

Sunderland

Objectively Assessed Need and

Strategic Housing Market Assessment Update

2016

Sunderland City Council

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

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1. Introduction

Background and objectives

- 1.1 This analysis of Objectively Assessed Need (OAN) and Strategic Housing Market Assessment (SHMA) Update for Sunderland City Council (the Council) has been commissioned to provide an up-to-date evidence base to inform the development of the Council's Local Plan and other strategies.
- 1.2 The OAN and SHMA Update satisfies the requirements of the National Planning Policy Framework (NPPF) and the February 2014 Planning Policy Guidance (PPG) which replaces previous guidance including the DCLG Strategic Housing Market Assessment guidance (Version 2, 2007).
- 1.3 The OAN and SHMA Update also includes a review of the Housing Market Area definition, Objectively Assessed Housing Need, Housing Market Signals and Duty to Co-operate matters. It provides an up-to-date analysis of these topics based on the primary research undertaken for the SHMA 2012, which was also prepared by arc⁴ (Final Report, May 2013). The primary research undertaken in 2012, including a household survey and interviews/on-line questionnaire for key stakeholders, has been refreshed based on a thorough up-to-date review of secondary data and demographic and dwelling forecasts.

National Planning Policy Framework (NPPF) requirements

- 1.4 The NPPF provides the planning policy context for this SHMA. The key sections of the NPPF which need to be taken into account in the SHMA are now summarised.
- 1.5 Paragraph 159 of the NPPF states that Local Planning Authorities should have a clear understanding of housing needs in their area and they should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period that:
 - 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, but not limited to 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.
- 1.6 PPG (para 8) states that housing needs should be assessed in relation to the relevant functional area i.e. Housing Market Area and this may