 59.8 |
| Private Rented | 94.5 | 96.3 | 188.8 | 90.4 | 95.4 | 67.6 | 12.9 |
| Social/Affordable Rented and | 149.7 | 32.8 | 99.3 | 96.6 | 95.6 | 106.6 | 27.3 |
| Property Type | | | | | | | |
| Detached | 48.1 | 33.4 | 32.8 | 106.1 | 149.0 | 153.6 | 11.0 |
| Semi-Det | 136.2 | 127.3 | 67.8 | 123.1 | 86.5 | 60.3 | 38.0 |
| Terraced | 91.0 | 77.5 | 112.9 | 59.8 | 130.0 | 146.6 | 23.0 |
| Sunderland Cottage | 86.2 | 286.1 | 355.0 | 62.0 | 8.6 | 2.9 | 4.4 |
| Bungalow | 63.4 | 24.7 | 82.4 | 102.8 | 149.8 | 120.7 | 10.6 |
| Flat/Mais | 86.6 | 119.4 | 153.5 | 109.6 | 31.6 | 106.5 | 12.2 |
| Other | 119.5 | 28.1 | 195.3 | 97.9 | 89.4 | 69.4 | 0.7 |
| Property price | | | | | | | |
| Median 2012 | 87.2 | 107.3 | 82.6 | 99.8 | 96.3 | 105.5 | 109000.0 |
| BAME HH | | | | | | | |
| % Hhs BAME | 39.9 | 0.0 | 358.9 | 71.6 | 66.7 | 87.6 | 1.5 |
| Household income | | | | | | | |
| <£300pw | 127.0 | 67.2 | 127.7 | 90.5 | 110.2 | 87.9 | 44.7 |
| >£500pw | 69.0 | 146.0 | 60.3 | 109.2 | 95.2 | 112.5 | 29.6 |
| Household mobility and migration | | | | | | | |
| % Hhs moving in last 5 years | 26.0 | 21.9 | 31.0 | 25.3 | 24.9 | 24.3 | 25.6 |
| % originating in LHMA | 53.9 | 55.8 | 48.5 | 51.8 | 59.5 | 72.7 | |
| % originating in Sunderland | 86.5 | 86.6 | 91.2 | 83.0 | 76.6 | 82.4 | 83.7 |
| % originating from South Tyn | 3.9 | 4.3 | 0.9 | 0.0 | 2.2 | 1.0 | 1.4 |
| % originating from elsewhere | 2.1 | 1.7 | 0.0 | 2.4 | 1.6 | 3.9 | 2.1 |
| % originating from Co. Durha | 4.4 | 1.9 | 2.6 | 3.5 | 11.5 | 8.0 | 5.5 |
| % originating from Elsewhere | 0.0 | 0.0 | 0.0 | 0.8 | 2.5 | 0.9 | 0.8 |
| % originating from outside NE | 3.0 | 5.5 | 5.4 | 10.3 | 5.5 | 3.7 | 6.4 |
| Workplace of HRP | | | | | | | |
| Sunderland | 76.3 | 56.0 | 83.7 | 71.4 | 61.1 | 59.2 | 68.1 |
| Elsewhere T&W | 12.8 | 28.8 | 6.7 | 15.1 | 17.4 | 27.0 | 17.7 |
| Co. Durham | 6.5 | 8.7 | 5.7 | 8.9 | 14.3 | 10.4 | 9.4 |
| Elsewhere | 4.3 | 6.4 | 3.9 | 4.7 | 7.1 | 3.4 | 4.8 |

Source: 2012 Household Survey

Table 4.40 Summary of distinctive market attributes

| Attribute | Distinctive Attributes by Market Area | | | | | |
|-----------------------------------|---------------------------------------|---|---|-----------------------------------|--|--|
| | Northern Suburbs | Northern Coastal | Inner Urban Area | Southern Suburbs | Coalfield Communities | Washington |
| Tenure | High % Affordable | High % OO | Very High % PR | | | |
| Property type | High % Semi-detached | High % Semi-detached and Sunderland Cottages; low % bungalows | Very high % Sunderland Cottages and flats | High % detached and semi-detached | High % detached, terraced and bungalows | High % Detached and Terraced |
| Property prices | | Highest median price | Lowest median price | | | |
| BME HHs | | | Highest % BAME | | | |
| Household income | Low income area | High income area | Low income area | | | |
| Household mobility | | | Highest levels of turnover | | | |
| Self-containment | 53.9% moving from within LHMA | 55.8% moving from within LHMA | 48.5% moving from within LHMA | 51.8% moving from within LHMA | 59.5 moving from within LHMA | Self Contained: 72.7% moving from within HMA |
| Migration from outside Sunderland | Particularly from S. Tyneside | Particularly from S. Tyneside | Particularly from outside NE | Particularly from outside NE | Particularly from Co. Durham | Particularly from Co. Durham |
| Workplace | | | Most likely to work in Sunderland (83.7%) | | More likely to work outside Sunderland (38.9%), particularly County Durham | More likely to work outside Sunderland (40.8%), particularly in Co. Durham |

Note this table only highlights noteworthy comments about each area. Black cells indicates that data for the local housing market area is close to the Sunderland average figure

4.106 The data analysis confirms that there are a series of local housing markets operating within Sunderland which differ to varying degrees by market function and typology. In terms of market function, there is a generally strong degree of self-containment within all local market areas. Of particular note however is the limited connectivity between the Coalfield Community and Washington local market areas with the rest of Sunderland. There is limited migration between these areas and elsewhere in Sunderland, as illustrated in Table 4.41. Flows between other areas of Sunderland and the Inner Urban Core are particularly apparent and could reflect the relative affordability of properties in the area and new building programmes.

Table 4.41 Origin of households moving by local housing market area

| Origin | Destination (%) | | | | | | |
|---|------------------|------------------|---|------------------|-----------------------|------------|-------|
| | Northern Suburbs | Northern Coastal | Inner Urban Core/ Sunderland Central | Southern Suburbs | Coalfield Communities | Washington | Total |
| Northern Suburbs | 53.5 | 17.4 | 12.0 | 4.8 | 2.5 | 1.8 | 13.0 |
| Northern Coastal | 5.9 | 55.5 | 7.8 | 3.9 | 1.5 | 0.8 | 6.8 |
| Inner Urban Core/ Sunderland Central | 9.1 | 0.6 | 47.1 | 16.2 | 1.0 | 0.2 | 12.1 |
| Southern Suburbs | 10.6 | 7.5 | 23.6 | 55.0 | 8.3 | 3.5 | 22.8 |
| Coalfield Communities | 2.9 | 0.0 | 2.5 | 3.7 | 58.6 | 3.3 | 12.3 |
| Washington | 5.5 | 8.4 | 0.0 | 1.0 | 9.5 | 76.6 | 19.1 |
| From Outside Sunderland | 12.5 | 10.6 | 6.9 | 15.4 | 18.7 | 13.7 | 13.8 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 4366 | 1749 | 3562 | 8085 | 4766 | 5871 | 28398 |

Source: 2012 household survey

Note: due to low sample size of moving households in Sunderland Central, this is merged into the Inner Core Area

4.107 Regarding market typology, variations in tenure and property type profile within Sunderland help to define local market areas. The presence of high concentrations of Sunderland cottage terraces, dwellings synonymous with traditional suburban estates, clusters of particular tenures and open market price all contribute to the existence local market areas.

Step 4.2 Trends and drivers

Primary drivers

4.108 The main drivers affecting housing markets relate to demography, economy and dwelling stock attributes. Key observations relating to Sunderland are now summarised.

4.109 **Demographic drivers:**

- Latest 2011-based ONS population projections predict that the population of Sunderland will increase from around 275,330 in 2011 to 283,966. A growing population suggests that the Council's policy aspiration to stabilise the 2001 population by 2015 is increasingly being realised;
- Over the next decade, there will be a 'demographic shift' with the number (and proportion) of older people increasing; the number of people aged 60 and over is expected to increase from 65,118 in 2011 to 75,651 in 2021, an increase of 16.2%. The number of 85+ residents is expected to increase from 5,250 in 2011 to 7,757 by 2021;
- There is some ethnic diversity amongst Sunderland's population, but the vast majority (94.8%) of residents describe themselves as White British; there are particular communities of Bangladeshi residents;
- ONS 2008 trend-based household projections indicate that the number of households is expected to increase from 119,000 in 2008 to 137,000 by 2033; a 15.1% increase and an additional 18,000 households;
- According to the 2011 census, 21.5% of households are older singles and couples, 18.4% are singles under 60, 16.5% are couples with no children, 17.6% are couples with children, 8.3% are lone parents, 8.1% are couples with non-dependent children, 4.5% are lone parents with non-dependent children, 5.1% are other types of household. 26.5% of households comprise a couple with no children.

4.110 **Economic drivers:**

- The City is committed to accelerating economic growth and Sunderland is vital to the health of the sub-regional and regional economy. Work is needed to boost the wealth-generating capacity of the existing population and to encourage economically-active households into the City.
- The future economic aspirations of Sunderland need to reflect upon the current economic situation:

- economic activity rates are currently slightly lower than the regional and national figures; unemployment rates are 40% higher than the national average;
 - Sunderland also has a slightly higher proportion of working age residents without qualifications compared with regional and national data;
 - Median incomes are lower than the regional median and 83.6% of the national median income.
- Overall 92.5% of working-age residents have a qualification.

4.111 Dwelling stock drivers:

- 72.1% of properties are houses, 10.6% are bungalows, 4.4% are Sunderland cottages, 12.2% flats/maisonettes and 0.7% are other property types (e.g. caravans);
- 15.4% of properties were built before 1919; 16.9% were built between 1919 and 1944; over half (51.2%) between 1945 and 1984 and 15.7% of properties have been built since 1984;
- 59.8% of properties are owner-occupied, slightly below the regional average. A further 12.9% are private rented and 27.3% are affordable (social/affordable rented and intermediate tenure). The private rented sector plays an important role in providing an alternative to owner-occupation, even though it is smaller than the national percentage, and is increasingly the only viable option open to many households.

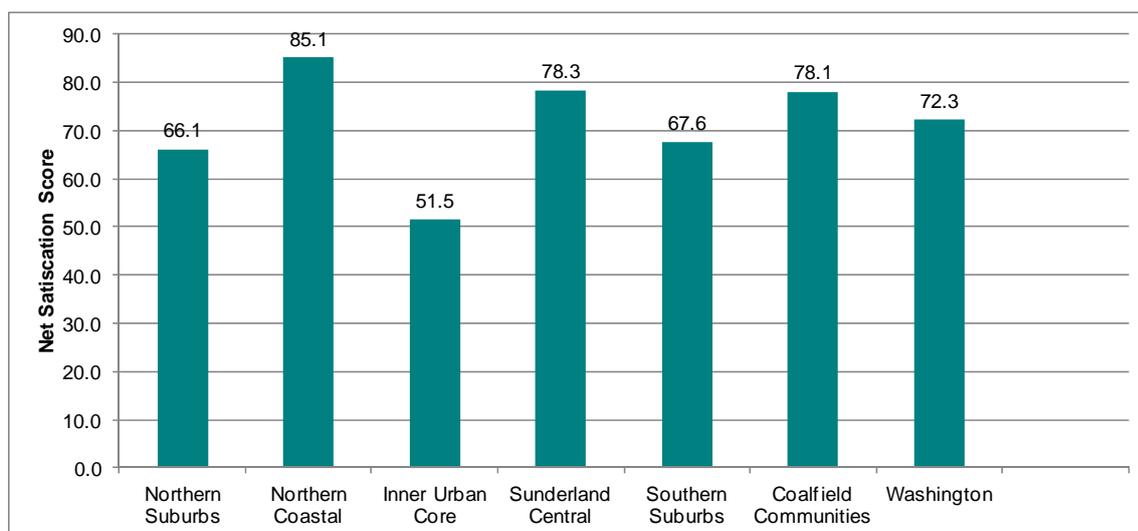
Secondary drivers

4.112 Secondary drivers are broadly defined as drivers that help to influence residential location. They include local amenities such as healthcare, schools, and transport links. The 2007 household survey asked how satisfied respondents were with these amenities.

Satisfaction with area

4.113 An important underlying market driver relates to satisfaction with area. The 2012 household survey asked all respondents to state how satisfied they were with their neighbourhood as a place to live (Figure 4.5). Overall, the net satisfaction score (the percentage stating satisfied and very satisfied minus the percentage stating dissatisfied or very dissatisfied) across Sunderland is 72.3%. Within Sunderland, the Inner Urban Area has the lowest net satisfied score (51.5%) and the Northern Coastal has the highest score (85.1%).

Figure 4.5 Net satisfaction neighbourhood score



Note: Net satisfaction score = total satisfied/very satisfied – total dissatisfied/very dissatisfied

Source: 2012 household survey

Views of stakeholders

4.114 Stakeholders felt there were a number of drivers of housing market demand across Sunderland, these include:

- Geography (location of property, and place i.e. outward facing Washington);
- Economy (lack of employment opportunities and low wage economy);
- Demography and household change (in particular ageing population and reducing household size);
- Lack of access to mortgage finance (deposits);
- Land supply issues (lack of greenfield sites and lack of sites in 'good' locations);
- Migration (in particular out migration and also the impact of asylum seekers and economic migrants);
- The impact of welfare reforms (bedroom tax, changes to benefit entitlement);
- Changes in demand for student lets (reduction in demand);
- Lack of support for the middle market;
- The type of property available;
- Stock condition in older properties;
- Price of rents – tenants on benefit can only afford standard Local Housing Allowance rate;

- Lack of provision for people with specialist accommodation needs; and
 - The brand and perception of Sunderland as a place.
- 4.115 In the short to medium term (next three to five years) it was felt that current economic pressures within the market would continue; '*stagnation*' within the market is an issue. Hopes were expressed that in the longer term this position would improve.
- 4.116 The following market weaknesses were identified by stakeholders:
- A perception of a saturated rental market swamped with buy to let properties, landlords having to reduce rents to secure tenants;
 - Lots of average private sector housing stock;
 - Lack of locations where people want and can afford to live;
 - Lack of housing market activity (market stagnation, limited new supply, no first time buyers, lack of churn within the market);
 - Poor standards in the private rented sector;
 - Stock condition issues within the older housing stock;
 - Unemployment and low wage economy; and
 - Financial insecurity, lack of finance and inaccessibility of mortgages.
- 4.117 Concerns were raised about the impact of the current lack of development in terms of being able to meet the need and demand for both affordable and market housing. There appears to be a '*crisis of confidence*' in terms of the housing market. It was felt that population is lost to other 'competing' neighbouring local authority areas that offer the type of housing that certain residents (the 'middle market') aspire to and can afford but which is not available in Sunderland.
- 4.118 Building new homes on the open market was felt to be a medium priority by stakeholders; building affordable homes to rent a medium to high priority; affordable housing for sale a medium to high priority; building executive housing a low to medium priority; building housing solutions for older people a medium to high priority; and improving existing accommodation was felt to be a medium to high priority. Interestingly, opinion amongst stakeholders is clearly split between those desiring provision of more executive and aspirational housing to attract and retain wealth, and those who feel that this approach is followed at the expense of local people for whom there is not enough affordable housing.

Step 4.3 Issues for future policy/strategy

- 4.119 In terms of housing markets and key market drivers in the City, a series of themes emerge from the analysis of housing market function, typology and drivers.

- Within Sunderland, a series of distinctive local housing market areas can be defined on the basis of dwelling stock attributes, household behaviour and geography;
- There is limited connectivity between the Washington and Coalfield Community areas and the rest of Sunderland. Washington is the most self-contained housing market area, with 76.6% of households moving from within the same sub-area. There is strong connectivity between the Coalfield Community Area and County Durham. Within the remainder of Sunderland, there is a greater degree of mobility between the local housing market areas;
- The presence of BAME communities; high concentrations of Sunderland Cottages and terraced properties; and a strong private rented sector make the Inner Urban Core a particularly distinctive market area;
- Household behaviour in terms of workplace further reinforce the notion of distinctive markets within Sunderland;
- Residential satisfaction does vary across Sunderland. Overall, residents in the Sunderland Central and the Inner Core Area are most likely to dissatisfied with their neighbourhood and those in more affluent areas most likely to be satisfied;

4.120 Stakeholders were asked to identify what they perceived to be the key priorities for Sunderland, these included:

- Enabling older people to downsize and providing well designed, good quality and sustainable homes for older people downsizing;
- Providing appropriate housing solutions for older people;
- Ensuring access to affordable housing;
- Reducing housing waiting lists;
- Tackling homelessness;
- Provision of one bed properties;
- Ensuring under 35s have access to the private rented sector;
- Increasing provision of affordable single person accommodation for the under 25s;
- Ensuring existing stock is used to best effect;
- Controlling student accommodation that is strategically linked to the University and to the economic master plan;
- Provision of appropriate housing solutions for first time buyers;
- Regeneration of Seaburn Sea front area;
- Addressing the under supply of land for middle market housing;
- Stopping outward migration by providing sufficient housing of decent quality;

- Increasing the higher end housing market offer to off-set lower value stock; and
 - Provision of supported housing.
- 4.121 Activity within the current housing market is down and prices are either staying the same or falling with many vendors reducing sales values by £20,000 to achieve a sale; negative equity is an issue. The lack of first time buyers within the market was highlighted as a major issue; as one respondent observed, the impact of accessing mortgage finance has been to increase levels of renting and place constraints on first time buyers, which means that the market cannot function properly. The lack of first time buyers in the market means that developers are targeting their products at next time buyers and families. The situation means that demand for 'alternative access products' has increased.
- 4.122 Demand for affordable housing is up and waiting lists are rising as people find themselves unable to buy and, in some cases, rent privately. There was felt to be a mismatch between affordable housing demand and supply, with demand outstripping supply. Demand for family homes is particularly strong. Affordable housing providers are anticipating that demand for smaller properties will increase as a result of the bedroom tax.
- 4.123 Affordable home ownership options are popular, and many models are available within the market including:
- Discounts on open market value via Section 106 agreements;
 - Shared ownership;
 - Gentoo Homebuyer – a long term loan to address mortgage deposit requirements;
 - Gentoo Genie – product allowing applicants to acquire all or part of a home without the need for mortgage finance or deposit, via a long-term standard payment plan;
 - New build homebuy from Gentoo; and
 - Newbuy.
- 4.124 It is worth noting that tenants are responding to changes to the Right to Buy discounts and there is increased sales activity. This will impact upon the level of affordable housing available to rent in Sunderland.
- 4.125 Many stakeholders feel that there is a mismatch between the housing available within Sunderland and that to which people aspire. New provision needs to address this and be '*aspirational but realistic*'. Some stakeholders felt that there was good potential for growth in the middle and executive markets to meet demand that is being exported elsewhere.
- 4.126 Respondents also felt that the economy needs to improve to drive the market forward and generate demand. Increased waiting lists for both affordable rented housing and affordable housing for sale demonstrate that there is demand for housing within the area.

4.127 Stakeholders felt that the following types of new housing provision should be made within Sunderland:

- Attractive two and three bed homes for older people downsizing;
- Specialist dementia care provision;
- Two to four bed houses for families with disabilities;
- Homes for people with learning disabilities;
- One bed homes;
- No flats just traditional houses with gardens, parking, private space;
- Three bed semi detached homes; and
- Two bed bungalows.

4.128 Several stakeholders identified issues with a significant number of apartment blocks built over recent years in the city centre, for which demand has fallen. Many of these flats now provide rented accommodation, a significant proportion of which is used by students. There were anecdotal examples of poor conditions within some of these flats, as well as poor management from private landlords. Instances of flats that could not be let being repossessed were also cited, which would tend to indicate that there is an over-supply of this type of property.

4.129 In terms of new housing the following priorities were identified:

- New land releases are needed in good market areas where demand for executive and middle market housing can be met;
- Joined up communities are needed with affordable housing integrated within the wider housing stock;
- Help for first time buyers is needed;
- Assistance to help developers build in key areas; and
- Assistance to facilitate the delivery of affordable housing.

4.130 The following barriers to delivery of new housing were identified:

- The planning system;
- Lack of progress on the Local Plan;
- Lack of good quality housing sites;
- Low values and viability issues;
- Inaccessibility of development finance;
- Lack of funding – from both the HCA (reduced grant rate on delivery) and private investors; and
- The parochial nature of the Sunderland housing market;
- Affordability limited by low average wages; and

- Revenue barriers, linked to welfare reform and changes to housing benefit.

Key messages: Current housing market in Sunderland

4.131 This chapter has provided a wealth of material from which an assessment of the current housing market can be derived. Key messages from this chapter are now summarised.

4.132 Population and households:

- The latest (ONS 2011-based interim population projections). The population of Sunderland is predicted to grow over the next decade and this suggests that policy interventions such as Local Plan allocations and economic regeneration strategies and improving residential environments are having a positive impact on population growth and retention. The City Council's policies are geared up to increasing the population and then stabilising it at its 2001 level by 2016;
- Consistent with the national trend, the proportion of older people is expected to increase; on the basis of current projections, the number of residents aged 60+ is expected to increase from 65,118 in 2011 to 75,651 by 2021. The numbers aged 85+ are expected to increase from 5,250 in 2011 to 7,757 in 2021. The aging population has very significant long-term implications for the provision of appropriate forms of accommodation and support for older people;
- A significant issue raised by the vast majority of stakeholders was the ageing population and the need to provide appropriate accommodation solutions to meet the range of aspirations and needs of this diverse group;
- The issue of downsizing was identified as an important factor by stakeholders, as people look to find smaller, good quality, well designed homes (semi-detached properties or bungalows have traditionally been popular) to move in to. It was felt to be important that new supply is future proofed to enable it to be adapted to meet the requirements of people as they age without the need for them to move – properties need to be '*care ready*'.
- Provision of appropriate housing with care solutions was also identified as a priority.
- Household size is expected to decline, although this does not necessarily mean increasing demand for small properties. For instance, couples divorcing may still both require two or three bedroom properties to allow children to stay with them;
- Black and Minority Ethnic community households were more likely to be in housing need and dissatisfied with the state of repair of their accommodation.

4.133 Economic activity and income:

- Economic activity rates are slightly lower than comparable regional and national data and the rate of unemployment is 8.6% compared with a national rate of 6.3%;
- The local economy has been expanding over the past decade, particularly in real estate, construction and education/health/social work;
- Sunderland has slightly higher proportions of working age residents without qualifications. However, 25.6% have a NVQ4 or higher qualification;
- Median incomes in Sunderland are £22,074 which is slightly below the regional median of £23,447 and below the national median of £26,395. There were wide variations in income by household type, tenure and location;
- The ongoing programme of economic growth and regeneration across Sunderland is enhancing employment opportunities and income levels. The City's commitment to accelerating economic regeneration is underpinned by policy at the national, regional, sub-regional and local levels, including the policies being developed by the North East Local Economic Partnership.

4.134 Dwelling stock:

- In order to maintain balanced communities, there is a need for a variety of tenure options which people can choose to reflect their household circumstances. Owner-occupation is the dominant tenure and this is most likely to be aspired towards. However, accessing the tenure has become increasingly difficult given house price increases over the past few years;
- The affordable housing sector plays a vital role in providing a varied range of accommodation in Sunderland. The sector is undergoing major restructuring, driven by Gentoo's ambitious business plan. It is important that new affordable provision reflects the needs evidenced in this research;
- The private rented sector now accommodates 12.8% of households (although this remains below the regional average of 14.9% and the national average of 18.1%). It is a diverse tenure and plays a very important role in providing accommodation for a variety of households and income groups.
- The private rented sector provides a range of accommodation for lower-income groups who are unable to obtain social rented accommodation or access owner occupation. Notably, the tenure provides accommodation to households seeking independence and experiencing divorce/separation/family stress. However, state of repair

of private rented stock is a particular concern to lower-income occupants in older properties;

- The private rented sector also plays an important role in accommodating middle- and higher-income households. The private rented sector has an important role to play in supporting economic regeneration (by helping labour mobility) and graduate retention.

4.135 **Stock condition:**

- The vast majority of households across Sunderland are satisfied with the state of repair of their accommodation;
- Private renters, households living in older properties and households living in Sunderland cottage terraces and caravans/park homes were most likely to express dissatisfaction with state of repair.

4.136 **Shared housing and communal establishments:**

- Houses in Multiple Occupation are particularly concentrated in Millfield and Hendon wards;
- Residents living in student halls and residential care homes make up the vast majority of people living in communal establishments across Sunderland.

4.137 **The cost of buying or renting a property and affordability:**

- Over the period 2000 to 2012, average house prices have increased from £55,064 to £124,622;
- Entry-level private sector rents are a minimum of around £350 per month and without Housing Benefit assistance.

4.138 **Overcrowding and under-occupation:**

- Overcrowding affects 6.4% of, and is most likely to affect, households comprising a lone parent or couple with three or more children;
- Across Sunderland, 72.7% of households are technically under-occupying i.e. there are more bedrooms than required based on the bedroom standard model. Overall, 6.4% are severely under-occupying i.e. a household has 3 or more 'spare bedrooms' and these are most likely to be owner occupiers and couples (over and under 60) with no children.

4.139 **Vacancies, turnover and available supply:**

- Overall, the vacancy rate across Sunderland is 3.6%. These rates are comparable to national rates of 'transactional vacancy' i.e. the proportion of stock which should be vacant to allow for movement of households;
- Turnover is highest in the private rented sector and lowest in the owner-occupied sector;
- Around 1,547 owner occupied dwellings become available for purchase on an annual basis and 4,468 private rented dwellings

become available each year. There is a reasonable supply of affordable dwellings, with an average of 1,509 social/affordable rented dwellings coming available over the past 3 years for new tenants.

4.140 **Defining market areas and residential satisfaction:**

- Analysis has identified six distinctive local housing market areas within Sunderland on the basis of housing market function (travel to work and migration); and market typology (dwelling stock, socio-economic and demographic characteristics);
- The six market areas are Northern Suburbs, Northern Coastal, Inner Urban Area, Southern Suburbs, Coalfield Communities and Washington;
- The primary (demographic, economic and dwelling stock) and secondary drivers (satisfaction with area) have been explored;
- The population of Sunderland is expected to increase from 275,330 in 2011 to 283,966 by 2021. The role of Sunderland as an economic driver within the Tyne and Wear City Region must not be underestimated although the upskilling of local residents is important to increase household incomes and reduce unemployment rates;
- Satisfaction with neighbourhood is an important underlying market driver and across Sunderland, the general reputation of some neighbourhoods is low and highest in more affluent areas;
- There is limited connectivity between the Washington and Coalfield Community areas and the rest of Sunderland. The presence of BAME communities; high concentrations of Sunderland Cottages and terraced properties; and a strong private rented sector make the Inner Urban Area a particularly distinctive market area.

5. The Future Housing Market

Introduction

5.1 The purpose of this chapter is to review the future housing market in Sunderland and provides information relating to the following stages of the SHMA process:

| |
|---|
| Stage 1: Projecting changes in future number of households |
| Stage 2: Future economic performance |
| Stage 3: Future affordability |
| Stage 4: Bringing the evidence together |

5.2 Material in this chapter provides a basis for the following SHMA core outputs:

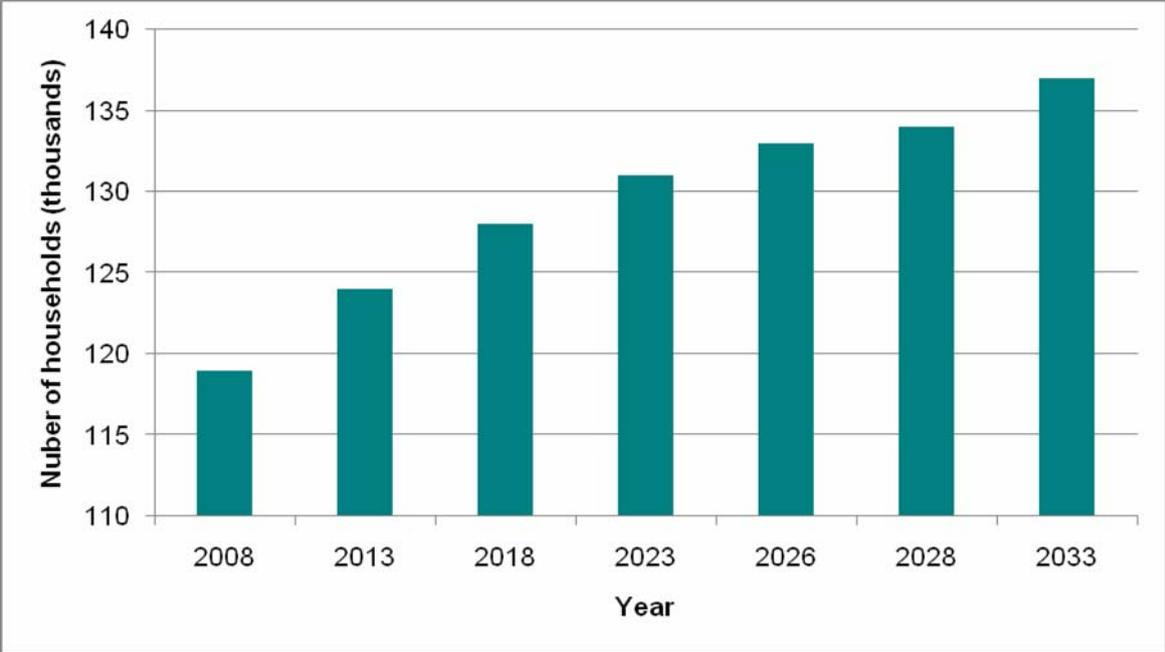
Core Output 3 Future households

5.3 A considered view on the likely factors which will influence the trajectory of Sunderland’s housing markets was presented in Chapter 2. It is recognised that sustained economic growth and promoting a better mix and balance of dwellings will help to sustain Sunderland’s population.

Stage 1: Projecting changes in future numbers of households

5.4 ONS household projections based on past (2008) trends are summarised in Figure 5.1. The total number of households in Sunderland is expected to increase from around 119,000 in 2008 to 137,000 by 2033, an increase of 13.2% (Figure 4.2). This data however does not take into account the drive for economic growth and population stabilisation which would result in a higher level of household growth.

Figure 5.1 Projected household change 2008 to 2033



Source: ONS 2008-based sub-national household projections

5.5 Further analysis of the impact of demographic change suggests that the total number of households headed by someone aged 65 and over will increase from 26.4% in 2008 to 35.8% by 2033 (Table 5.1).

Table 5.1 Age profile of Household Reference People 2008 and 2033

| Age of household reference person | Year and Number of households (thousands) | |
|-----------------------------------|---|------|
| | 2008 | 2033 |
| Under 25 | 5 | 5 |
| 25-34 | 16 | 17 |
| 35-44 | 23 | 24 |
| 45-54 | 33 | 32 |
| 55-64 | 10 | 10 |
| 65-74 | 17 | 22 |
| 75-84 | 12 | 18 |
| 85+ | 3 | 9 |
| Total | 119 | 137 |
| | | |
| % HRP aged under 65 | 73.1 | 64.2 |
| % HRP aged 65 and over | 26.9 | 35.8 |

Source: ONS 2008-based sub-national household projections

- 5.6 This has important implications for the range of new dwellings made available to a growing market and the increased level of support and assistance which will be required.

Overall dwelling requirements

- 5.7 Using 2008-based DCLG household projections, 2008-based DCLG household and the aspirations of the Economic Masterplan and Sunderland Strategy the council have identified a need for 15,021 dwellings between 2012 and 2032, an average of 750 dwellings per annum. This target is deemed to be both realistic / achievable whilst still being aspirational and will assist in delivering the visions and objectives of the Sunderland Strategy and Economic Masterplan.
- 5.8 2008 based DCLG household and population projections have been used in calculating future housing need because unfortunately 2010 based DCLG Population Projections were not followed by 2010 household projections and the 2011 Mid Year Estimates that reflect the findings of the 2011 Census only project 10 years forward and are only available for population projections. So without a complete comprehensive set of data for both Population Projections and Household Projections the Council has been restricted to using 2008 projections.

Open market/ affordable dwelling requirements

- 5.9 A breakdown between open market and affordable requirements can be estimated by considering the current tenure profile by age group (using the 2012 household survey evidence) and applying this to the Council's proposed housing target. However, this analysis assumes that the current tenure profile is maintained going forward. This would result in an annual requirement for 479 open market and 272 affordable dwellings (Table 5.2).

Table 5.2 Overall dwelling requirement using Council's proposed housing target

| Council dwelling requirement 2012-2032 | Tenure | | |
|--|--------|--------------------------|-------|
| | Market | Affordable/ Intermediate | Total |
| Additional dwellings total | 9583 | 5438 | 15021 |
| Annual additional dwellings | 479 | 272 | 751 |
| % | 63.8 | 36.2 | 100 |

Stage 2: Future economic performance

- 5.10 The North East Local Enterprise Partnership (LEP) was formed in 2010. The NELEP covers the local authority areas of County Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland. It is made up of nine private sector board members and the leaders and elected mayors of the seven partner local authorities. Representatives of the region's universities and colleges also sit on the NELEP board. The aims of the LEP include:

- Ensuring that the North East maximises its contribution to national economic growth and rebalancing the national economy
- Recognising the distinctive economic circumstances and potential of the area

- 5.11 Sunderland has a vital role to play in the economic advancement of the North East. Drivers for economic growth within Sunderland include the University, the IT infrastructure, existing major employers including Nissan, improving communications (notably the Metro, London rail link, Sunderland Strategic Transport Corridor and new bridge link and southern access roads). The economic growth agenda will play a pivotal role in establishing the trajectory of Sunderland's housing market over the next few decades.

- 5.12 The Sunderland Economic Masterplan was launched in October 2010 to guide the city's future economic growth. At its core the Economic Masterplan seeks to build on the city's key strengths and existing assets

and to demonstrate how the city will earn its living over the next decade and beyond.

The Masterplan's long term vision for the city is :

"To create an entrepreneurial university city at the heart of a low carbon regional economy"

The EMP is underpinned by five aims:

Aim 1: A new kind of University City – developing Sunderland University's ability to facilitate enterprise and innovation in the city.

Aim 2: A national hub of the low carbon economy – emphasising the city's potential in pioneering a low carbon economy, linked to the Ministerial designation in that Sunderland will be at the geographic heart of the Low Carbon Economic Area in the North East.

Aim 3: A connected waterfront City Centre – emphasising the importance of the city's waterfront position as a driver for economic development and place-making

Aim 4: A whole-life, inclusive city economy – ensuring the strategy delivers economic interventions that directly contributes to improving access to opportunity and reducing wordlessness and social exclusion in the city

Aim 5: Entrepreneurial in economic leadership – driving this ambitious city agenda will require clear, strong and entrepreneurial leadership around which resources and appropriate governance arrangements can be assembled.

5.13 There is considerable physical capacity in Sunderland for economic development to support the Economic Masterplan:

- With a range of sustainable locations for office based businesses, housing, leisure and retailing;
- Central Sunderland identified for major brownfield mixed use development; Vaux having the capacity to accommodate 4,000 jobs
- The Sunderland Strategic Transport Corridor, incorporating a new crossing of the River Wear.
- The North East Local Enterprise Partnership's (NELEP) Enterprise Zone, contains sites in Sunderland. This area is being promoted for advanced manufacturing, innovation, research and development in the ultra low carbon vehicles sector. The EZ has the capacity to provide more than 47,000 sq m of new development and 1,150 new jobs by the end of 2015. Over the 25-year life of the EZ , the area has the capacity to create approximately 140,000 sq m land to be developed and 3,000 jobs.

- 5.14 Improving the connectivity of Sunderland with other locations is vital to the success of economic advancement, with the following identified as areas for improvement:
- Port of Sunderland;
 - The strategic road network of the A19 and A184;
 - Further crossing of the River Wear and improved transport connections along the river in Sunderland;
 - Rail services beyond the region;
 - Strategic Transport Hubs in Sunderland
- 5.15 Given the potential for economic growth in Sunderland, it is increasingly important that housing policies aim to match development with household aspirations.
- 5.16 Throughout the report, the linkages between housing and economic growth have been strongly asserted. Crucially, the provision of new dwelling stock needs to reflect the aspirations of economically active households and at the same time respond to the diverse needs of different sections of the community. A balance needs to be struck between delivering the aspirational housing required by middle- to higher-income groups and the more affordable housing required by lower income groups.
- 5.17 Table 5.3 provides a further insight into the aspirations of households by income group. In overall terms, this points to a wide range of aspirations and therefore a requirement to increase diversity and choice within the dwelling stock. Table 5.3 demonstrates that higher income groups (i.e. quartiles 3 and 4) have clear market preferences for larger semi-detached and detached properties (particularly quartile 4 household). For lower income groups, aspirations remain traditional with strongest preferences expressed for two and three bedroom houses and bungalows. Interest in flats tends to be limited across all income groups.

Table 5.3 Market aspirations by quartile income group

| Property size/type | Household income (Quartile group) | | | | |
|---------------------------------------|-----------------------------------|------------------|------------------|-----------|-------|
| | Q1 (25%) | Q2 (>25% to 50%) | Q3 (50% to <75%) | Q4 (75%+) | TOTAL |
| Detached house | 16.3 | 14.3 | 26.3 | 63.9 | 39.5 |
| Semi-detached house | 28.9 | 43.3 | 30.9 | 13.0 | 25.7 |
| Larger terraced house | 2.6 | 2.0 | 12.7 | 5.2 | 5.9 |
| Smaller terraced house | 12.5 | 8.8 | 1.2 | 1.5 | 4.1 |
| Flat / apartment - ground floor | 2.6 | 0.0 | 5.4 | 0.6 | 1.7 |
| Flat / apartment - above ground floor | 0.0 | 4.9 | 4.4 | 0.0 | 2.2 |
| Detached bungalow | 3.8 | 12.3 | 10.0 | 12.5 | 11.2 |
| Semi-detached bungalow | 21.8 | 13.0 | 9.1 | 1.6 | 7.7 |
| Terraced bungalow | 5.6 | 0.0 | 0.0 | 0.0 | 0.4 |
| Sunderland Cottage | 0.0 | 1.4 | 0.0 | 1.7 | 1.1 |
| Caravan / Park-Home | 6.0 | 0.0 | 0.0 | 0.0 | 0.5 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (Valid Responses) | 821 | 2467 | 2353 | 4617 | 10258 |
| One | 0.0 | 0.8 | 1.3 | 0.0 | 0.5 |
| Two | 56.2 | 40.1 | 36.9 | 19.6 | 31.3 |
| Three | 39.6 | 43.6 | 57.3 | 35.7 | 42.8 |
| Four | 4.3 | 11.3 | 4.4 | 36.9 | 20.9 |
| Five or more | 0.0 | 4.1 | 0.0 | 7.7 | 4.5 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (Valid Responses) | 821 | 2468 | 2306 | 4711 | 10306 |

Source: 2012 household survey

- 5.18 A key message from this analysis is that, in the context of economic growth, there is a need to ensure that a wide range and choice of stock which all income groups aspire to is delivered. To help diversify the current mix of housing and enhance the opportunities for finding appropriate housing for higher income groups, particular attention should be paid to developing larger dwellings.
- 5.19 At the same time, the role of the private rented sector, particularly in providing higher-quality dwellings for young professionals should be recognised.
- 5.20 Recent out-migration has been partly fuelled by the availability of larger, more aspirational stock elsewhere. The A19 corridor would be a good example, where properties in Hartlepool and Easington have attracted residents from Sunderland.

Stage 3: Future affordability

- 5.21 The ability of households to access affordable accommodation in the future will be significantly influenced by prevailing market prices, interest rate changes and capacity in the social rented sector.

Market prices and interest rate changes

- 5.22 The CLG guidance comments that future house prices cannot be simply projected on the basis of past trends. Furthermore, predicting prices is an inherently uncertain process since changes in house prices are cyclical and periods of rapid growth can be followed by slower rates of growth and/or decline.
- 5.23 It is possible to undertake some elementary modelling work which assesses the likely impact of price and interest rate changes on relative affordability. Table 5.3 presents historic market values across Sunderland and how much mortgages on a median property price would have varied assuming a fixed interest mortgage based on a 10% deposit.
- 5.24 Three future scenarios are modelled:
- Scenario A: A continuous fall in prices through to 2016;
 - Scenario B: A short fall and recovery in 2014;
 - Scenario C: A sustained recovery starting in 2013.

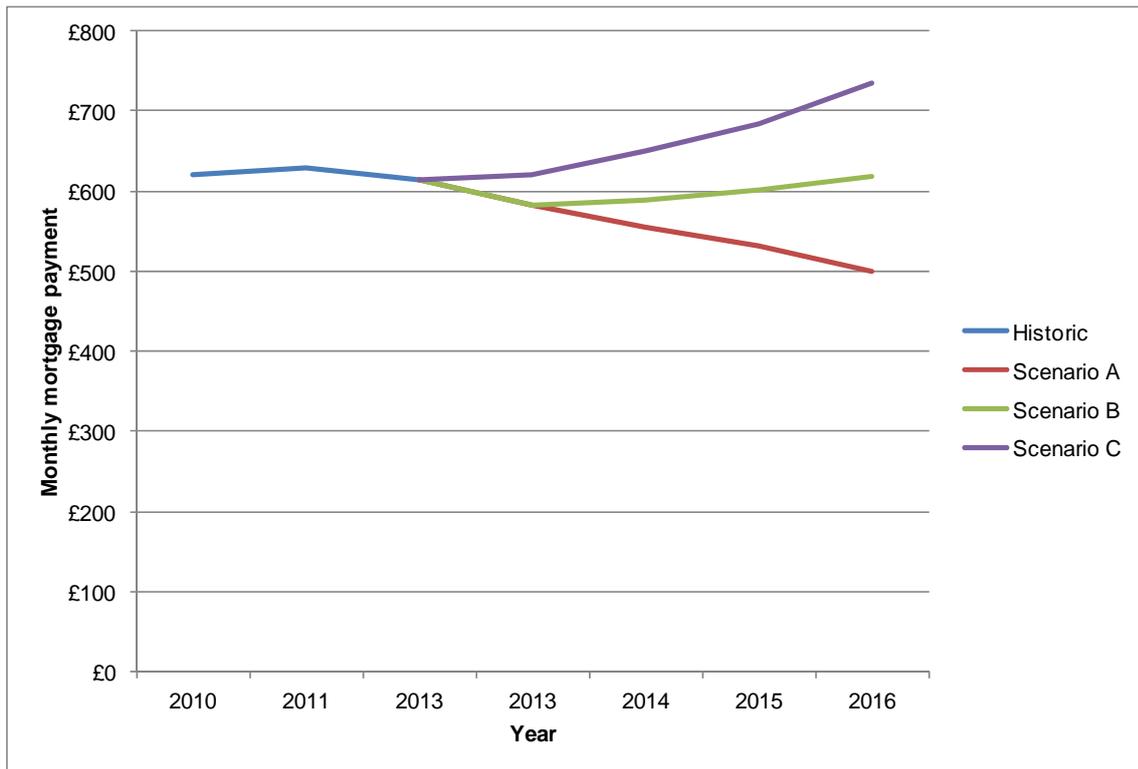
Table 5.4 Cost of repayment mortgage based on different house price change and interest rate assumptions

| | House Price Change | Median Price | 90% LTV | Interest Rate 6.09% (1) |
|--|--------------------|--------------|----------|-------------------------|
| Historic Market Values | | | | |
| 2010 | | £106,000 | £95,400 | £620 |
| 2011 | | £107,500 | £96,750 | £629 |
| 2012 | | £105,000 | £94,500 | £614 |
| Scenario A: Continuous Fall | | | | |
| 2013 | -5% | £99,750 | £89,775 | £583 |
| 2014 | -5% | £94,763 | £85,286 | £554 |
| 2015 | -5% | £90,024 | £81,022 | £532 |
| 2016 | -5% | £85,523 | £76,971 | £500 |
| Scenario B: Short Fall and recovery | | | | |
| 2013 | -5.0% | £99,750 | £89,775 | £583 |
| 2014 | +1% | £100,748 | £90,673 | £589 |
| 2015 | +2% | £102,762 | £92,486 | £601 |
| 2016 | +3% | £105,845 | £95,261 | £619 |
| Scenario C: Sustained recovery | | | | |
| 2013 | +1% | £106,050 | £95,445 | £620 |
| 2014 | +5% | £111,353 | £100,217 | £651 |
| 2015 | +5% | £116,920 | £105,228 | £684 |
| 2016 | +7.5% | £125,689 | £113,120 | £735 |

Source: Land Registry; Nat West online mortgage calculator. Mortgage deals available in Sep 2012 (example used based on NatWest 6.09% 5 year fixed rate with 10% deposit).

5.25 Figure 5.2 indicates how the house price scenarios would impact on monthly mortgage repayments (assuming fixed interest rates). For example, with Scenario A (continuous fall), property monthly repayments (on a 6.09% mortgage) would reduce from £583 to £500 at the start of the mortgage period (and property values would fall by around £14,230 or 14.3%).

Figure 5.2 Monthly mortgage costs based on alternative scenarios



Source: Land Registry Price Paid Data; Nat West online mortgage calculator

5.26 This modelling is purely illustrative and shows how different scenarios would impact on the cost of repaying a mortgage. However, the ability of households to raise a mortgage is affected by a reduced range of products, tighter lending criteria and the need to have a substantial deposit.

Stage 4: Summary and key messages

5.27 This chapter has considered the future housing market in Sunderland and reflected on future household numbers, economic trends and future affordability. Some high-level messages from information obtained would include:

- The number of households in Sunderland is expected to increase over the next few decades, mainly fuelled by an increase in one person and multi-person households (e.g. friends sharing) which reflects national and regional trends. At the same time, the population is expected to age which will change the dynamic of household structure across the City;
- CLG household projections suggest an annual increase in 720 households which equates to 742 additional dwellings each year. Based on the current tenure profile by age of Sunderland residents, analysis would suggest that 63.8% of additional dwellings should be open market and 36.2% affordable.

- Sunderland is well-placed to contribute to regional economic development and advancement. The population is upskilling and evidence from the 2007 household survey illustrates the important role of the University in improving the skills base of local residents. The ‘software city’ initiative is one example of how Sunderland is responding to economic change.
- The linkages between economic change and housing cannot be underestimated. It remains important that an appropriate range of dwellings is made available to satisfy the aspirations of a varied workforce and, coupled with broadening the range of cultural and leisure amenities, help create a better place in which to live and work;
- The linkage between household income and market aspirations shows that higher income groups are aspiring to larger, traditional houses. Not increasing supply of this type of dwelling may encourage out-migration to other locations and not help with the population stability agenda. Similarly, the linkage with household type and aspirations has been explored and summarised in Table 6.10 (in Chapter 6). This asserts that smaller households do not necessarily aspire to smaller dwellings or primarily to apartments. The over-provision of smaller market dwellings would not entirely reflect general aspirations;
- Over the next few years, the performance of the housing market will need to be closely scrutinised. The longer-term impact of mortgage restrictions, falling prices and the slowdown in house building has yet to be determined;
- The ability of households to access the social rented sector has become increasingly difficult over the past few years, for instance through increasing demand for stock. As a result, private renting has become the only viable option for many households, although issues such as stock condition, the short-term length of tenancy and dwelling quality all point to concerns regarding the role of some sections of the private rented sector in promoting long-term community sustainability and quality of life.

6. Housing Need and Market Demand

Introduction

6.1 This chapter reviews housing need and market demand in Sunderland and supports the following SHMA core outputs:

- Core Output 4** **Current households in need**
- Core Output 5** **Future households requiring affordable housing**
- Core Output 6** **Future households requiring market housing**
- Core Output 7** **Size of affordable housing required**

6.2 A detailed assessment of housing need and affordable requirements is presented at Technical Appendix C of this report.

- 6.3 To reiterate the definitions presented at the start of the report:
- **Housing need** is the quantity of housing required for households who are unable to access suitable housing without financial assistance; and
 - **Housing demand** is the quantity of housing that households are willing and able to buy or rent on the open market

6.4 Additionally, consideration needs to be given to the definition of affordable housing. **Affordable housing** includes Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market.

6.5 Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

6.6 **Social rented** housing is owned by local authorities and private registered providers(as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

6.7 **Affordable rented** housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

6.8 **Intermediate housing** is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning

- 6.9 Delivery of affordable housing is primarily through Registered Provider development programmes. It can include private sector development if s106 agreements are in place to ensure a property is affordable in perpetuity.
- 6.10 In line with CLG guidance, this chapter considers:
- Current households in need;
 - Future households requiring affordable housing;
 - The size and type of affordable housing required;
 - Future households requiring market housing which includes a review of household aspirations and an assessment of market supply and demand; and
 - Concludes with policy suggestions.

Housing need and affordable requirements

Current households in need

- 6.11 A robust and defensible assessment of housing need is foundational to appropriate affordable housing policies which need to be articulated in Local Plans. Housing need can be defined as:
- ‘the quantity of housing required for households who are unable to access suitable housing without financial assistance’.*
- 6.12 The DCLG’s Strategic Housing Market Assessment Guidance provides further details of what constitutes housing need. The 2012 housing market assessment provides the robust and transparent evidence base required to assess housing need across Sunderland in line with CLG guidance. This is presented in detail at Appendix B of this report.
- 6.13 Across Sunderland, there are 14,843 existing households in need (12.4% of all households). Reasons for housing need based on CLG guidance are summarised in Table 6.1.

Table 6.1 Housing need in Sunderland

| Category | Factor | No. Households |
|---|--|----------------|
| Homeless households or with insecure tenure | N1 Under notice, real threat of notice or lease coming to an end | 501 |
| | N2 Too expensive, and in receipt of housing benefit or in arrears due to expense | 2,269 |
| Mismatch of housing need and dwellings | N3 Overcrowded according to the 'bedroom standard' model | 5,094 |
| | N4 Too difficult to maintain | 3,220 |
| | N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household | 611 |
| | N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation | 3,666 |
| Dwelling amenities and condition | N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit | 239 |
| | N8 Subject to major disrepair or unfitness and household does not have resource to make fit | 1,197 |
| Social needs | N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move | 1,376 |
| Total Need | | 14,843 |
| Total Households | | 119,758 |
| % households in need | | 12.4 |

Note: A household may have more than one housing need.

Source: 2012 household survey

6.14 Table 6.2 summarises how the proportion of households in need varies by local housing market area. Housing need is proportionately highest in the Inner Urban Area (20.7%).

6.15 Table 6.3 demonstrates how the proportion of households in housing need varies by tenure and household type. Private renters, social/affordable renters, lone parents and couples with three or more children are more likely to experience housing need.

Table 6.2 Housing need by local housing market area

| Local housing market area | Total no. households | Number of households in need | % Households in need |
|---------------------------|----------------------|------------------------------|----------------------|
| Northern Suburbs | 14634 | 1843 | 12.6 |
| Northern Coastal | 9841 | 892 | 9.1 |
| Inner Urban Core | 14927 | 3089 | 20.7 |
| Sunderland Central | 37740 | 4426 | 11.7 |
| Southern Suburbs | 19096 | 1970 | 10.3 |
| Coalfield Communities | 23516 | 2624 | 11.2 |
| Washington | 119754 | 14843 | 12.4 |

Source: 2012 household survey

Table 6.3 Housing need by tenure and household type

| Tenure | % | Base | Household type | % | Base |
|--|-------------|---------------|--|-------------|---------------|
| Owner occupied | 8.8 | 71566 | Single Adult (under 60) | 15.3 | 16401 |
| Private Rented | 26.0 | 15441 | Single Adult (60 or over) | 7.7 | 20392 |
| Social/Affordable Rented and Intermediate Tenure | 13.8 | 32751 | Couple only (both under 60) | 6.9 | 13226 |
| | | | Couple only (one or both over 60) | 7.2 | 24789 |
| | | | Couple with 1 or 2 child(ren) | 5.4 | 14946 |
| | | | Couple with 3 or more children | 21.2 | 2514 |
| | | | Couple with child(ren) aged 18+ | 7.4 | 9808 |
| | | | Lone parent with 1 or 2 child(ren) under 18 | 17.5 | 6461 |
| | | | Lone parent with 3 or more children | 35.7 | 707 |
| | | | Lone parent with child(ren) aged 18+ | 23.0 | 3706 |
| | | | Other type of household e.g. friends sharing | 55.2 | 6808 |
| Total | 12.4 | 119758 | Total | 12.4 | 119758 |

Source: 2012 household survey

Future households requiring affordable housing

- 6.16 A detailed analysis of household formation rates based on a review of past trends and future intentions is presented at Appendix B. The 2012 household survey evidence suggests a household formation rate of 1,677 each year based on a gross household formation rate of 1.4% of households each year. Analysis suggests that 66% of newly-forming households could not access the open market or 1,001 each year. This is based on the income and other finance available to access the open market.

Size, type and tenure of affordable housing required

- 6.17 A detailed analysis of the following factors determines a view on the measure of the imbalance between supply and demand for affordable housing:
- Households currently in housing which is unsuitable for their use and who are unable to afford to buy or rent in the market (backlog need);
 - New households forming who cannot afford to buy or rent in the market;
 - Existing households expected to fall into need;
 - The supply of affordable housing through social renting and intermediate tenure stock.
- 6.18 The needs assessment model advocated by the CLG has been used and detailed analysis of each stage of the model is presented at Appendix B. Analysis indicates that across Sunderland, there is an annual net shortfall of 514 affordable dwellings (all types and tenures) . We suggest that, prior to any future updating, this is taken as a measure of the annual supply/demand imbalance for the five year period 2012/13 to 2017/18. The previous 2008 SHMA reported an annual imbalance of 388 and since then there has been a marked increase in the total number of existing households in housing need coupled with a reduction in social/affordable rented capacity.
- 6.19 Pipeline provision (in the form of the programmes of Gentoo and other RSLs) will need to be set against this indicative requirement. Additionally, the economic viability of delivering affordable housing will need to be considered by the Council when it prepares policy guidance for affordable housing provision in the LDF.
- 6.20 In addition to establishing a view on the imbalance between affordable requirement and existing supply, the analysis breaks this measure down by planning policy area, property designation (i.e. general purpose and older person) and property size (number of bedrooms) as shown in Table 6.4.

Table 6.4 Net affordable housing requirements – annual requirements to satisfy imbalance 2012/13 to 2016/17

| Dwelling size/designation | Development Area | | | | | |
|---------------------------|------------------|------------------|--------------------|------------|-----------|------------|
| | Sunderland North | Sunderland South | Sunderland Central | Washington | Coalfield | Total |
| Smaller 1/2 General Needs | 143 | 76 | 26 | 59 | 45 | 350 |
| Larger 3+ General Needs | 11 | 89 | 31 | -35 | 67 | 163 |
| Older 1/2 Bedroom | 0 | 23 | -2 | 9 | -28 | 2 |
| TOTAL | 154 | 188 | 55 | 33 | 84 | 514 |

Source: 2012 household survey

6.21 Households were asked to state tenure preferences. Table 6.5 summarises the preferences of both existing households in need and newly forming households for the City as a whole. Overall, this gives a tenure split of 77.3% affordable/social rented and 22.7% intermediate tenure.

Table 6.5 Affordable tenure preferences

| Tenure | Existing households in need | Newly-forming households | Total |
|---------------------------|-----------------------------|--------------------------|-------|
| Affordable (Social) Rent | 82.2 | 72.4 | 77.3 |
| Intermediate Tenure | 17.8 | 27.6 | 22.7 |
| Total | 100.0 | 100.0 | 100.0 |
| Base (annual requirement) | 1028 | 1036 | 2064 |

Source: 2012 household survey

Base (annual requirement) based on Table B1

6.22 Table 6.6 considers the range of affordable property types households would consider based on the expectations of existing households in need and what newly-forming households have moved into over the past 5 years. It highlights a strongest preference for houses followed by bungalows and then flats.

Table 6.6 Affordable property type preferences

| Type preferences | Existing (%) | Newly-forming (%) | Total (%) |
|---------------------------|--------------|-------------------|-----------|
| Detached | 6.0 | 8.8 | 7.4 |
| Semi-detached | 28.7 | 34.4 | 31.5 |
| Terraced | 7.7 | 28.6 | 18.2 |
| Flat | 20.8 | 15.7 | 18.2 |
| Bungalow | 36.8 | 12.5 | 24.6 |
| Total | 100.0 | 100.0 | 100.0 |
| Base (annual requirement) | 1028 | 1036 | 2064 |

Source: 2012 household survey

- 6.23 Evidence suggests that an element of intermediate tenure dwellings should be considered as part of affordable housing delivery in Sunderland. On the basis of household aspirations, a 77.3% rented and 22.7% intermediate tenure split would be appropriate. It would be recommended that these tenure splits are used as a basis for discussion with developers/RPs but any final tenure split would be subject to an economic viability assessment and prevailing aspirations.
- 6.24 There are several factors which will influence delivery:
- Ability and desire for Registered Providers to deliver intermediate tenure;
 - Allocations made by the Homes and Communities Agency;
 - The relative desirability of intermediate tenure relative to other products;
 - Economic viability i.e. the ability of developers to subsidise the affordable component of new housing provision.
- 6.25 The Intermediate tenure market can play a strong role in areas where house prices and income differentials are particularly high, rendering owner occupation unaffordable and not a feasible option. However, in the case of Sunderland, prevailing market prices may be similar to those of intermediate tenure products and the added conditions which apply to intermediate tenure products may render this a less desirable option. Similarly, developers are currently discounting open market sales prices, with direct reductions or through shared equity arrangements.

Affordability of intermediate tenure options

6.26 Notwithstanding the risks associated with intermediate tenure options, it is useful to consider what is actually affordable to households who have stated a preference for intermediate tenure options.

6.27 Table 6.7 reviews what level of equity share could be afforded by existing and newly-forming households. This is based on the 'affordability threshold' of a household which takes into account household income and access to equity/savings. On the basis of this information, 44.1% of households in need (existing and newly-forming) could afford an intermediate product priced at £60,000; 31.2% could afford a product priced at £100,000.

Table 6.7 Proportions of households in need who could afford different equity shares

| Price | % could afford | | |
|---------------------------|-----------------------------|--------------------------|-------|
| | Existing households in need | Newly-forming households | Total |
| £60,000 | 41.7 | 46.6 | 44.1 |
| £80,000 | 30.7 | 40.7 | 35.7 |
| £100,000 | 24.5 | 37.9 | 31.2 |
| £120,000 | 19.1 | 14.4 | 16.7 |
| Base (annual requirement) | 1028 | 1036 | 2064 |

Source: 2012 household survey

Comparison with housing register

6.28 A total of 2,819 households were recorded on the Housing Register as at 1st April 2011. Table 6.8 summarises the property size requirements of these households.

Table 6.8 Dwelling size requirements of households on Housing Register as at 1st April 2011

| Requirement | No. of households | % of households |
|--------------|-------------------|-----------------|
| 1/2 Bedrooms | 2144 | 76.1 |
| 3+ bedrooms | 467 | 16.6 |
| Unspecified | 208 | 7.4 |
| Total | 2819 | 100.0 |

Source: Housing Strategy Statistical Appendix 2012

6.29 The Housing Register information suggests a greater requirement for larger dwellings compared with the CLG model analysis.

Affordable Housing Delivery

- 6.30 According to Council data there have been an average completion of 281 affordable dwellings each year over the five year period 2007/08 to 2011/12.
- 6.31 On this basis, annual delivery goes a substantial way to offsetting the identified affordable housing imbalance.

Affordable housing targets and thresholds

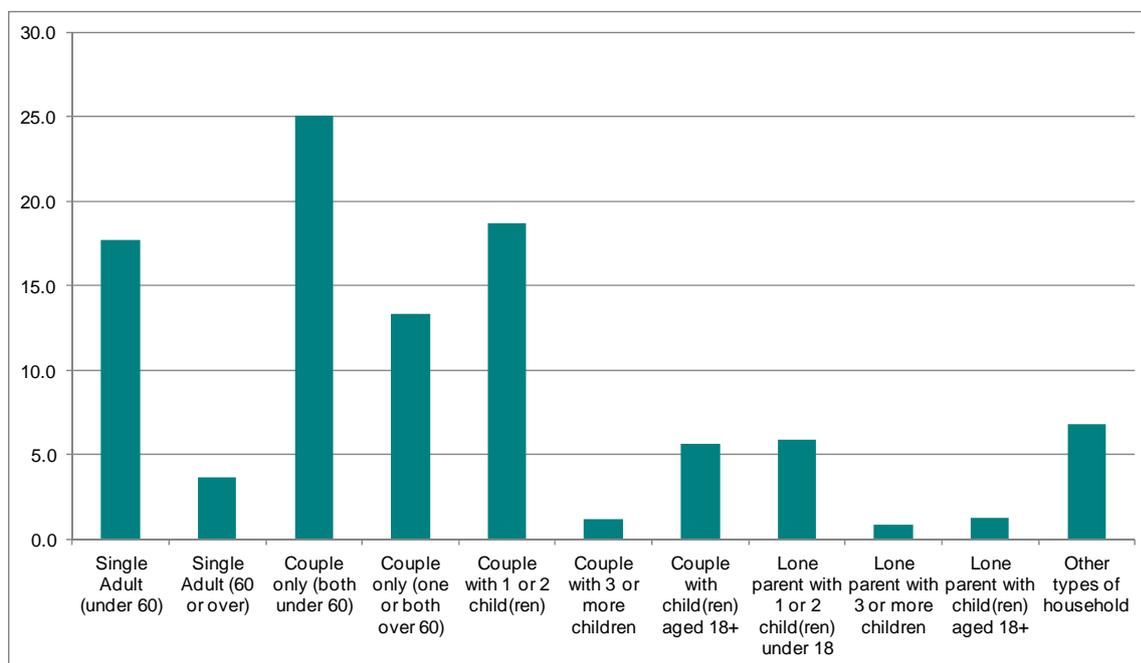
- 6.32 Local Planning Authorities should set an overall target for the amount of affordable housing to be provided. On the basis of the measure of shortfall identified (514 each year), it would be appropriate for Sunderland to retain an affordable housing policy. The actual target for provision should be derived from an assessment of the likely economic viability of land for housing. Further advice on establishing targets and thresholds is presented at Appendix C.

General market demand

Future households requiring market housing

- 6.33 The 2012 household survey provides a range of valuable evidence on general market requirements. The vast majority of households (around 72.7%) live in the open market and overall demand for market accommodation will be the principal driver of Sunderland's housing market.
- 6.34 Around 2,330 existing households are intending to move in the open market over the next year. Figure 6.1 indicates that couples with one or two children, couples under 60 and singles under 60 account for the majority of households likely to be moving in the open market.

Figure 6.1 Types of household intending to move in the open market over the next year



Source: 2012 household survey

Household aspirations

- 6.35 Table 6.9 considers the extent to which household preferences (what households would like) varies by household type. Table 6.10 presents data on household expectations.
- 6.36 Analysis demonstrates that although there is a degree of variation in household preferences amongst these household types, the preferences, particularly of singles (under 60) and couples (under 60) are not necessarily for smaller properties. For instance, 39.9% of singles under 60 would consider a detached house and 35.8% expect to move to a semi-detached house. For couples under 60, 51.1% would like a detached house, 22.5% a semi-detached house and 66.3% a property with three or more bedrooms. Of Couples under 60, 42.9% would expect a semi-detached property and 46.9% expect to move to a property with three or more bedrooms.
- 6.37 This analysis suggests that smaller households, particular those headed by someone aged 16-59, do not necessarily aspire to smaller properties.
- 6.38 Analysis demonstrates that the aspirations of older people (headed by someone aged 60 or over) are specifically for bungalows and this group is less likely to consider moving into a house. Although there is a relatively high aspiration for bungalows, delivery is affected by factors such as density requirements and land values which can result in new bungalow

development being unfeasible. An important challenge for the Council is to develop new forms of older persons' accommodation to their requirements.

- 6.39 The preferences of newly-forming households, based on the range of dwellings moved into, is summarised in Table 6.11.

Table 6.9 Household aspirations by household type: would like

| Would like | Household type | | | | | | | | | | | |
|---------------------------------------|-------------------------|---------------------------|-----------------------------|-----------------------------------|-------------------------------|--------------------------------|---------------------------------|---|-------------------------------------|--------------------------------------|-------------------------|-------|
| | Single Adult (under 60) | Single Adult (60 or over) | Couple only (both under 60) | Couple only (one or both over 60) | Couple with 1 or 2 child(ren) | Couple with 3 or more children | Couple with child(ren) aged 18+ | Lone parent with 1 or 2 child(ren) under 18 | Lone parent with 3 or more children | Lone parent with child(ren) aged 18+ | Other type of household | Total |
| Property type | | | | | | | | | | | | |
| Detached house | 39.9 | 7.0 | 51.1 | 16.9 | 55.3 | 71.3 | 36.3 | 4.3 | 0.0 | 19.0 | 3.7 | 36.3 |
| Semi-detached house | 16.7 | 7.9 | 22.5 | 2.6 | 23.9 | 28.7 | 5.3 | 90.3 | 100.0 | 59.8 | 91.6 | 27.1 |
| Larger terraced house | 3.8 | 11.5 | 5.0 | 2.6 | 7.6 | 0.0 | 0.0 | 5.5 | 0.0 | 21.2 | 4.7 | 5.0 |
| Smaller terraced house | 10.2 | 0.0 | 6.1 | 2.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3.1 |
| Flat / apartment - ground floor | 4.0 | 4.8 | 0.0 | 3.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 |
| Flat / apartment - above ground floor | 8.9 | 28.3 | 2.5 | 4.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3.1 |
| Detached bungalow | 5.1 | 21.9 | 9.7 | 39.2 | 1.5 | 0.0 | 45.5 | 0.0 | 0.0 | 0.0 | 0.0 | 12.1 |
| Semi-detached bungalow | 5.1 | 18.5 | 3.1 | 28.5 | 3.6 | 0.0 | 12.9 | 0.0 | 0.0 | 0.0 | 0.0 | 7.1 |
| Terraced bungalow | 2.2 | 0.0 | 0.0 | 0.0 | 4.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 |
| Sunderland Cottage | 1.7 | 0.0 | 0.0 | 0.0 | 3.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 |
| Caravan / Park-Home | 2.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base (Valid responses) | 2035 | 428 | 2919 | 1551 | 2121 | 136 | 661 | 648 | 101 | 149 | 749 | 114 |
| Property size | | | | | | | | | | | | |
| One | 1.5 | 21.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 |
| Two | 52.2 | 51.2 | 33.7 | 51.6 | 5.6 | 0.0 | 43.3 | 13.9 | 0.0 | 20.3 | 9.6 | 31.1 |
| Three | 40.2 | 19.4 | 41.3 | 41.9 | 35.6 | 0.0 | 42.2 | 86.1 | 100.0 | 60.7 | 48.9 | 42.1 |
| Four | 6.1 | 7.7 | 21.9 | 6.5 | 47.5 | 100.0 | 14.5 | 0.0 | 0.0 | 19.0 | 18.4 | 20.0 |
| Five or more | 0.0 | 0.0 | 3.1 | 0.0 | 11.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 23.0 | 4.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Total (Valid Responses) | 2035 | 428 | 2919 | 1551 | 2179 | 136 | 661 | 683 | 101 | 149 | 750 | 114 |

Table 6.10 Household aspirations by household type: expectations

| Expect | Household type (%) | | | | | | | | | | | |
|---------------------------------------|-------------------------|---------------------------|-----------------------------|-----------------------------------|-------------------------------|--------------------------------|---------------------------------|---|-------------------------------------|--------------------------------------|-------------------------|-------|
| | Single Adult (under 60) | Single Adult (60 or over) | Couple only (both under 60) | Couple only (one or both over 60) | Couple with 1 or 2 child(ren) | Couple with 3 or more children | Couple with child(ren) aged 18+ | Lone parent with 1 or 2 child(ren) under 18 | Lone parent with 3 or more children | Lone parent with child(ren) aged 18+ | Other type of household | Total |
| Property type | | | | | | | | | | | | |
| Detached house | 2.5 | 7.4 | 13.9 | 13.1 | 27.3 | 22.9 | 19.1 | 4.3 | 0.0 | 19.0 | 18.1 | |
| Semi-detached house | 35.8 | 8.3 | 42.9 | 13.8 | 47.9 | 77.1 | 27.2 | 52.0 | 100.0 | 62.4 | 30.5 | |
| Larger terraced house | 6.9 | 12.1 | 3.8 | 0.0 | 10.0 | 0.0 | 0.0 | 14.6 | 0.0 | 0.0 | 7.7 | |
| Smaller terraced house | 8.0 | 0.0 | 14.2 | 1.3 | 1.7 | 0.0 | 6.2 | 29.2 | 0.0 | 18.6 | 21.6 | |
| Flat / apartment - ground floor | 6.2 | 0.0 | 2.4 | 3.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5.8 | |
| Flat / apartment - above ground floor | 24.0 | 29.7 | 11.9 | 7.1 | 0.0 | 0.0 | 4.3 | 0.0 | 0.0 | 0.0 | 13.7 | |
| Detached bungalow | 5.2 | 6.9 | 6.2 | 14.3 | 0.0 | 0.0 | 12.7 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Semi-detached bungalow | 7.7 | 28.6 | 0.0 | 42.8 | 5.0 | 0.0 | 30.5 | 0.0 | 0.0 | 0.0 | 2.7 | |
| Terraced bungalow | 3.7 | 6.9 | 1.3 | 1.7 | 4.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Sunderland Cottage | 0.0 | 0.0 | 3.2 | 2.4 | 3.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Caravan / Park-Home | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| Base (Valid responses) | 1843 | 407 | 2847 | 1444 | 2144 | 136 | 661 | 648 | 101 | 149 | 795 | |
| No. Bedrooms | | | | | | | | | | | | |
| One | 12.0 | 21.7 | 0.0 | 0.0 | 0.0 | 0.0 | 4.3 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Two | 50.9 | 38.0 | 51.6 | 55.3 | 22.5 | 0.0 | 41.8 | 35.2 | 0.0 | 21.2 | 54.5 | |
| Three | 29.2 | 27.1 | 35.3 | 27.2 | 40.9 | 0.0 | 34.7 | 64.8 | 100.0 | 78.8 | 15.8 | |
| Four | 2.2 | 0.0 | 11.6 | 6.5 | 29.3 | 100.0 | 9.8 | 0.0 | 0.0 | 0.0 | 4.1 | |
| Five or more | 0.0 | 0.0 | 0.0 | 0.0 | 3.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 21.7 | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| Total (Valid Responses) | 2068 | 428 | 2919 | 1551 | 2179 | 136 | 661 | 683 | 101 | 149 | 795 | |

Source: 2012 household survey

Table 6.11 Household realisations of newly-forming households

| Property type | % |
|--------------------------------|-------|
| Detached house | 8.8 |
| Semi-detached house\town house | 34.4 |
| Terraced house | 28.6 |
| Sunderland Cottages | 4.0 |
| Bungalow | 8.5 |
| Flat/Apartment | 15.7 |
| Total | 100.0 |
| No. Bedrooms | % |
| One | 7.8 |
| Two | 72.6 |
| Three | 19.7 |
| Total | 100.0 |
| Total (Valid Responses) | 1234 |

Source: 2012 household survey

Open market demand and current supply

- 6.40 In order to inform an understanding of open market demand and supply, information is required on the residential choices of households and also the extent to which properties are likely to become available. It is possible to review the extent to which open market demand and supply is balanced by ascertaining the preferences of existing households, newly-forming households and in-migrant households by considering the range of dwellings moved into. This can then be reconciled with the likely supply based on turnover rates in the preceding five years (to June 2012). This analysis helps to identify areas where there are imbalances in the provision of general market accommodation and is illustrated in Figure 6.2 (local housing market areas) and Figure 6.3 (planning policy areas).
- 6.41 In summary, analysis of general market supply and demand suggests that:
- The housing market across Sunderland is generally balanced, with demand satisfied by supply;
 - There is some overall pressure in the Inner Urban Areas and the Coalfield Communities area;
- 6.42 Given the current market downturn and limited mortgage availability, the scale of market transactions is around 50% lower than that presented in the 2007 SHMA. It is not surprising therefore that evidence suggests that current market demand is being satisfied by supply.
- 6.43 Figure 6.3 reinforces the notion of a current broad balance in market supply relative to demand, with overall shortfalls in Sunderland Central, Coalfield and Washington areas.

6.44 It should be noted that this analysis does not factor in outstanding permissions.

Figure 6.2 Review of general market supply and demand by local housing market area

| Supply/demand balance | Local housing market area | | | | | | | |
|--------------------------------|---------------------------|------------------|--|------------------|-----------------------|------------|-------|--|
| | Northern Suburbs | Northern Coastal | Inner Urban Area | Southern Suburbs | Coalfield Communities | Washington | TOTAL | |
| Dwelling type | | | | | | | | |
| Detached house | 1.00 | 2.00 | 0.50 | 1.05 | 1.00 | 1.00 | 0.98 | |
| Semi-detached house/town house | 1.12 | 1.06 | 0.82 | 1.05 | 1.01 | 0.97 | 1.02 | |
| Terraced house | 1.10 | 1.00 | 0.79 | 1.00 | 0.97 | 1.00 | 0.96 | |
| Sunderland Cottages | 1.00 | 1.09 | 0.92 | 1.00 | 1.00 | 1.00 | 0.99 | |
| Bungalow | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.16 | 1.03 | |
| Flat/Apartment/Maisonette | 1.65 | 1.11 | 1.11 | 1.09 | 0.76 | 1.00 | 1.09 | |
| Other | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | |
| No. Bedrooms | | | | | | | | |
| One/Studio | 1.48 | 1.41 | 1.25 | 1.00 | 1.00 | 0.79 | 1.16 | |
| Two | 1.12 | 1.00 | 0.87 | 1.03 | 0.95 | 1.02 | 0.98 | |
| Three | 1.06 | 1.05 | 0.83 | 1.06 | 1.00 | 1.02 | 1.01 | |
| Four | 1.00 | 1.55 | 1.00 | 1.12 | 1.00 | 1.00 | 1.06 | |
| Five or more | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | |
| Total | 1.13 | 1.08 | 0.91 | 1.05 | 0.98 | 1.01 | 1.01 | |
| | | 0.9 | Demand exceeds supply and pressure on stock | | | | | |
| | | 1.1 | Demand equals supply - demand likely to be satisfied | | | | | |

Source: 2012 household survey

Figure 6.3 Review of general market supply and demand by planning policy area

| Supply/demand balance | Development Area | | | | | | |
|--------------------------------|------------------|--------------------|--|-----------|------------|-------|--|
| | Sunderland North | Sunderland Central | Sunderland South | Coalfield | Washington | Total | |
| Dwelling type | | | | | | | |
| Detached house | 1.24 | 0.50 | 1.05 | 1.00 | 1.00 | 0.98 | |
| Semi-detached house/town house | 1.10 | 0.82 | 1.05 | 1.01 | 0.97 | 1.02 | |
| Terraced house | 1.05 | 0.79 | 1.00 | 0.97 | 1.00 | 0.96 | |
| Sunderland Cottages | 1.05 | 0.92 | 1.00 | 1.00 | 1.00 | 0.99 | |
| Bungalow | 1.00 | 1.00 | 1.00 | 1.00 | 1.16 | 1.03 | |
| Flat/Apartment/Maisonette | 1.25 | 1.11 | 1.09 | 0.76 | 1.00 | 1.09 | |
| Other | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | |
| No. Bedrooms | | | | | | | |
| One/Studio | 1.45 | 1.25 | 1.00 | 1.00 | 0.79 | 1.16 | |
| Two | 1.06 | 0.87 | 1.03 | 0.95 | 1.02 | 0.98 | |
| Three | 1.06 | 0.83 | 1.06 | 1.00 | 1.02 | 1.01 | |
| Four | 1.19 | 1.00 | 1.12 | 1.00 | 1.00 | 1.06 | |
| Five or more | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | |
| Total | 1.11 | 0.91 | 1.05 | 0.98 | 1.01 | 1.01 | |
| | | 0.9 | Demand exceeds supply and pressure on stock | | | | |
| | | 1.1 | Demand equals supply - demand likely to be satisfied | | | | |

- 6.45 Two further points need to be reiterated when future market demand is considered. Firstly, the future economic growth agenda for Sunderland, and the performance of this over time, will need to be carefully monitored and factored into discussions relating to dwelling supply and demand. It is noted elsewhere (e.g. Table 5.3) that higher income groups are aspiring towards larger semi-detached and detached properties. Secondly, the linkage between household size and dwelling type is not clear cut and smaller households do not necessarily aspire to smaller properties. However, monitoring of household preferences of smaller housing will be important given the projected growth of smaller households in the future.

Mix of market housing to be delivered

- 6.46 A range of material has been assembled which provides an overview of household aspirations and the extent to which there are general market supply and demand imbalances across Sunderland. This will assist the Council in determining appropriate dwelling mix on sites and inform the preparation and review of Sunderland's planning policies.
- 6.47 Whereas assessing affordable requirements is relatively straightforward, there is a danger of being too prescriptive in determining market mix. There are a number of factors which need to be taken into account in planning policies regarding type and mix:
- Current market supply and demand imbalances;
 - Future household aspirations;
 - Future opportunities to diversify stock with specific reference to linkages with the economic growth agenda

Type and size mix

- 6.48 The range of dwellings moved into by households moving in the open market can provide a useful baseline for the range of dwellings which are appropriate for developing in an area. This analysis is based on the residential choices of existing households moving within Sunderland, households moving into the City and dwellings moved into by newly-forming households.
- 6.49 Table 6.12 reviews the type and size of dwellings moved into over the past 5 years by local housing market area. This data is also prepared for planning policy areas (Table 6.13) and wards (Table 6.14).

Table 6.12 Residential choices of households moving by local housing market area

| Property type | Local Housing Market Area (%) | | | | | | |
|--------------------|-------------------------------|------------------|------------------|------------------|-----------------------|------------|-------|
| | Northern Suburbs | Northern Coastal | Inner Urban Area | Southern Suburbs | Coalfield Communities | Washington | Total |
| Detached | 5.4 | 1.8 | 5.6 | 10.7 | 23.1 | 14.9 | 10.9 |
| Semi-Detached | 43.4 | 28.5 | 15.5 | 37.5 | 21.0 | 26.5 | 28.8 |
| Terraced | 23.5 | 23.2 | 23.8 | 14.3 | 42.2 | 32.1 | 24.7 |
| Sunderland Cottage | 19.9 | 23.0 | 15.1 | 6.2 | 0.0 | 0.0 | 8.8 |
| Bungalow | 0.0 | 0.0 | 16.0 | 7.0 | 9.2 | 8.0 | 8.0 |
| Flat | 7.9 | 23.5 | 24.0 | 23.6 | 4.6 | 18.6 | 18.6 |
| Other | 0.0 | 0.0 | 0.0 | 0.6 | 0.0 | 0.0 | 0.2 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 1836 | 1693 | 3850 | 6255 | 2901 | 3068 | 19602 |
| No. Bedrooms | Local Housing Market Area (%) | | | | | | |
| | Northern Suburbs | Northern Coastal | Inner Urban Area | Southern Suburbs | Coalfield Communities | Washington | Total |
| One | 10.6 | 12.0 | 10.7 | 7.5 | 1.6 | 5.1 | 7.6 |
| Two | 43.5 | 47.1 | 62.9 | 50.7 | 40.9 | 37.6 | 48.6 |
| Three | 40.0 | 37.4 | 23.7 | 32.4 | 42.8 | 41.4 | 34.8 |
| Four+ | 5.9 | 3.5 | 2.7 | 9.3 | 14.8 | 15.9 | 9.0 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 1836 | 1596 | 3749 | 6223 | 2801 | 3036 | 19240 |

Source: 2012 Household Survey

Table 6.13 Residential choices of households moving by planning policy areas

| Property type | Planning policy area (%) | | | | | |
|--------------------|--------------------------|--------------------|------------------|------------|------------|-------|
| | Sunderland North | Sunderland Central | Sunderland South | Coalfields | Washington | Total |
| Detached | 3.7 | 5.6 | 10.7 | 23.1 | 14.9 | 10.9 |
| Semi-Detached | 36.3 | 15.5 | 37.5 | 21.0 | 26.5 | 28.8 |
| Terraced | 23.3 | 23.8 | 14.3 | 42.2 | 32.1 | 24.7 |
| Sunderland Cottage | 21.4 | 15.1 | 6.2 | 0.0 | 0.0 | 8.8 |
| Bungalow | 0.0 | 16.0 | 7.0 | 9.2 | 8.0 | 8.0 |
| Flat | 15.3 | 24.0 | 23.6 | 4.6 | 18.6 | 18.6 |
| Other | 0.0 | 0.0 | 0.6 | 0.0 | 0.0 | 0.2 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 3528 | 3850 | 6255 | 2901 | 3068 | 19602 |
| No. Bedrooms | Planning policy area (%) | | | | | |
| | Sunderland North | Sunderland Central | Sunderland South | Coalfields | Washington | Total |
| One | 11.3 | 10.7 | 7.5 | 1.6 | 5.1 | 7.6 |
| Two | 45.1 | 62.9 | 50.7 | 40.9 | 37.6 | 48.6 |
| Three | 38.8 | 23.7 | 32.4 | 42.8 | 41.4 | 34.8 |
| Four+ | 4.8 | 2.7 | 9.3 | 14.8 | 15.9 | 9.0 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 3431 | 3749 | 6223 | 2801 | 3036 | 19240 |

Source: 2012 Household Survey

Table 6.14 Residential choices of households moving by ward

| Property type | Ward (%) | | | | | | | | | | | | |
|--------------------------------|----------|--------|-----------|---------|---------|--------|--------|----------|-----------|---------|---------|--------|----------|
| | Barnes | Castle | Copt Hill | Doxford | Fulwell | Hendon | Hetton | Houghton | Millfield | Pallion | Redhill | Ryhope | Sandhill |
| Detached house | 0.0 | 12.7 | 20.5 | 13.8 | 4.6 | 13.5 | 24.9 | 36.1 | 0.0 | 0.0 | 0.0 | 22.0 | 10.7 |
| Semi-detached house\town house | 24.0 | 22.9 | 10.7 | 34.6 | 44.1 | 0.0 | 5.9 | 27.8 | 23.9 | 30.0 | 66.7 | 38.2 | 68.0 |
| Terraced house | 29.4 | 32.2 | 54.0 | 0.0 | 19.2 | 23.3 | 51.0 | 36.1 | 26.9 | 20.8 | 33.3 | 8.1 | 0.0 |
| Sunderland Cottages | 13.2 | 13.6 | 0.0 | 0.0 | 17.6 | 9.2 | 0.0 | 0.0 | 16.4 | 22.9 | 0.0 | 19.9 | 0.0 |
| Bungalow | 3.1 | 0.0 | 7.0 | 21.2 | 0.0 | 20.2 | 18.1 | 0.0 | 8.2 | 18.7 | 0.0 | 3.7 | 0.0 |
| Maisonette | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Flat/Apartment | 27.1 | 18.6 | 7.7 | 30.5 | 14.6 | 33.7 | 0.0 | 0.0 | 24.6 | 7.6 | 0.0 | 8.1 | 21.4 |
| Other | 3.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| No. bedrooms | Barnes | Castle | Copt Hill | Doxford | Fulwell | Hendon | Hetton | Houghton | Millfield | Pallion | Redhill | Ryhope | Sandhill |
| One | 13.3 | 9.3 | 0.0 | 7.3 | 0.0 | 0.0 | 6.3 | 0.0 | 20.2 | 15.3 | 0.0 | 3.7 | 0.0 |
| Two | 44.7 | 50.9 | 49.3 | 30.5 | 32.2 | 83.4 | 11.9 | 36.1 | 44.8 | 46.0 | 33.3 | 55.2 | 68.0 |
| Three | 32.6 | 31.4 | 40.2 | 48.4 | 55.6 | 16.6 | 57.0 | 34.7 | 18.6 | 38.8 | 66.7 | 22.8 | 32.0 |
| Four | 9.4 | 8.5 | 7.0 | 13.8 | 3.0 | 0.0 | 24.9 | 29.2 | 8.2 | 0.0 | 0.0 | 18.4 | 0.0 |
| Five or more | 0.0 | 0.0 | 3.5 | 0.0 | 9.1 | 0.0 | 0.0 | 0.0 | 8.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 1197 | 775 | 906 | 456 | 678 | 1610 | 726 | 473 | 1227 | 1013 | 130 | 955 | 761 |

| Property type | Ward | | | | | | | | | | | | |
|--------------------------------|------------|------------|-----------|-----------|------------|---------------|-------------|--------------------|-----------------|------------------|------------------|-----------------|-------|
| | Shiney Row | Silksworth | Southwick | St. Annes | St. Chad's | St. Michael's | St. Peter's | Washington Central | Washington East | Washington North | Washington South | Washington West | TOTAL |
| Detached house | 16.5 | 0.0 | 0.0 | 34.6 | 7.8 | 2.5 | 0.0 | 4.4 | 24.1 | 0.0 | 25.4 | 12.1 | 10.9 |
| Semi-detached house\town house | 42.3 | 38.1 | 57.2 | 44.6 | 59.4 | 20.3 | 18.2 | 14.2 | 35.5 | 19.2 | 29.1 | 28.6 | 28.7 |
| Terraced house | 24.3 | 40.7 | 14.8 | 6.5 | 7.8 | 18.3 | 25.9 | 40.9 | 25.2 | 19.2 | 8.5 | 47.4 | 24.6 |
| Sunderland Cottages | 0.0 | 12.7 | 28.0 | 0.0 | 0.0 | 0.0 | 26.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8.8 |
| Bungalow | 9.1 | 8.4 | 0.0 | 0.0 | 7.8 | 15.0 | 0.0 | 8.9 | 9.5 | 19.2 | 9.0 | 2.8 | 8.0 |
| Maisonette | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Flat/Apartment | 7.8 | 0.0 | 0.0 | 14.3 | 17.2 | 43.9 | 29.4 | 31.5 | 5.7 | 42.3 | 28.0 | 9.1 | 18.9 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| No. bedrooms | Shiney Row | Silksworth | Southwick | St. Annes | St. Chad's | St. Michael's | St. Peter's | Washington Central | Washington East | Washington North | Washington South | Washington West | TOTAL |
| One | 0.0 | 0.0 | 13.2 | 0.0 | 7.8 | 15.0 | 18.9 | 0.0 | 0.0 | 0.0 | 9.0 | 9.1 | 7.4 |
| Two | 55.3 | 78.9 | 38.8 | 27.3 | 76.6 | 43.9 | 52.5 | 40.4 | 22.1 | 61.6 | 21.5 | 46.8 | 47.5 |
| Three | 32.1 | 8.4 | 43.4 | 66.2 | 7.8 | 31.2 | 21.7 | 36.5 | 59.5 | 19.2 | 34.8 | 41.3 | 34.0 |
| Four | 3.9 | 12.7 | 4.6 | 6.5 | 7.8 | 7.4 | 3.5 | 23.1 | 18.3 | 19.2 | 21.2 | 2.8 | 8.8 |
| Five or more | 8.6 | 0.0 | 0.0 | 0.0 | 0.0 | 2.5 | 3.5 | 0.0 | 0.0 | 0.0 | 4.2 | 0.0 | 1.8 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 796 | 335 | 930 | 699 | 525 | 1327 | 1015 | 723 | 496 | 205 | 737 | 975 | 19671 |

Source: 2012 Household Survey

Future household aspirations

- 6.50 Analysis has considered the future aspirations of households seeking market dwellings. Tables 6.13 and 6.15 illustrated that demand is primarily for houses, followed by flats then bungalows. Other analysis (Tables 6.9 and 6.10) considered how household aspirations and expectations vary by household type. This analysis demonstrated that the link between household type and aspiration is not clear cut i.e. smaller households do not necessarily aspire to smaller properties.
- 6.51 A key underlying message from a review of household aspirations and expectations is the need to provide traditional two, three and four bedroom houses in particular. There is a degree of interest in other types of property.

Future opportunities to diversify stock

- 6.52 Increasing the diversity of dwelling stock will help address current supply/demand imbalances. It also provides an opportunity to make stronger links with the economic growth agenda. Three particular issues need to be carefully considered: delivering the type and size of dwellings to meet the aspirations of higher-income households; the creation of new products to meet the aspirations of specific household types; and a recognition that opportunities to diversify stock are currently limited given the general economic situation and downturn in house building.
- 6.53 The aspirations of higher-income groups are clearly for larger (3+ bedroom) detached and semi-detached properties. The availability of this product in other areas is continuing to encourage out-migration from the City. It is therefore important to increase provision of this type of accommodation to help achieve two strategic objectives: population retention and economic growth.
- 6.54 New products to meet the aspirations of specific household types will help to diversify the housing offer in Sunderland. This includes products for older people. Demand for an increasing diversity of older persons' accommodation will become more apparent as the number and proportion of older people increases.
- 6.55 There is also a role for executive housing, although current provision is limited. A review of the executive housing market potential in Sunderland was carried out as part of the 2007 SHMA. This suggested that 'wealthy working executives' are the key group seeking executive-style properties in Sunderland. Their requirements are for high-specification, larger detached properties. When considering executive housing development, factors such as high quality local facilities, access to green-space and security are highly emphasised.
- 6.56 The ability to deliver new housing across the City is currently hampered by the economic downturn in general and the capacity of the housebuilding industry in particular. Issues relating to the current market situation were discussed in Chapter 2.

Delivery of new market and affordable housing

- 6.57 Various concerns were raised by stakeholders around planning both in terms of policy and practice. Stakeholders identified the following issues as direct impediments to housing supply:
- Lack of understanding and awareness of price and economic viability issues;
 - Lack of understanding of economics and lending patterns and behavior within the current market, all of which directly affect what is deliverable;
 - Issues linked to the Council's strategic spatial policy; and
 - Delays and costs incurred through abortive and protracted planning applications.
- 6.58 Developers stressed the challenging economic climate within which they are operating and the constraints that this places on their development capacity; an understanding of location and finance are a prerequisite to delivering future housing supply. In the current economic climate there are areas within which it is not financially viable to develop without subsidy. The Council's spatial strategy need to be reviewed to enable new land releases to take place in areas where demand for housing is greatest, in areas where appropriate middle and higher value market housing can be delivered.
- 6.59 Stakeholders felt that supply pressures driven by welfare reforms would increase as households struggle to access the private rented sector (there being anecdotal evidence that changes in benefit eligibility has deterred private landlords from letting to households on benefit, along with the anticipated impact of the bedroom tax).
- 6.60 An additional factor driving demand for affordable housing is the economic downturn, with unemployment and access to mortgage finance being problematic.
- 6.61 Registered providers were uncertain about the impact of affordable rents and welfare reform in the long term.
- 6.62 In terms of outcomes providers wanted to see:
- More affordable rented housing and affordable housing for sale;
 - Housing solutions for first time buyers;
 - Provision of traditional family housing;
 - Demolition of older, poorly maintained stock;
 - More adapted homes for older people; and
 - The use of 'in lieu' affordable housing contributions to tackle empty homes.

Views of developers

- 6.63 Sunderland is typical of the North East in terms of its housing stock profile, having skewed housing stock with lots of ex local authority housing, older terraced and post war housing, which equates to '*a massive family housing problem*'.
- 6.64 Developing housing in Sunderland in the current economic climate is a challenge for house builders. The types of sites available for residential development are limited and developers have had to review their products to enable schemes to come forward. There is demand for market housing in Sunderland but at the right price; smaller terraced two and three bed homes with gardens and parking are selling well. These homes are attractive to potential purchasers, offering an alternative to the traditional older terraced housing stock, where garden space is limited and parking is only available on street.
- 6.65 The ability of potential purchasers to access mortgages with a 5% deposit is key in terms of getting the market moving (one lender has recently been offering a 95% mortgage on part exchange). To help struggling first time buyers house builders have developed their own shared equity products to help get the market moving. However, there are still 'no lend areas' (although not specified by stakeholders) where it is deemed too risky to lend by building societies and banks.
- 6.66 'Intermediate' three bed houses (two beds and smaller box room, with living and dining room but no en-suites) are proving popular as purchasers moderate their buying behaviour to suit reduced budgets.
- 6.67 Developers stressed the need for the Council to understand the economics of development, which are so critical in the current market and felt that Council officers would benefit from training around development finance and viability issues. Developers are only able to build houses in areas where they know that they will sell.
- 6.68 There were concerns that in Sunderland the build target has not been met since 1998, and limited amounts of land being release for development is stifling not only supply but economic growth (the Council owns a significant amount of land that has not come to market to facilitate housing supply).
- 6.69 It was felt that there is a lack of land available for residential development in Sunderland. This situation makes developing in Sunderland costly and unviable in some instances.
- 6.70 Developers felt that the lack of new housing supply is also detrimental to Sunderland's aspirations and its community sustainability as residents move to other areas where new housing is available (for example, Consett).
- 6.71 Developers felt that the LEP is not making any difference, and that across the North East as a whole there is a lack of strategic thinking. In terms of Sunderland, the Council needs to review its planning policy position and take effective action as soon as possible to ensure that its housing supply problems are addressed.

Summary and key messages

Housing need and affordability

- 6.72 Clearly, there is a strong demand for affordable housing across Sunderland. This has been evidenced through a robust and transparent analysis of housing need which is fully explained in Appendix B. An annual shortfall of 514 affordable dwellings per year has been calculated. **This shortfall should be seen as a measure of the imbalance between supply and demand and not a target for provision.** Realistically, only an element of this shortfall will be delivered given the need to deliver a range of properties to satisfy general market demand and the framework for delivery established through Local Plan allocations.
- 6.73 Over the past 3 years and annual average of 281 new affordable dwellings have been built and this is having a positive impact on reducing the degree of imbalance. Economic viability issues will need to be taken into account by the Council when considering affordable housing, particularly in relation to brownfield sites, in formulating appropriate policy guidance for affordable housing provision in the Local Plan.
- 6.74 The measure of affordable dwelling shortfall has been broken down by different geographies including planning policy areas and property size/designation. Affordable housing shortfalls are concentrated in Sunderland North, Sunderland South and the Coalfield areas and a range of dwellings are required, with a particular requirement for smaller one and two bedroom dwellings across all areas.
- 6.75 Affordable housing development is already ongoing through Gentoo and other Registered Provider partners. Evidence in this research reinforces the need to continue developing affordable housing across the City.
- 6.76 Evidence suggests that although the majority of households requiring affordable housing have stated a preference for social/affordable renting, there is a healthy demand for intermediate tenure products. Analysis suggests a tenure split of 77.3% social rented to 22.7% intermediate would reflect household preferences. Intermediate housing priced at between £60,000 and £100,000 would be particularly appropriate for existing and newly-forming households in need who could afford intermediate tenure solutions.
- 6.77 The evidence presented provides clear justification for an affordable housing policy in Sunderland to help ensure a continued supply of affordable housing in the future. This is explored further in Appendix D.

General market demand

- 6.78 A range of material has been presented which reviews current market demand imbalances, household aspirations and how future development

should consider links with the economic growth agenda. Although at present market demand is weak due to a general market downturn, there is a need to continue to diversify the housing offer to better reflect household aspirations, with a focus on delivering a range of traditional house types and sizes.

- 6.79 There is also a need to create and expand new markets. This includes diversifying the range of older persons' provision. However, this should be set in a context that, particularly in the short- to medium-term, development of more traditional housing to reflect prevailing aspirations would be appropriate.

Future housing delivery

- 6.80 In terms of outcomes, the priorities for development stakeholders wanted to see are:

- More affordable rented housing and affordable housing for sale;
- Housing solutions for first time buyers;
- Provision of traditional family housing;
- Demolition of older, poorly maintained stock;
- More adapted homes for older people; and
- The use of 'in lieu' affordable housing contributions to tackle empty homes.

7. Household groups who have particular housing requirements

Introduction

- 7.1 There are a range of household groups who have particular housing requirements. This chapter focuses on the requirements of families, older people, general and specialist support requirements; Black and Minority ethnic groups including Gypsies and Travellers; and homelessness issues.

Families

- 7.2 Across Sunderland, 14.5% of households are couples with children and 6% are lone parent households. In addition, 11.3% of households consist of parent(s) and non-dependent child(ren). Key strategic issues relating to the provision of housing for families, particularly in the context of mixed communities are:
- In general, couples with children are most likely to be able to afford open market accommodation and their ability to access this market will remain a major market driver;
 - However, there is a need to provide larger social rented dwellings suitable for families.

Older people

Overview

- 7.3 Latest ONS population projections (2011-based interim projections) suggest that in 2011 there were 47,108 residents aged 65 and over and by 2021 this is expected to increase by 21.5% to 57,221 (Table 7.1). This compares with an overall population increase of 3.1%. The oldest group, those aged 85+ is predicted to increase significantly from 5,250 in 2011 to 7,757 by 2021.

Table 7.1 Older person population projections

| Age group | Number of people | | | |
|-----------------------------|------------------|---------|---------|----------|
| | 2011 | 2016 | 2021 | % change |
| 65-69 | 13,444 | 16,824 | 15,625 | 16.2 |
| 70-74 | 11,728 | 12,240 | 15,416 | 31.4 |
| 75-79 | 9,790 | 9,977 | 10,604 | 8.3 |
| 80-84 | 6,896 | 7,437 | 7,820 | 13.4 |
| 85+ | 5,250 | 6,403 | 7,757 | 47.7 |
| Total population 65+ | 47,108 | 52,881 | 57,221 | 21.5 |
| Total population (all ages) | 275,330 | 279,777 | 283,966 | 3.1 |

Source: ONS 2011-based interim population projections

Support requirements and property adaptations

7.4 The 2012 household survey indicates that a majority (62.3%) of households with a head of household aged 65 or over are owner occupiers and overall 66.4% live in the private sector. There are considerable policy implications resulting from the number of older people living in the private sector. They are increasingly going to require a wide range of support at home or alternative housing choices which provide the ability for them to live independently but with care and support developed around the individual. Evidence from the 2012 household survey (Table 7.2) clearly demonstrates the need for support from older people including help with home improvements, gardening and domestic tasks.

Table 7.2 Older persons' support requirements

| Type of support required | % of households requiring support now or in the next 5 years |
|--|--|
| Help with repair and maintenance of home | 24.6 |
| Help with gardening | 31.8 |
| Help with cleaning home | 21.3 |
| Help with other practical tasks (e.g. changing lightbulbs, collecting prescriptions) | 15.9 |
| Help with personal care | 10.3 |
| Want company / friendship | 5.1 |
| Base (older households) | 27,941 |

Source: 2012 household survey

7.5 Table 7.3 summarises the range of aid and adaptation requirements identified by older person households. Particularly noted is the need for double glazing, better heating and adaptations to bathrooms.

7.6 Resources for aids and adaptations remain tight, particularly for households in the private sector. Alternative sources of funding, such as equity loans, should

be seriously considered to finance remedial measures required by older person households. Also other housing choices, specifically for older people would allow people to live independently in suitable accommodation. This will alleviate the requirement for adaptations to their existing homes.

Table 7.3 Older persons' requirements for aids and adaptations

| Adaptation Required | % Households |
|---|--------------|
| Better heating | 11.7 |
| More insulation | 6.1 |
| Double glazing | 13.2 |
| Adaptations to kitchen e.g. lower work surfaces | 3.7 |
| Adaptations to Bathroom e.g. level-access shower | 16.2 |
| Internal handrails | 8.6 |
| External handrails | 7.3 |
| Downstairs WC | 6.9 |
| Stair lift / vertical lift | 9.0 |
| Improvements to access (e.g. level access in and around home) | 3.3 |
| Wheelchair adaptations (including door widening and ramps) | 3.3 |
| Lever door handles | 1.5 |
| Room for a carer | 2.8 |
| Community alarm service | 8.5 |
| Security alarm | 5.7 |
| Increase the size of property | 1.7 |
| Base (total households with head of household aged 65 and over) | 32,317 |

Source: 2012 household survey

Household aspirations

- 7.7 Crucial to a review of older persons housing needs is a recognition that the aspirations and preferences of current and emerging person households need to be carefully considered in policy responses. A range of options and solutions to address the needs of older people are available in addition to traditional sheltered accommodation (which are predominantly bedsits and no longer meet the aspirations of older people), for instance apartments specifically marketed at older people. Table 7.4 shows the housing options that are being considered by older people in Sunderland in the next five years taking into account availability in 2012. The majority of older people (65.6%) want to continue to live in their current home with support when needed. In terms of other housing options, a minority would consider other forms of housing such as renting from the a Housing Association (24.5%), renting

sheltered accommodation (24.7%) and new forms of older persons' accommodation, for instance renting extra care housing (17.4%) and co-housing (9.9%).

- 7.8 It is also important to note that the majority of older people who own a property will have equity in their current home. This should enable them to buy an alternative property on the open market appropriate to their requirements (with the potential to free up their existing properties for other types of household), provided that appropriate alternatives are available. A review of the market aspirations of older person households was presented in Table 6.10 (Chapter 6). Data suggests a strong interest in bungalows and two bedroom properties.

Table 7.4 Housing options that older people in Sunderland may consider over the next five years, given housing choices in 2012

| Housing Option | %* |
|--|--------|
| Continue to live in current home with support when needed | 65.6 |
| Buying a property on the open market | 15.4 |
| Rent a property from a private landlord | 5.5 |
| Rent from Council / Housing Association | 24.5 |
| Sheltered accommodation - To Rent | 24.7 |
| Sheltered accommodation - To Buy | 10.4 |
| Sheltered accommodation - Part Rent / Buy (shared ownership) | 6.0 |
| Extra care housing - To Rent | 17.4 |
| Extra care housing - To Buy | 7.0 |
| Extra care housing - Part Rent / Buy (shared ownership) | 3.5 |
| Residential care home | 3.7 |
| Co housing | 9.9 |
| Base (number of respondents) | 64,815 |

*Percentages don't add up to 100 as respondents could select more than one option

Source: 2012 household survey

Health and general support needs

Illness/disability

- 7.9 The 2011 census reports that across Sunderland 8.6% of residents have bad or very bad health. The 2012 household survey reported that across Sunderland there are

7.10 Across Sunderland, there are around 67,649 residents (Head of household plus the next oldest in the household) with an illness or disability, equating to around 33.4% the total number of household reference people and the next person in household (Table 7.5). Around 13.4% have a long-standing illness or health condition and 10.5% have a physical/mobility impairment.

Table 7.5 Prevalence of illness/disability

| Illness | No. of people | As % of total population |
|--|---------------|--------------------------|
| Physical / mobility impairment | 21349 | 10.5 |
| Learning disability / difficulty | 2275 | 1.1 |
| Mental health problem | 7693 | 3.8 |
| Visual impairment | 5794 | 2.9 |
| Hearing impairment | 13713 | 6.8 |
| Long standing illness or health condition | 27221 | 13.4 |
| Older Age-related illness or disability | 4291 | 2.1 |
| Other | 18025 | 8.9 |
| Total with illnesses (Head of household and next oldest) | 67649 | 33.4 |
| Total Population (Head of household and next oldest) | 202723 | |

Source: 2012 household survey

*Total population being Household Reference Person and next person in household

Property adaptations required

7.11 The 2012 household survey provides evidence on the need for particular adaptations. Table 7.6 summarises the range of adaptations households require across Sunderland. The three most frequently mentioned adaptations relate particularly to improving heating (better heating, insulation and double glazing). Physical adaptations to bathrooms were mentioned by around 11.3% of households.

Table 7.6 Adaptations required

| Adaptation Required | % households |
|---|--------------|
| Better heating | 16.8 |
| More insulation | 13.0 |
| Double glazing | 18.9 |
| Adaptations to kitchen e.g. lower work surfaces | 6.3 |
| Adaptations to Bathroom e.g. level-access shower | 11.3 |
| Internal handrails | 7.0 |
| External handrails | 5.0 |
| Downstairs WC | 5.4 |
| Stair lift / vertical lift | 4.6 |
| Improvements to access (e.g. level access in and around home) | 3.0 |
| Wheelchair adaptations (including door widening and ramps) | 2.4 |
| Lever door handles | 1.5 |
| Room for a carer | 2.4 |
| Community alarm service | 4.2 |
| Security alarm | 6.4 |
| Increase the size of property | 6.2 |
| Base (total households) | 119758 |

Note: household could tick more than one option

Source: 2012 household survey

Disabled facilities grants

7.12 Sunderland received a £1.6m Disabled Facilities Grant for 2011/12 and £1.42m and 2012/13.

7.13 The 2012 household survey clearly evidences a need for physical adaptations to properties. However, demand far exceeds likely resources and therefore most adaptations are likely to be funded by householders themselves or through, for instance, equity loan arrangements.

Other forms of assistance

7.14 The 2012 household survey provides useful information on the need for other forms of assistance, such as assistance with cleaning, other practical tasks etc. Need for assistance by age increases for older person households. Table 7.7 summarises the types of assistance required by households either now or over the next 5 years. Help with property maintenance/repair, gardening and

cleaning were most likely to be mentioned. This provides valuable evidence to support interventions such as Home Improvement Agencies and assistance through Supporting People.

Table 7.7 Assistance required (all households and older person households)

| Support required | % Households | % Older person households (Head aged 65 and over) |
|--|--------------|---|
| Help with repair and maintenance of home | 19.4 | 27.5 |
| Help with gardening | 19.1 | 35.1 |
| Help with cleaning home | 12.6 | 23.2 |
| Help with other practical tasks (e.g. changing lightbulbs, collecting prescriptions) | 9.1 | 17.4 |
| Help with personal care | 6.8 | 10.7 |
| Want company / friendship | 4.5 | 5.0 |
| Base (total households) | 119,735 | 64,815 |

Note: household could tick more than one option

Source: 2012 household survey

Specialist support requirements

- 7.15 The Supporting People team have a particular responsibility to ensure that there is adequate accommodation and support provision for a range of specialist client requirements e.g. domestic violence, HIV/Aids, Offending/Ex-Offending and Teenage Pregnancy. Sunderland's Supporting People Strategy provides detailed information on the characteristics of current provision and future requirements.
- 7.16 As these are sensitive issues it would be inappropriate to ask direct questions on the 2012 household survey used in this research. However, information on the scale of need being met can be derived from an analysis of available Registered Provider lettings data (Table 7.8). These data suggest that specialist provision is particularly available for older people and single homeless people with support needs.

Table 7.8 Registered Provider lettings to specialist client groups

| Client Group | No. RP Supported Tenancies 2008/9 to 2010/11 |
|--|--|
| People with physical or sensory disabilities | 10 |
| People with learning disabilities | 32 |
| People with mental health problems | 31 |
| People with drug problems | 27 |
| Offenders and people at risk of offending | 38 |
| Older people with support needs | 694 |
| Single homeless people with support needs | 431 |
| Homeless families with support needs | 89 |
| Young people at risk | 56 |
| Teenage parents | 31 |
| Total | 1439 |

7.17 Stakeholders working with vulnerable groups raised concerns about the impact of funding changes, in particular cuts to levels of revenue support, which were a significant cause for concern, with funding cuts likely to lead directly to cuts in support and non-provision.

7.18 Stakeholders working in supported housing identified the following challenges:

- Uncertainty over and lack of funding;
- Increasing referrals and demand;
- Challenging climate to deliver new development;
- More challenging client base with increasingly complex needs;
- Need for accommodation for people with mental health needs;
- Accommodation for people with learning disabilities; and
- Shortages of extra care and specialist dementia care provision.

7.19 Key messages from stakeholders in this area include:

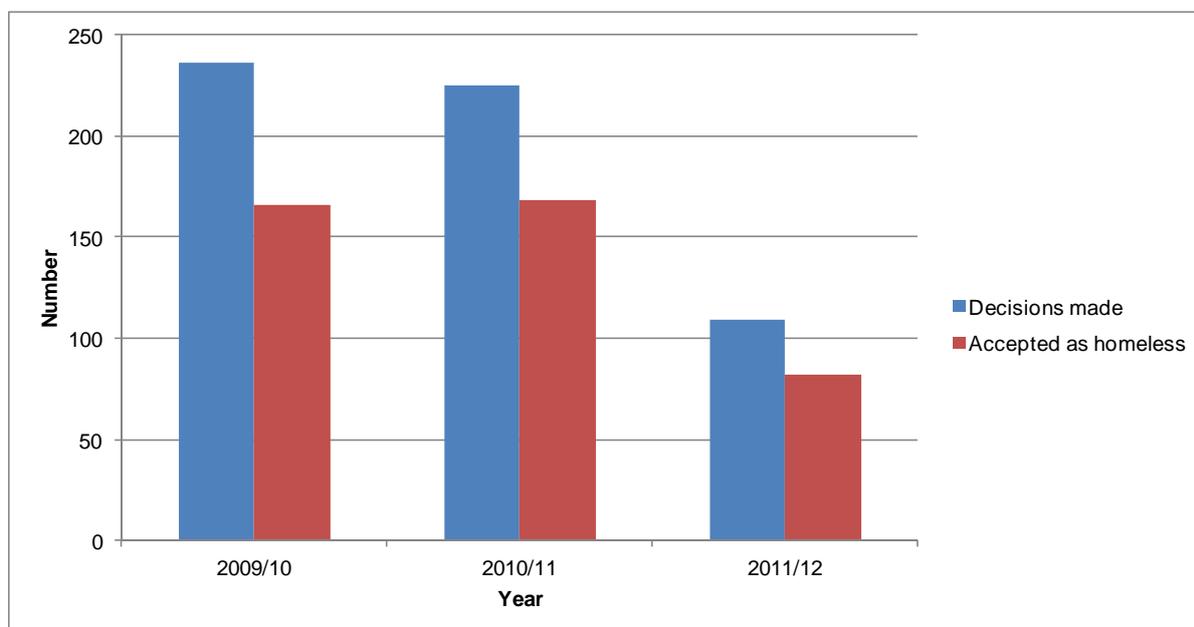
- Tenure flexibility for extra care and retirement provision;
- More joined up housing and service provision;
- Use of older persons housing provision as a service hub;
- Integration of specialist housing not creation of specialist ghettos;
- Development of move on options outside medium to high level support; and
- Delivering support to vulnerable elderly people.

Homelessness issues

Homeless acceptances

- 7.20 Figure 7.1 summarises the number of decisions made regarding homelessness and the number of households accepted as homeless. Over the past three years and annual average of 190 decisions have been made and 139 households accepted as homeless.
- 7.21 Councils have a vital role to play in reducing the incidence of homelessness and homeless applications. Their priority is to intervene and support where possible to ensure that residents do not become homeless.

Figure 7.1 Homeless decisions and acceptances 2008/9 to 2010/11



Source: CLG homeless statistics

Households previously homeless

- 7.22 The 2012 household survey identified 1,284 households who had been previously homeless or living in temporary accommodation and had moved to their present accommodation in the past 5 years. Table 7.9 presents a range of information relating to the characteristics of previously homeless households and the dwelling choices that they have made. Households previously homeless have mainly moved into rented accommodation, particularly private and Gento properties. 43.1% have moved into flats/maisonettes and 41.8% into traditional houses. The incomes of previously homeless households have tended to be low and they have tended

to be single person and lone parent households. Most have originated from within Sunderland.

Table 7.9 Characteristics of households previously homeless (five years to July 2012)

| Current tenure | % | Household type | % | Origin | % |
|----------------------------------|-------|---|-------|----------------------------|-------|
| Owner-occupied | 5.5 | Single Adult (under 60) | 40.3 | Within Sunderland | 97.7 |
| Private Rented | 51.5 | Single Adult (60 or over) | 2.7 | From outside Sunderland | 100.0 |
| Affordable (Rented/Intermediate) | 43.0 | Couple only (both under 60) | 11.1 | | |
| | | Couple with 1 or 2 child(ren) | 11.2 | | |
| | | Couple with 3 or more children | 2.7 | | |
| | | Lone parent with 1 or 2 child(ren) under 18 | 25.9 | | |
| | | Lone parent with child(ren) aged 18+ | 6.2 | | |
| | | Other type of household | | | |
| Total | 100.0 | Total | 100.0 | Total | 100.0 |
| Property type | % | Property size | % | Current Income (each week) | % |
| Detached house | 6.2 | 0/1 Bed | 30.7 | Under £250 | 76.9 |
| Semi-detached house\town house | 18.4 | 2 Bed | 56.1 | £250 to £500 | 16.7 |
| Terraced house | 21.1 | 3 or more Beds | 13.2 | £500+ | 6.4 |
| Sunderland Cottages | 8.7 | | | | |
| Bungalow | 4.9 | | | | |
| Flat/Maisonette | 40.8 | | | | |
| Total | 100.0 | Total | 100.0 | Total | 100.0 |

Base: 1321 households (note valid response to income was 1,026)

Source: 2012 household survey

The needs Gypsies and Travellers

- 7.23 Across Sunderland, there is no authorised provision for Gypsies and Travellers. Within Sunderland, there will be households who are living in Bricks and Mortar accommodation with a Gypsy/Traveller heritage. The 2011 census reports that there are 70 people who identify as having a Gypsy/Traveller ethnicity. The Tyne and Wear Gypsy and Traveller and Travelling Showpeople Accommodation Needs Assessment 2009 identified a requirement of 14 pitches over the period 2008-2018 but to date none have been provided.

The needs of travelling showpeople

- 7.24 There are three yards in Sunderland which accommodate 127 households. The 2009 Tyne and Wear Gypsy and Traveller and Travelling Showpeople Accommodation Needs Assessment identified a need for a further 27 plots over the period 2008-13 and 16 over the period 2013-18, a total of 43 plots over the period 2008-2018.
- 7.25 Discussion with a representative of the Travelling Showperson community reiterates there is a need for 40-50 plots.

Black, Asian and Minority Ethnic Issues

- 7.26 The 2012 household survey identified 1,771 households where the household reference person described themselves as an ethnic group other than White British. Information on these households was presented in Chapter 4.

8. Conclusion: Policy and Strategic Issues

Introduction

- 8.1 Having completed data analysis and interpretation, a final chapter of this report reviews findings in the context of policy and strategy development.
- 8.2 The research has provided good understanding of the City's housing market areas and housing market dynamics; the affordable and market requirements of residents; and the wider support needs of local communities.
- 8.3 The research has also been grounded in an appreciation of current market drivers and recognises how the future housing market trajectory for Sunderland will be influenced by a variety of factors. Specific attention has been placed on the role of housing in the context of economic growth and how the provision of a balanced range of dwelling stock appropriate to household aspirations will be of vital importance in retaining population and encouraging net in-migration.
- 8.4 The overall housing market context is currently changing. Falling house prices, difficulties in securing mortgage finance, household debt and declining rates of new housebuilding are all having an impact on market dynamics. It is difficult at this time to speculate on whether this will impact on longer-term housing trajectories. However, it is important to maintain a sense of the strategic importance of housing in the longer-term, particularly ensuring a better balance between supply and market demand, enhancing the provision of affordable housing, and carefully evaluating the scope for diversification of the housing offer linked to economic growth, changing household size and the aging population.
- 8.5 This section draws together the key observations from the housing market assessment and considers matters which form a platform for further discussion and debate.

Housing markets, market demand and affordable requirements

- 8.6 Within Sunderland, a series of distinctive local housing market areas can be defined on the basis of dwelling stock attributes, household behaviour and geography:
 - There is limited connectivity between the Washington and Coalfield Community areas and the rest of Sunderland. Within the remainder of Sunderland, markets are relatively self-contained (i.e. a majority of movers choose to remain within the market area and this is as high as 76.6% in Washington), with the exception of the Inner Urban Core, where possibly because of lower house prices and new development there is a high degree of inward movement;
 - The presence of BAME communities; high concentrations of Sunderland Cottages and terraced properties; and a strong private rented sector make the Inner Urban Core a particularly distinctive market area;

- Residential satisfaction does vary across Sunderland. Overall, residents in the Inner Core/Central area are most likely to be dissatisfied with their neighbourhood and those in more affluent areas most likely to be satisfied.
- 8.7 The research has evidenced household aspirations and the degree to which market imbalances exist across Sunderland. Care needs to be taken to ensure that new development reflects these findings. Prevailing aspirations are for traditional dwellings and particular emphasis should be placed on the development of 3+ bedroom detached and semi-detached houses; and smaller two and three bedroom properties. This will ensure a range of new provision for different income groups.
- 8.8 Diversification of dwelling stock through the creation and expansion of new markets needs to be considered. This includes diversifying the range of older persons' provision. However, this should be set in a context that, particularly in the short- to medium-term, development of more traditional housing to reflect prevailing aspirations would be appropriate.
- 8.9 This research has clearly demonstrated that there continues to be a need for affordable housing across Sunderland, particularly in Sunderland South and Coalfield development areas. Relative affordability is a key issue facing many households across Sunderland, not least newly-forming households who are finding prevailing market prices too high and the general shift towards more risk-averse lending practices of banks and building societies

Policy and Strategic Issues:

- Appreciating the different roles that local areas have within the wider context of community sustainability;
- Ensuring that successful markets are allowed to flourish and policy interventions focused on areas that are working less effectively;
- Particular interventions around stock condition (notably in some sections of the private rented sector) are required;
- With open market provision, focus on the delivery a balanced range of dwelling sizes. Based on prevailing aspirations, the delivery of traditional 2-4 bedroom semi-detached and detached houses would be appropriate. These are overwhelmingly the dwellings aspired to by a range of household and income groups. Notwithstanding this, diversification into other types of property should be considered where market demand can be evidenced.
- Diversification of the market housing 'offer' needs to be considered, particularly in the context of the economic growth agenda and aging population. This could include, following careful market testing:
 - higher quality executive housing, linked with improvements to the broader residential environment including access to facilities and green space;
 - increasing the diversity of market provision for older people (e.g. bungalows, smaller dwellings and retirement apartments);

- Evidence in this report does suggest that there is scope for an apartment market and its role in diversifying the overall housing offer. However, this needs to be very carefully evaluated against: the scale of pipeline provision and planning applications coming forward; the reluctance of mortgage lenders to offer high loan-to-values on apartments; and more crucially the aspirations of local residents which are primarily for traditional houses. Whether a strong apartment sector can be supported in Sunderland remains open to debate, particularly in the current housing market.
- Maximising the role of the inner urban area. Strategically, it is a very important location which will help shape the regeneration trajectory of Sunderland in general and through the development of student accommodation;
- Maintain a programme of affordable housing development to offset identified requirements, ensuring a good balance between property sizes and a tenure split of 77.3% rented and 22.7% intermediate (subject to this being feasible given changing market circumstances);
- Working out an appropriate target for affordable housing across the City and the role of regeneration sites in providing a mix of affordable and market housing.

Population change and migration

- 8.10 Two longer-term strategic challenges are to stabilise population to its 2001 level by 2015 and address the needs of households as the population ages.
- 8.11 Although out-migration is continuing, particularly of higher-income households, people are moving to Sunderland and the latest population projections indicate that the City's population is increasing. In-migrants are often people returning to the area as well as those moving to Sunderland for work and educational opportunities.
- 8.12 Over the next decade, the population of Sunderland will age and by 2021 the number of people aged 65 and over is expected to increase by 21.5% from 47,108 in 2011 to 57,221 in 2021. There are implications for support services and the need to better understand the housing requirements of this age group.

Policy and Strategic Issues:

- Encourage residents to stay in Sunderland (including graduate retention) by increasingly providing a wider range of dwellings that meets the aspirations of different types of households;
- Capitalise on linkages people have with the City; people do return and this could form the basis of a marketing campaign to encourage former residents and people who have moved away for education to return to their home City;

- Diversify the range of older persons' housing options, particularly in the open market and linked with wider regeneration activities;
- Consider how to better support older people in their homes, including the use of equity loan schemes to provide a higher quality life through aids and adaptations;
- Investigate further the extent to which housing need amongst BAME groups differs to the general population.

Links with the wider economy

- 8.13 Housing has a vital role to play in the improvement of Sunderland's economic prospects. There are a number of powerful drivers underpinning economic growth: the university, the IT industry, existing major employers and improving infrastructure. For economic growth ambitions to be realised, Sunderland will need to compete with other areas of the North East and housing has an important role to play in achieving growth ambitions.
- 8.14 Crucially, there is a need to ensure that new development reflect the aspirations of a range of economically active household groups. There is scope within Sunderland to develop new markets linked to economic growth, including executive and apartment development. The strongest aspirations are for conventional houses and the delivery of high quality houses in attractive, safe and sustainable neighbourhoods will play an important role in providing the range of housing needed for an expanding workforce.

Policy and Strategic Issues:

- Ensuring that the housing aspirations of economically-active households are reflected in new developments; evidence points to a need to provide 2-3 bedroom houses for lower income groups and high specification 3+ bedroom houses for higher income groups;
- Consider the scope for innovative live-work units, particularly linked with Sunderland's 'software city' initiative;
- Consider the role of flats/apartments as part of a broader, diversified mix of housing types and tenures.

Final comments

- 8.15 Local Authorities are under increasing pressure to devise appropriate strategies to ensure community well-being and long-term sustainability.
- 8.16 Appropriate housing and planning policies have a fundamental role to play in the delivery of thriving, inclusive and sustainable areas. These policies need to be underpinned with high quality data that can withstand scrutiny and be used for a range of other purposes, including business planning and assessments of balancing housing markets.

8.17 arc⁴ Limited has provided Sunderland City Council with a range of credible and robust information that can influence future housing strategies and help inform the drafting of its Local Development Framework. There are clearly many issues facing the City, including diversifying the housing offer and making best use of key strategic sites. It is envisaged that findings from this study will help underpin policies to ensure that the future housing requirements of the City's residents are appropriately addressed.

Introduction to Appendices

The following appendices accompany the final report:

- Appendix A Research Methodology
- Appendix C Housing Need calculations
- Appendix D Affordable housing policy considerations
- Appendix E Monitoring and Updating
- Appendix F Statement of Conformity to SHMA Guidance

Appendix A: research methodology

- A.1 A multi-method approach was adopted to consider housing needs and wider market demand issues across Sunderland consisting of:
- A.2 A sample 2012 household survey of households across the City, stratified by ward
- A.3 Interviews with key stakeholders including Local Housing and Planning Authority representatives, Registered Social Landlords (RSLs), Estate Agents, Lettings Agents, Developers, the Home Builders Federation and Supporting People representatives.
- A.4 A review of relevant secondary data including the 2011 census, house price trends, RSL CORE lettings and sales data, ONS 2010-based population projections and ODPM/DCLG Statistics.
- A.5 2012 household survey data is available down to postcode level and for the purposes of this report it has been analysed at local housing market area level. The household survey has been weighted by tenure (owner occupied, private rented and affordable) and age group (head of household under 65 and 65 and over) to reflect the total number of households reported in the 2011 census.

Baseline information

- A.6 Table A1 shows the total number of dwelling stock, broken down into vacant and occupied stock. It indicates a total dwelling stock of 124,851 of which:
- 4,516 is long-term vacant; and
 - 120,335 is occupied.
- A.7 2012 household survey questionnaires were sent to a total of 33,350 occupied dwellings across Sunderland. An anonymised residential address list was provided by the Council based on the Council Tax register. A summary of households contacted by ward is shown in Table A1. Table A2 summarises the achieved sample errors by local housing market area. An overall sample error of +/-1.5% was achieved across the City of Sunderland and for individual local housing market areas the sample error ranged from between +/-2.9% and +/5%.

Table A1 Baseline dwelling stock and households

| Ward | Total Dwellings | Occupied dwellings | | | |
|--------------------|-----------------|--------------------|--------------|--------------|----------------|
| | | Owner Occupied | Private Rent | Affordable* | Total Occupied |
| Barnes | 4689 | 3555 | 740 | 267 | 4562 |
| Castle | 4752 | 2327 | 795 | 1518 | 4640 |
| Copt Hill | 4979 | 2767 | 903 | 1119 | 4789 |
| Doxford | 4250 | 2835 | 242 | 1057 | 4134 |
| Fulwell | 5106 | 4503 | 406 | 64 | 4973 |
| Hendon | 6164 | 2218 | 1682 | 1898 | 5798 |
| Hetton | 5191 | 2534 | 610 | 1837 | 4982 |
| Houghton | 5030 | 3369 | 290 | 1227 | 4885 |
| Millfield | 5092 | 2757 | 1257 | 824 | 4839 |
| Pallion | 4437 | 2265 | 695 | 1329 | 4290 |
| Redhill | 5151 | 2229 | 188 | 2646 | 5063 |
| Ryhope | 4507 | 3005 | 538 | 911 | 4454 |
| Sandhill | 4617 | 2074 | 728 | 1725 | 4528 |
| Shiney Row | 4548 | 3082 | 547 | 813 | 4441 |
| Silksworth | 5212 | 2931 | 420 | 1715 | 5065 |
| Southwick | 5162 | 2301 | 802 | 1829 | 4931 |
| St. Annes | 5204 | 3037 | 300 | 1778 | 5115 |
| St. Chad's | 5530 | 2947 | 495 | 1878 | 5320 |
| St. Michael's | 4674 | 2983 | 938 | 641 | 4562 |
| St. Peter's | 5025 | 3235 | 816 | 819 | 4870 |
| Washington Central | 4968 | 2796 | 284 | 1767 | 4846 |
| Washington East | 4464 | 2616 | 402 | 1345 | 4363 |
| Washington North | 5205 | 2889 | 347 | 1825 | 5062 |
| Washington South | 4457 | 3174 | 377 | 833 | 4384 |
| Washington West | 4953 | 3135 | 639 | 1088 | 4862 |
| TOTAL | 123367 | 71566 | 15441 | 32751 | 119758 |

(Social/Affordable Rent/ Intermediate tenure)

Table A2 Achieved sample errors by local housing market area

| Local Housing Market Area | Total occupied dwellings | Achieved Sample | | Achieved Sample Error |
|---------------------------|--------------------------|-----------------|---|-----------------------|
| Northern Suburbs | 14634 | 478 | ± | 4.41% |
| Northern Coastal | 9843 | 365 | ± | 5.03% |
| Inner Urban Area | 14927 | 396 | ± | 4.86% |
| Southern Suburbs | 37740 | 1247 | ± | 2.73% |
| Coalfield Communities | 19097 | 701 | ± | 3.63% |
| Washington | 23517 | 917 | ± | 3.17% |
| TOTAL | 119758 | 4104 | | 1.50% |

- A.8 A total of 4,104 questionnaires were returned and used in data analysis. This represents a 12.3% response rate. The total number of questionnaires back was well in excess of the 1,500 specified by CLG in its SHMA guidance. In order to proceed with data analysis, it is critical that data are weighted to take into account non-responses and grossed up to reflect the total number of households. Weighting was based on a comparison between 2011 census households and 2012 household survey results, by ward, household type (headed by someone under 65 or 65 and over) and tenure (owner occupied, private rented and affordable (social/affordable rented and intermediate tenure). The total number of households was derived from the 2011 census.
- A.9 Ultimately the 2012 household survey element of the assessment is sufficiently statistically robust to undertake detailed analysis and underpin core outputs of the study down to ward and local housing market area level.

Appendix B: housing need calculations

Underpins core outputs 4,5,6,7

Summary of contents

Stage 1: Current housing need (gross backlog)

- Step 1.1 Homeless households and those in temporary accommodation
- Step 1.2 Overcrowding and concealed households
- Step 1.3 Other groups
- Step 1.4 Total current housing need (gross)

Stage 2: Future housing need (gross annual estimate)

- Step 2.1 New household formation (gross per year)
- Step 2.2 Proportion of new households unable to buy or rent in the market
- Step 2.3 Existing households falling in to need
- Step 2.4 Total newly-arising housing need (gross per year)

Stage 3: Affordable housing supply

- Step 3.1 Affordable dwellings occupied by households in need
- Step 3.2 Surplus stock
- Step 3.3 Committed supply of new affordable housing
- Step 3.4 Units to be taken out of management
- Step 3.5 Total affordable housing stock available
- Step 3.6 Total supply of social re-lets (net)
- Step 3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels
- Step 3.8 Annual supply of affordable housing

Stage 4: Estimate of annual housing need

- Step 4.1 Total backlog need
- Step 4.2 Quota to reduce over 5 years (20%)
- Step 4.3 Annual backlog reduction
- Step 4.4 Newly-arising need
- Step 4.5 Total annual affordable need
- Step 4.6 Annual social rented capacity
- Step 4.7 Net Annual Shortfall

Introduction

- B.1. A working definition of housing need is ‘the quantity of housing required for households who are unable to access suitable housing without financial assistance’. The 2012 Household Survey and secondary data provide a robust range of information to quantify housing need in Sunderland and the extent to which additional affordable housing is required.
- B.2. Housing needs analysis and affordable housing modelling has been prepared in accordance with CLG guidance at City and for Planning Policy areas. In summary, the model reviews in a step-wise process:
- Stage 1: Current housing need (gross backlog)
 - Stage 2: Future housing need
 - Stage 3: Affordable housing supply
 - Stage 4: Housing requirements of households in need
 - Stage 5: Bringing the evidence together
- B.3. Table B1 summarises the different steps taken in assessing housing need and evidencing the extent to which there is a surplus or shortfall in affordable housing across Sunderland and its constituent Delivery Areas. Please note that in Stage 1, step 1.4 reports the total number of households in need and avoids double counting as in some cases households have more than one housing need.

Table B1 CLG Needs Assessment Summary for Sunderland and delivery areas

| Step | Stage and Step description | Calculation | Delivery Area | | | | | | |
|---|--|--|---------------|------------------|------------------|--------------------|------------|-----------|------------|
| | | | Sunderland | Sunderland North | Sunderland South | Sunderland Central | Washington | Coalfield | Total |
| | | | Total HHs>> | 24321 | 51511 | 1312 | 23517 | 19097 | 119758 |
| Stage 1: CURRENT NEED | | | | | | | | | |
| 1.1 | Homeless households and those in temporary accommodation | Annual requirement | 436 | 0 | 378 | 0 | 29 | 29 | 436 |
| 1.2 | Overcrowding and concealed households | Current need | 5094 | 984 | 2187 | 109 | 1031 | 784 | 5094 |
| 1.3 | Other groups | Current need | 9533 | 1751 | 4798 | 263 | 1564 | 1157 | 9533 |
| 1.4 | Total current housing need (gross) | Total no. of households with one or more needs | 14843 | 2735 | 7143 | 371 | 2624 | 1970 | 14843 |
| | A % cannot afford OM prices/rents | | | 65.5 | 63.0 | 100.0 | 65.0 | 64.8 | 64.9 |
| | B. Total cannot afford OM prices/rents | 65.0 | 9645 | 1792 | 4501 | 371 | 1705 | 1276 | 9645 |
| Stage 2: FUTURE NEED | | | | | | | | | |
| 2.1 | New household formation (Gross per year) | | 1677 | 340 | 721 | 18 | 329 | 267 | 1677 |
| 2.2 | % of new households requiring affordable housing | 66% overall | | 76.4 | 49.7 | 37.5 | 70.5 | 53.9 | |
| 2.2 | Number of new households requiring affordable housing | | 1001 | 260 | 358 | 7 | 232 | 144 | 1001 |
| 2.3 | Existing households falling into need | Annual requirement | 34 | 3 | 7 | 0 | 14 | 10 | 34 |
| 2.4 | Total newly-arising housing need (gross each year) | 2.2 + 2.3 | 1036 | 263 | 366 | 7 | 246 | 154 | 1036 |
| Stage 3: AFFORDABLE HOUSING SUPPLY | | | | | | | | | |
| 3.1 | Affordable dwellings occupied by households in need | (based on 1.4) | 4505 | 866 | 2057 | 45 | 1039 | 498 | 4505 |
| 3.2 | Surplus stock | Vacancy rate <2% so no surplus stock assumed | 0 | | | | | | |
| 3.3 | Committed supply of new affordable units | See Note Below | | | | | | | |
| 3.4 | Units to be taken out of management | None assumed | 0 | | | | | | |
| 3.5 | Total affordable housing stock available | 3.1+3.2+3.3-3.4 | 4505 | 866 | 2057 | 45 | 1039 | 498 | 4505 |
| 3.6 | Annual supply of social re-lets (net) | Annual Supply (3 yr ave) | 1509 | 289 | 646 | 17 | 345 | 212 | 1509 |
| 3.7 | Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels | Annual Supply | 40 | 5 | 21 | | 2 | 13 | 40 |
| 3.8 | Annual supply of affordable housing | 3.6+3.7 | 1549 | 294 | 667 | 17 | 346 | 225 | 1549 |
| Stage 4: ESTIMATE OF ANNUAL HOUSING NEED | | | | | | | | | |
| 4.1 | Total backlog need | 1.4-3.5 | 5140 | 927 | 2443 | 326 | 666 | 778 | 5140 |
| 4.2 | Quota to reduce over 5 years (20%) | | 20% | | | | | | |
| 4.3 | Annual backlog reduction | Annual requirement | 1028 | 185 | 489 | 65 | 133 | 156 | 1028 |
| 4.4 | Newly-arising need | 2.4 | 1036 | 263 | 366 | 7 | 246 | 154 | 1036 |
| 4.5 | Total annual affordable need | 4.3+4.4 | 2064 | 448 | 854 | 72 | 379 | 309 | 2064 |
| 4.6 | Annual affordable capacity | 3.8 | 1549 | 294 | 667 | 17 | 346 | 225 | 1549 |
| 4.7 | Net annual shortfall | Net | 514 | 154 | 188 | 55 | 33 | 84 | 514 |

Stage 1: current need

B.4. A working definition of housing need is 'the quantity of housing required for households who are unable to access suitable housing without financial assistance'. The SHMA Guidance suggests types of housing that should be considered unsuitable, as summarised in Table B2.

Table B2 Summary of current housing need across Sunderland

| Category | Factor | No. Households |
|---|--|----------------|
| Homeless households or with insecure tenure | N1 Under notice, real threat of notice or lease coming to an end | 501 |
| | N2 Too expensive, and in receipt of housing benefit or in arrears due to expense | 2,269 |
| Mismatch of housing need and dwellings | N3 Overcrowded according to the 'bedroom standard' model | 5,094 |
| | N4 Too difficult to maintain | 3,220 |
| | N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household | 611 |
| | N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation | 3,666 |
| Dwelling amenities and condition | N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit | 239 |
| | N8 Subject to major disrepair or unfitness and household does not have resource to make fit | 1,197 |
| Social needs | N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move | 1,376 |
| Total Need | | 14,843 |
| Total Households | | 119,758 |
| % households in need | | 12.4 |

Note: A household may have more than one housing need.

Source: 2012 Household Survey

Step 1.1 Homeless households and those in temporary accommodation

B.5. CLG SHMA guidance suggests that information on homeless households and those in priority need who are currently housed in temporary accommodation should be considered in needs modelling.

The scale of need from these types of household can be derived from several sources.

- B.6. Homelessness statistics for 2011/12²⁶ indicate that a total of 109 decisions were made on households declaring themselves as homeless across Sunderland (Table B3). Of these households, 82 were classified as homeless and in priority need. Over the three years 2009/10, 2010/11 and 2011/12, an average of 190 decisions have been made across Sunderland and 139 households have been declared as homeless and in priority need.

Table B3 Homeless decisions and acceptances 2009/10 to 2011/12

| Year | Decisions made | Accepted as homeless |
|-----------------------|----------------|----------------------|
| 2009/10 | 236 | 166 |
| 2010/11 | 225 | 168 |
| 2011/12 | 109 | 82 |
| Total | 570 | 416 |
| Annual Average | 190 | 139 |

Source: CLG Homelessness Statistics

- B.7. The household survey identified a total of 436 households who were either under threat of homelessness or were living in temporary accommodation across Sunderland. This figure has been used in needs assessment modelling.

Step 1.2 Overcrowding and concealed households

- B.8. The extent to which households are overcrowded is measured using the 'bedroom standard'. This allocates a standard number of bedrooms to each household in accordance with its age/sex/marital status composition. A separate bedroom is allocated to each married couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex and each pair of children under 10. Any unpaired person aged 10-20 is paired if possible with a child under 10 of the same sex, or, if that is not possible, is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms (including bedsits) available for the sole use of the household.

²⁶ CLG Homeless Statistics [Table 627: Local Authorities' action under the homelessness provisions of the 1985 and 1996 Housing Acts, by district](#)

- B.9. Analysis identifies 5,094 households who are currently living in overcrowded accommodation or are concealed households and are intending on moving in the next 5 years.

Step 1.3 Other groups

- B.10. Table B2 identified a series of households who were in housing need for other reasons including the property is too expensive, difficult to maintain, household containing people with mobility impairment/special need, lacking amenities, disrepair and harassment.
- B.11. A total of 9,533 households across Sunderland were identified to be experiencing one or more of these needs factors and intending to move in the next five years. This figure is taken as the five year backlog of need from other groups.

Step 1.4 Total current housing need and financial testing

- B.12. Having established the scale of need in Steps 1.1, 1.2 and 1.3, the extent to which households could afford open market prices was considered.
- B.13. An 'affordability threshold' of households was calculated which takes into account household income, equity and savings. The household income component of the affordability threshold is based on 3.5 x gross annual income.
- B.14. The affordability threshold was then tested against median property prices and the cost of privately renting. Lower quartile prices at survey area level for the financial year 2012 were derived using Land Registry address-level data (Table B4).
- B.15. Information on prevailing private sector rents was obtained from a search of lettings during spring 2012 and summarised in Table B5. The cost of letting a property according to the number of bedrooms required by a household was factored into affordability testing.
- B.16. Using evidence from the household survey, we have identified the extent to which households identified in Steps 1.1 could afford open market prices; and based on Steps 1.2 to 1.3, using evidence from the household survey, we have identified the extent to which households are in housing need in Sunderland **and** whether they want to move to offset that need. A total figure for this is 14,843 households. The extent to which these households in need can afford open market solutions to address their need has been assessed.

Table B4 Lower quartile house prices by survey area (Jan 2010–Feb 2011)

| Development Area | Lower Quartile Price (£) |
|--------------------|--------------------------|
| Sunderland North | £76,000 |
| Sunderland South | £73,000 |
| Sunderland Central | £70,000 |
| Washington | £80,000 |
| Coalfield | £70,600 |

Source: Land Registry

Table B5 Lower quartile private rents across Sunderland

| No. Beds | Lower Quartile Rent (£) per calendar month |
|----------|--|
| 1 | £350 |
| 2 | £450 |
| 3 | £485 |
| 4 | £495 |
| 5+ | £495 |

Source: Internet search of private lettings agents 2012

Summary of Stage 1: Current need

B.17. In summary, of the households identified in Steps 1.1, 1.2 and 1.3, 9,645 households across Sunderland (65%) could not afford to move in the open market to offset their need.

Stage 2: future need

Step 2.1 New household formation (gross per year)

B.18. The needs analysis assumes a 1.4% gross household formation rate of 1,677. This is based on a national estimate of 1.4% (based on the 2009/10 figure reported in the Survey of English Housing).

Step 2.2 New households unable to buy or rent in the open market

B.19. Analysis of lower quartile market prices relative to the income/savings of newly-forming households suggests that 66% could not afford lower quartile house prices or private sector rents.

- B.20. Therefore, the total number of newly-forming households who could not afford open market prices or rents across Sunderland is calculated to be 1,001.

Step 2.3 Existing households expected to fall into need

- B.21. An estimate of the number of existing households falling into need each year has been established by drawing upon the RSL lettings data. This suggests that over the period 2008/9, 2009/10 and 2010/11, a total of 103 households moved into the social rented sector because they had fallen into housing need and were homeless, representing an annual average of 34.

Step 2.4 Total newly arising housing need (gross per year)

- B.22. Total newly arising need is calculated to be 1,036 households each year across Sunderland.

Stage 3: Affordable housing supply

- B.23. The CLG model reviews the supply of affordable units, taking into account how many households in need are already in affordable accommodation, stock surpluses, committed supply of new affordable dwellings and dwellings being taken out of management (for instance pending demolition or being used for decanting).

Step 3.1 Affordable dwellings occupied by households in need

- B.24. This is an important consideration in establishing the net levels of housing need as the movement of these households within affordable housing will have a nil effect in terms of housing need²⁷.
- B.25. A total of 4,505 households are current occupiers of affordable housing in need (Table B1). Although the movement of these households within affordable housing will have a nil effect in terms of housing need (i.e. they already live in affordable housing), the types of property they would 'free up' if they moved is considered in modelling.

Step 3.2 Surplus stock

- B.26. A proportion of vacant properties are needed to allow households to move within housing stock. Across the social rented sector, this proportion is generally recognised as being 2%. Stock above this

²⁷ Strategic Housing Market Assessment Guidance (CLG, August 2007)

proportion is usually assumed to be surplus stock. Modelling assumes no surplus social rented stock across Sunderland.

Step 3.3 Committed supply of new affordable units

- B.27. Over the past five years, an average of 281 new affordable dwellings have been built across Sunderland.

Step 3.4 Units to be taken out of management

- B.28. The model assumes there will be no social rented units taken out of management over the next five years.

Step 3.5 Total affordable housing stock available

- B.29. It is assumed that there are **4,505** social (affordable) rented dwellings available over the 5 year period arising from households moving within the stock.

Steps 3.6 Annual supply of social re-lets

- B.30. The CLG model considers the annual supply of social re-lets. Address-level RSL CORE lettings data has been analysed for the three years 2008/9, 2009/10 and 2010/11. This information can be used to accurately assess the likely capacity of the social rented sector by location, size of property and designation (whether the property is general needs or older person). For the purposes of analysis, it is important to focus on the ability of households requiring affordable housing to access it. Therefore, the annual supply figures derived from CORE lettings data and used in modelling:

- **Exclude** those moving into accommodation from outside Sunderland and households moving within the social rented stock; and
- **Include** households who moved from within Sunderland into social renting from another tenure; newly-forming households originating in Sunderland and moving into social renting; and households moving from specialist/supporting housing from within Sunderland into affordable housing.

- B.31. Analysis suggests that there is an annual average of 1,509 social rented dwellings let to new tenants i.e. households originating in Sunderland who either moved into social renting from another tenure, were newly-forming households, or who moved from supported/specialist accommodation.

- B.32. Modelling therefore assumes an annual capacity of **1,509** dwellings for new tenants across Sunderland. Table B6 illustrates how the annual

capacity figure is broken down by development area, designation (general needs and older person) and property size.

Table B6 Annual social rented re-lets by development area

| Age Group | No. Beds | Development Area | | | | | Total |
|---------------|--------------|------------------|------------------|--------------------|------------|------------|-------------|
| | | Sunderland North | Sunderland South | Sunderland Central | Washington | Coalfield | |
| General Needs | 1 | 86 | 184 | 9 | 78 | 50 | 406 |
| | 2 | 125 | 260 | 5 | 123 | 89 | 601 |
| | 3 | 49 | 108 | 1 | 97 | 32 | 287 |
| | 4 | 1 | 10 | 0 | 7 | 4 | 22 |
| | 5 or more | 0 | 4 | 0 | 0 | 0 | 4 |
| Older Person | 1 | 16 | 51 | 1 | 14 | 23 | 105 |
| | 2 | 11 | 26 | 1 | 24 | 13 | 75 |
| | 3 | 1 | 3 | 0 | 2 | 3 | 9 |
| | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 5 or more | 0 | 0 | 0 | 0 | 0 | 0 |
| | TOTAL | 289 | 646 | 17 | 345 | 212 | 1509 |

Source: RSL CORE data

Steps 3.7 Annual supply of intermediate re-lets/sales

B.33. Table B7 presents a summary of the average supply of intermediate tenure dwellings which have either been sold or relet over the three year period 2008/9, 2009/10 and 2010/11 as recorded in CORE Sales data.

Table B7 Intermediate tenure sales/relets

| Age Group | No. Beds | Development Area | | | | | |
|---------------|--------------|------------------|------------------|--------------------|------------|-----------|-----------|
| | | Sunderland North | Sunderland South | Sunderland Central | Washington | Coalfield | Total |
| General Needs | 1 | 0 | 1 | | 0 | 0 | 1 |
| | 2 | 2 | 13 | | 1 | 5 | 20 |
| | 3 | 2 | 6 | | 1 | 7 | 16 |
| | 4 | 1 | 0 | | 0 | 1 | 2 |
| | 5 or more | 0 | 1 | 0 | 0 | 0 | 1 |
| | TOTAL | 5 | 21 | 0 | 2 | 13 | 40 |

Source: RSL Core lettings data for 2008/9, 2009/10 and 2010/11

Summary of Stage 3

- B.34. Overall, the model assumes an existing affordable supply of 4,505 and an annual supply of 1,509 social (affordable) lettings and an annual supply of 40 intermediate tenure lettings/sales.

Stage 4: estimate of annual housing need

Overview

- B.35. Analysis has carefully considered how housing need is arising within Sunderland by identifying existing households in need (and who cannot afford market solutions), newly-forming households in need and existing households likely to fall into need.
- B.36. This has been reconciled with the supply of affordable dwellings which considers location, size and designation (i.e. for general needs or older person). Based on the CLG modelling process, analysis suggests that there is an overall annual net shortfall of **514** dwellings. An annual affordable net newbuild rate of 281 would reduce this figure down to 233 each year..
- B.37. For critical stages of the needs assessment model (Step 1.1, Step 1.4, Step 2.4 and Step 3.8), information is broken down by survey area/delivery area, designation (general needs and older) and property size. This goes beyond the requirement of the SHMA guidance but allows a detailed assessment of the overall housing requirements of households in need and provides clear affordable requirement information. In turn, this can help identify where there are shortfalls and sufficient capacity of affordable housing, and help to shape policy responses.

- B.38. Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall.
- B.39. Step 4.1 is the total backlog need which is derived from the number of households in Step 1.4 minus total affordable housing stock available (Step 3.5).
- B.40. Step 4.2 is a quota to reduce the total backlog need which is assumed to be 20% each year (which is a standard modelling assumption suggested by the CLG guidance).
- B.41. Step 4.3 is the annual backlog reduction based on step 4.2.
- B.42. Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need.
- B.43. Step 4.5 is the total annual affordable need based on steps 4.3 and 4.5.
- B.44. Step 4.6 is the annual social rented capacity based on step 3.8.

Total net shortfall

- B.45. Table B8 summarises the overall annual net affordable housing requirements for Sunderland by development area, designation (general needs and older person) and property size.

Table B8 Net affordable housing requirements – annual requirements 2012/13 to 2016/17

| Dwelling size/designation | Development Area | | | Washington | Coalfield | Total |
|---------------------------|------------------|------------------|--------------------|------------|-----------|------------|
| | Sunderland North | Sunderland South | Sunderland Central | | | |
| Smaller 1/2 General Needs | 143 | 76 | 26 | 59 | 45 | 350 |
| Larger 3+ General Needs | 11 | 89 | 31 | -35 | 67 | 163 |
| Older 1/2 Bedroom | 0 | 23 | -2 | 9 | -28 | 2 |
| TOTAL | 154 | 188 | 55 | 33 | 84 | 514 |

Tenure and dwelling type profile of affordable dwellings

- B.46. Affordable housing includes social rented, affordable rented and intermediate tenure dwellings. New affordable development by Registered Providers will be affordable rented (with rents of up to 80% open market rent) and in order to recommend an appropriate split between social rented and intermediate tenure, the stated preferences of households and the relative affordability of intermediate tenure products is now reviewed.

Household preferences

B.47. Households were asked to state tenure preferences. Table B9 summarises the preferences of both existing households in need and newly forming households by tenure. Overall, this gives a tenure split of around 77.3% social/affordable rented and 22.7% intermediate tenure across Sunderland.

Table B9 Affordable tenure preferences

| Tenure | Existing households in need | Newly-forming households | Total |
|---------------------------|-----------------------------|--------------------------|-------|
| Affordable (Social) Rent | 82.2 | 72.4 | 77.3 |
| Intermediate Tenure | 17.8 | 27.6 | 22.7 |
| Total | 100.0 | 100.0 | 100.0 |
| Base (annual requirement) | 1028 | 1036 | 2064 |

Source: 2012 household survey

B.48. An analysis of the ability of existing households in need and newly-forming households to afford intermediate tenure is summarised in Table B10. Analysis suggests that intermediate tenure options remain relatively affordable to households in need and newly-forming households, with 44.1% able to afford a property costing at least £60,000.

Table B10 Ability of existing households in need and newly-forming households requiring affordable housing to afford intermediate tenure dwellings

| Could afford | Existing households in need | Newly-forming households | Total |
|---------------------------|-----------------------------|--------------------------|-------|
| At least £60,000 | 41.7 | 46.6 | 44.1 |
| At least £80,000 | 30.7 | 40.7 | 35.7 |
| At least £100,000 | 24.5 | 37.9 | 31.2 |
| At least £120,000 | 19.1 | 14.4 | 16.7 |
| Base (annual requirement) | 1028 | 1036 | 2064 |

Source: 2012 household survey

B.49. There is clearly scope for an intermediate tenure market in Sunderland. The final proportion of intermediate tenure dwellings to be delivered needs to be reconciled with the economic viability of delivering affordable housing on sites; the appetite of the HCA to fund intermediate tenure dwellings; and the ability of households to secure mortgages.

Dwelling type

B.50. Table B11 considers the range of affordable property types households would consider, based on the expectations of existing households in need and what newly-forming households have moved into. Analysis of property type preferences suggests that, primarily, delivery of houses is a priority (with 57.1% stating an expectation of moving to a house), followed by bungalows (24.6%) and flats (18.2%).

Table B11 Property type preferences

| Type preferences | Existing (%) | Newly-forming (%) | Total (%) |
|---------------------------|--------------|-------------------|-----------|
| Detached | 6.0 | 8.8 | 7.4 |
| Semi-detached | 28.7 | 34.4 | 31.5 |
| Terraced | 7.7 | 28.6 | 18.2 |
| Flat | 20.8 | 15.7 | 18.2 |
| Bungalow | 36.8 | 12.5 | 24.6 |
| Total | 100.0 | 100.0 | 100.0 |
| Base (annual requirement) | 1028 | 1036 | 2064 |

Based on expectations of existing households in need and what newly-formed households have moved to in the past 5 years

Source: 2012 household survey

Implications for planning

B.51. There is an ongoing need for affordable housing delivery within Sunderland. Appendix C provides further information on how information presented in this research can be used to strengthen existing planning policies and ensure a continued supply of affordable housing in the future.

Appendix C: Affordable housing policy considerations

- C.1. When developing their affordable housing policy the Council should be mindful of the housing requirements set out in Chapter 6 of this report, and the regional and sub-regional priorities and context.

Sunderland Policy Context

- C.2. There is a comprehensive summary of the policy context relating to Sunderland set out both in Chapter 2 and Appendix B of this report. It is evident that addressing affordable housing shortfalls is not only a national priority, but also a regional and sub regional priority. To this end it is important that all local authorities develop appropriate and effective affordable housing policies.
- C.3. The Council is currently reviewing its affordable housing policy position as part of work on its Local Plan, and this assessment forms a key part of this process.
- C.4. Through consultation with its stakeholders the Council has identified a draft vision for housing and its environments, within which context all housing developments will be considered. The housing environment vision states that *'Development should be made up of a mix of housing types including affordable housing; where tenure is mixed it should be well managed and designed to encourage community engagement.'* (Core Strategy preferred options page 40 paragraph 5.53) is this vision still the same ?

C.5. This vision is embedded within the Core Strategy's preferred options housing policies:

- Policy CS5: Housing choice – we need to update

To ensure a range and choice of housing types and tenures are incorporated into all housing developments which meet the needs and aspirations of the city's existing and future residents, the City Council will:

- i) Require a percentage of all new dwellings to be affordable on a 'set' site size. (Figures will be dependent on outcome of HMA). The City Council will require affordable dwellings to remain 'affordable'.
- ii) Ensure a balanced mix of housing tenure and type are provided, through the application of a minimum site size policy, with particular emphasis on family, detached and executive type dwellings (results of HMA should help identify types and even areas where particular house types are required).
- iii) Ensure that housing meets the requirements of specific needs groups where there is identified need and demand.*
- iv) Ensure that provision made for gypsy and traveller sites where there is a proven need and demand, with sites:
 - Being located so as to avoid adverse effects on the wellbeing of site occupiers
 - Being reasonably accessible to local services and facilities
 - Being located where they will not be detrimental to the city's regeneration aims
 - Being located away from any known high flood risk areas
 - Being located so as to avoid environmentally sensitive areas (both natural and cultural)
 - Being located so as not to have any detrimental impact on residential amenities and highway safety
 - Being located so as not to create a significant intrusion into the landscape

All new housing developments must satisfy the housing environment vision – providing housing in appropriate sustainable locations, within a high quality environmental setting and of high quality build and design.

* Particular emphasis will be given to areas of the city which are identified as being deficient in particular house types and tenures and affordability through the Housing Market Assessment. (This part will be replaced with the areas and types once known through the HMA).

- C.6. ensure all cs info is up to date Through its policy on housing choice the Council is seeking to deliver ‘a flexible housing stock that can satisfy change in household size, aging population and diverse lifestyle choices...’ (Core Strategy preferred options page 40 paragraph 5.50). The conclusion in respect of the policy’s preferred option states that:
- ‘The preferred option for providing the right types and tenure of housing in the city must take account of the forthcoming Sunderland Housing Market Assessment and provide a range of new, refurbished, and improved housing to suit all needs, giving emphasis to promoting mixed use developments and particular consideration to the provision of increased amounts of affordable, special needs and executive housing.’ (Core Strategy preferred options page 41)*
- C.7. Consultation on the Core Strategy identified that ‘contributions should be tightened up especially with regard to affordable housing’ (Core Strategy page 82), and evidence from this research would support the introduction of a more robust approach to affordable housing delivery through the planning process.
- C.8. Consultation carried out by the Council on Housing Allocations (October 2007) states that it will meet the objectives of policy CS5 by ‘identifying and quantifying the need for ‘affordable’ housing; seeking a mix of types and tenures within larger developments; and providing for under-represented housing types in the city e.g. executive and high value family housing.’ (Housing Allocations page 74)
- C.9. The current policy approach to affordable housing delivery within Sunderland is set out within the UDP, and seeks to secure affordable housing contributions on major new housing sites and restructuring schemes (on developments of 50 or more dwellings).
- C.10. In view of the changed national, regional and sub regional policy priorities, and the revised evidence base presented within this report, it is appropriate for the Council to develop a new and more comprehensive approach to affordable housing delivery through its Local Plan.
- C.11. The primary objectives of any new policy approach should be to ensure that affordable housing needs are addressed appropriately, and that affordable homes secured through planning obligations meet identified need, are genuinely affordable, and remain so in perpetuity. In order to do this the policy needs to:
- Provide guidance in respect of the amount and tenure of the affordable homes sought.
 - Provide guidance in respect of the location and phasing of the affordable homes.
 - Set out an approach to commuted provision.
 - Establish mechanisms to ensure that the homes are genuinely affordable.
 - Establish mechanisms for securing the affordable homes in perpetuity.

Targets and Thresholds

- C.12. This research has identified that, based on CLG modelling, there is a shortfall of 514 affordable homes per annum across Sunderland for the five year period 2012/2013 to 2016/2017. This should be seen as a measure of the degree of imbalance between supply and demand for affordable housing and not a specific target. Over the period 2011 to 2016 the Council is seeking to deliver 940 do we not want to put our figures in here homes each year.²⁸. On this basis there is both a clearly identified need for additional affordable housing, and supply side opportunities through which this can be addressed. It is therefore important that the Council establish an affordable housing target within its Local Plan policies.
- C.13. When setting its affordable housing target the Council needs to consider the proposed housing development and regeneration activity of its key partners, including Gentoo. Gentoo will be delivering significant investment both in terms of improving existing, and developing new, affordable housing over the period 2012/13 to 2016/17. The impact of this activity, in terms of addressing the housing requirements of those identified as being in housing need, is not clear and the Council will need to work closely with its partners to monitor on-going affordable housing supply and demand activity. However, the affordable housing investment proposals of both organisations are unlikely to meet the measure of the affordable housing imbalance identified by this research (514 homes each year).
- C.14. Under the Council's current policy affordable housing contributions are sought on sites of 50 dwellings or more.
- C.15. The Council's current affordable housing site threshold needs to be reviewed. Analysis of current and planned patterns of development should enable the Council to identify a more appropriate site threshold. In addition the Council should consider setting a site density threshold (0.5 hectares for example).

Tenure and type

- C.16. Local Plan policies need to be explicit about the tenure of affordable housing sought. Analysis of the research suggests that, in terms of affordable housing tenure, there is a requirement for both affordable homes for rent and intermediate housing options; with 73.3% social rent and 26.7% intermediate tenure split across the City.
- C.17. Good practice in respect of delivering affordable housing for rent is to deliver it in partnership with a Registered Provider (RP). This guarantees that the homes will be affordable in perpetuity (RPs are legally bound by the Housing Corporation's rent regime). It also guarantees the Council nomination rights to future lettings, as well as ensuring a consistent approach towards housing management issues (such as resolving neighbour disputes and delivering environmental improvements).

²⁸ North East Regional Spatial Strategy: Revised additional housing provision (2004 to 2021)
Endorsed by NEA 16 July 2007

- C.18. In terms of intermediate tenures there are a range of products and options available for the Council to consider, these include shared ownership, discounted sale and fixed equity products, as well as intermediate rented options (including rent to mortgage models). Affordable housing for sale should be delivered with a range of out turn sales values, and these are summarised in Chapter 6 (Table 6.7) of the main report. To be affordable intermediate housing for sale needs to be delivered in the £60,000 to £100,000 price range.
- C.19. Intermediate rented housing (sometimes referred to as sub market rented housing) falls within the NPPF definition of affordable housing. Rent levels of intermediate or sub market rented housing fall between genuine affordable rented housing and open market rented housing. Specifying rent levels in a Section 106 agreement is crucial when securing intermediate rented housing as part of an affordable housing contribution.
- C.20. Should it consider this type of provision, the Council should specify within its SPD the percentage discount off open market rent it considers acceptable in terms of delivering affordable sub market rented housing. It is notoriously difficult to control access to this type of housing, and therefore ensure that it meets a specific housing need. If this type of provision is sought, it is recommended that an RP is used to secure and manage the homes in perpetuity to ensure that they meet an identified housing need into the future
- C.21. In terms of property type, the requirements identified indicate a range of needs. Given development capacity across the City, a sensible approach for the Council to consider could be to seek a pro-rata match of private housing on all new developments. This would help ensure a mix of affordable units in any given locality, reflecting that of the open market.

Location and design

- C.22. Policy CS4 of the Core Strategy preferred options looks at the distribution of new housing across the City. Delivering housing in sustainable locations is the priority, and sites are currently being assessed by the Council through its Strategic Housing Land Availability Assessment (SHLAA). The preferred option for the distribution of housing within its sub areas is set out in the table below, alongside the level of identified affordable housing need for each area. The spatial distribution of affordable housing requirements is comparable with the proposed distribution of housing with the exception of Sunderland North (where 30% of affordable requirements are identified although the area accounts for 8% of new development) and Sunderland South (36.5% of affordable requirements and 51% of new development) (Table C1). Given this distribution of affordable housing requirements, it is appropriate for all residential development on qualifying sites to address affordable housing need.

Table C1 Proposed distribution of new housing by sub-area

| Policy Area | Proposed distribution of new housing 2011/12 to 2031/21 | % of City Target | % annual affordable imbalance |
|--------------------|---|------------------|-------------------------------|
| North Sunderland | 1,202 | 8% | 30% |
| Sunderland Central | 2,254 | 15% | 10.8% |
| South Sunderland | 2,117 | 51% | 36.5% |
| Washington | 902 | 6% | 6.4% |
| Coalfields | 3,005 | 20% | 16.4% |
| Total | 15,025 | 100% | 100% |

C.23. Consideration also needs to be given to the location of affordable housing within individual development sites. Whilst on smaller sites dispersal of affordable housing is such not an issue, it can become so on larger scale developments. Guidance should be provided by the Council in its policy on its preferred approach to pepper-potting affordable housing. It is now generally accepted that integrating tenures in this way is both more sustainable and desirable for residents.

C.24. In the interests of delivering sustainable and integrated communities the affordable homes should be similar to the private homes in terms of style, quality of specification and finish, and materials.

Phasing

C.25. Consideration needs to be given to the phasing of the affordable homes, and the Council's policy should stipulate what it expects in this regard. Not securing delivery of the affordable housing at an early point within a development risks it not being provided in its entirety. An appropriate clause within Section 106 agreements, preventing occupation of all the private homes before the affordable housing requirements have been satisfied, would counter this risk. However, where there are high levels of pepper-potting, it would be unreasonable to require a high number of affordable homes to be made available in the early stages of a development.

Ensuring affordability

C.26. Ensuring that affordable housing, once delivered, is genuinely affordable requires a robust policy stance in respect of:

- Out turn affordable rent levels on completion.
- Out turn affordable sales prices on completion.

C.27. Securing affordable rents in the long term is best done by involving an RP to own, manage and maintain the affordable housing for rent.

- C.28. If this is not possible, the Council needs to ensure robust clauses within their Section 106 agreements, tying the affordable housing provider to the Housing Corporation's affordable rent regime. Failure to do this could result, not only in disparity of affordable housing provision (which would be prejudicial to some residents), but unaffordable housing.
- C.29. In terms of intermediate tenure homes for sale, it is advisable that initial sale prices are fixed within the Section 106 agreement and not percentage discounts, which can become unaffordable upon completion.
- C.30. Key to establishing both out turn rents and sales prices is a mechanism for calculating the price of the affordable homes. In terms of rented provision, the out turn rent dictates the price an RSL can pay a developer for a home; this is governed by the size of mortgage serviceable from the out turn rent over a 30 year period.
- C.31. In terms of affordable homes for sale, out turn prices need to reflect the needs identified. Ideally, prices should cover a range of requirements identified and presented in Table 6.7 of the main report. This will mean negotiating out turn sales prices on a site by site basis; the Council will need to monitor progress in terms of delivering an overall spread of out turn affordable sales values.
- C.32. It is important that the Council continues to develop its policy approach whereby affordable housing is delivered without public subsidy; its SPD therefore needs to be explicit about how affordable housing will be funded (i.e. through RSL mortgages (rents) and developer contributions). However, given that the Housing Corporation is now seeking to invest in Section 106 affordable housing where additionality can be demonstrated, the Council needs to liaise with the Corporation to explore options around funding availability and use of the cascades approach (which allows options for varying the quantity, tenure and mix of affordable homes over the lifetime of a large scheme).

Securing affordability in perpetuity

- C.33. Securing affordable housing in perpetuity is critical; key to this process is the use of comprehensive Section 106 agreements.
- C.34. The Golden Triangle Good Practice Manual on securing affordable housing through the planning process details a list of affordable housing Heads of Terms (HOTs) for Section 106 agreements, where there is an affordable housing requirement. In order to ensure that it has in place a robust practice the Council should refer to the draft HOTs and consider incorporating them into its SPD.
- C.35. RPs represent the most effective mechanism for securing the affordable housing in perpetuity.

Commutated provision

- C.36. Within its SPD the Council needs to be explicit about its position in respect of commuted sums. If it accepts that there may be instances when delivering

affordable housing is not possible, the SPD should state specifically what these might be.

- C.37. Furthermore, policy should detail what would be considered acceptable in terms of commuted provision. If an in lieu payment is sought, a mechanism for calculating it should be detailed within the policy; any mechanism needs to ensure that the in lieu payment will actually deliver the affordable housing in an alternative location.
- C.38. The SPD needs to specify where affordable housing contributions can be commuted too. Affordable housing is sought on the basis of need in a given locality, when provision is commuted it should still address the housing needs of the locality. In practice a staged approach may be adopted, whereby provision is sought first within the existing, and then neighbouring, ward(s) or sub areas. Similarly, practice in respect of using commuted sum monies for investment in existing affordable stock within the locality (for example, to bring up to decent homes standards) should be made explicit.

Policy recommendations

- C.39. This research has identified a significant affordable housing requirement across the City, which needs to be addressed if the Council is to deliver balanced and sustainable communities. Developing an appropriate affordable housing planning policy within the Local Plan, followed up with consistent and accountable practice, is essential if affordable housing issues are to be strategically addressed.
- C.40. The Council needs to use the evidence base provided by this research to help it deliver an on-going supply of affordable housing. Resources should focus on completion and implementation of Local Plan policies in respect of affordable housing, taking into account the points raised above.
- C.41. In addition to this it is recommended that the Council:
- Work closely with neighbouring councils to develop a consistent approach to affordable housing provision across the sub region;
 - Work with the Housing Corporation and RP partners to establish and develop good practice in respect of delivering affordable housing through Section 106 agreements;
 - Consult key stakeholders on the Local Plan affordable housing proposals (including developers, RPs, the Housing Corporation, and Government Office); and
 - Explore with the Housing Corporation the extent of opportunity for using grant to fund Section 106 affordable housing contributions using the cascades approach.
- C.42. In summary, implementation of a robust affordable housing policy will be essential if affordable housing requirements are to be addressed. On this basis it is important that on-going performance against affordable housing targets and thresholds is monitored and regularly reviewed.

Appendix D: Monitoring and updating

A framework for updating the housing needs model and assessment of affordable housing requirements

Introduction

- D.1. Having invested considerable resources in obtaining an excellent range of primary and secondary data, it is vital that this information is used to the maximum effect and updated on a regular basis. The purpose of this appendix is to establish a framework for updating the housing needs model and affordable housing requirements. In addition, it recommends the regular monitoring and review of housing market activity and regular reflections on the wider strategic context.

Updating of baseline housing needs and affordable housing requirements

- D.2. A baseline assessment of housing need across Sunderland has been derived from the 2012 household survey. This information should be taken as a baseline from which annual reviews of key aspects of the model proceed. It is recommended that the baseline information has a shelf-life of three to five years (with a recommended refresh of household information around 2017 through primary surveying).
- D.3. Key elements of the needs assessment model can be readily updated on an annual basis to reflect:
- changes in house prices and rental costs;
 - capacity of the social rented sector;
 - availability of intermediate tenure housing.
- D.4. More detailed technical appendices and advice will be given to officers who will take forward annual updating.

Changes in house prices and rental costs

- D.5. It is recommended that the annual purchase of address-level house prices to complement the existing dataset continues. This will result in an annual refresh of house price data by sub-area and provide an indication of changing lower quartile prices. In turn, these can be applied to **Step 1.4** of the needs assessment model which considers the extent to which households in need can afford open market prices. As part of this analysis, updated information on private rented sector rents needs to be secured. Several websites can provide a snapshot of private rents and help inform this element of the update.

- D.6. Lower quartile prices and private sector rents should also be compared with the income profile of newly-forming households at **Step 2.2** of the needs assessment model.

Capacity of the social rented sector

- D.7. The capacity of the social rented sector needs to be reviewed annually using CORE lettings data (**Step 3.6**).
- D.8. A dataset has been prepared for CORE data 2008/9, 2009/10 and 2010/11 as part of this research. This includes some additional variables identifying the characteristics of households (by designation i.e. under 60 or over 60) and previous housing circumstances (from out of area, previously social renter, previously other tenure and from supported/specialist accommodation). The capacity of the social rented sector is based on the number of lettings to households from within a Local Authority District who were previously living in another (non social rented or intermediate) tenure.

Availability of intermediate tenure housing

- D.9. CORE Sales data can identify the availability of intermediate tenure housing (**Step 3.7**). Although data has been assembled for 2008/9, 2009/10 and 2010/11, there is very little intermediate tenure provision across Sunderland. This may change as part of the tenure diversification agenda, Housing Corporation investment priorities and private sector provision. Changing levels of intermediate tenure capacity will therefore need careful monitoring.

Annual adjustments to affordable requirements

- D.10. Datasets will be provided from which annual reviews of affordable requirements can proceed. This will point to any adjustment in net and gross requirements by sub-area, designation and property size.

Updating of contextual information

- D.11. This report has presented a range of contextual information relating to the economy, demography (including population projections and migration) and dwelling stock. This information should be updated where possible and in particular progression with economic growth and diversification should be carefully monitored.

Reflections on the general strategic context and emerging issues

- D.12. As part of its strategic housing function, all local authorities need to understand the general strategic housing market context and respond to emerging issues. Given the dynamic nature of housing markets, the Central

and Local Government policy agenda and bidding for resources, any update of housing needs must be positioned within a wider strategic context.

- D.13. Ongoing stakeholder consultation and engagement with local communities is also vital to maintain up-to-date intelligence on housing market issues.

Concluding comments

- D.14. It is vital that mechanisms are in place to derive robust, credible and defensible estimates of housing need and affordable requirements across Sunderland. We believe that this study provides a robust evidence base which has the capacity to be updated.
- D.15. Having established a baseline position on affordable housing and advice on open market provision to reflect aspirations, it is essential that housing market activity is regularly monitored. This is highly relevant given current housing market uncertainty. A range of methods have been suggested to ensure that housing need and affordability modelling is revised on an annual basis. Annual reviews should also take into account the changing strategic context and impact on housing market activity.

Appendix E: Statement of conformity to SHMA guidance

- E.1. In order for a Strategic Housing Market Assessment to be deemed robust and credible, it needs to provide, as a minimum, all of the core outputs and meets the requirements of all of the process criteria (these were presented in Tables 1.1 and 1.2 of this report).
- E.2. This Statement of Conformity confirms that in delivering the eight core SHMA outputs, the process criteria outlined in the SHMA guidance has been adhered to. Further details are now provided.

Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region

- E.3. In considering housing market areas, data relating to migration and travel to work has been used. This is consistent with other regional studies in Tees Valley, County Durham and Northumberland, and follows national best practice.

Housing market conditions are assessed within the context of the housing market area

- E.4. Although specific focus of this research has been the City of Sunderland, research has considered inter-relationships with other areas, notably County Durham and other districts in Tyne and Wear. This has been achieved through a review of migration, travel-to-work, house prices and household aspirations.

Involves key stakeholders, including house builders

- E.5. From the outset of the research process, it was agreed that the study would involve key stakeholders including house builders. During the course of the research, stakeholder events have been held and attended by a wide-range of interest groups including house builders and private lettings agents. Material has also been presented at a House builders' forum and consultation with Estate Agents and representatives from RPs had been carried out. The research has therefore ensured that the views of a range of key stakeholders are represented in the study.

Contains a full technical justification of the methods employed, with any limitations noted

- E.6. The research has been multi-method and involved secondary data analysis, a major 2012 household survey and stakeholder consultation. The study methodology was summarised in Chapter 1. The range of data assembled is in accordance with the SHMA guidance. In order to understand housing market dynamics more fully, the research has placed a particular emphasis on

primary fieldwork to enhance and supplement the review of secondary data sources. Within the text of the report, any particular observations relating to data including limitations and interpretation have been presented.

Assumptions, judgements and findings are fully justified and presented in an open and transparent manner.

- E.7. Given our expertise and understanding of housing research, the strategic housing agenda and affordability issues, we believe that any assumptions, judgements and findings are fully justified and have been presented in an open and transparent manner. In particular, we have ensured that robust data has been presented and interpreted based on our understanding of general market drivers and the wider sub-regional, regional and national strategic context.

Uses and reports upon effective quality control mechanisms

- E.8. Throughout the research process, we have ensured that the most up-to-date and robust data sources have been used. Most notably, data from over 4,100 households was secured through primary fieldwork. This data was appropriately weighted (to address response bias) and grossed (to reflect total households). We have a series of internal quality control mechanisms relating to data analysis and interpretation; project management; and client liaison. By having these quality control mechanisms in place, we trust that this is evidenced in the quality of research and output we produce.

Explains how the assessment findings can be monitored and updated since it was originally undertaken.

- E.9. A series of recommendations for updating the study have been presented at Appendix D.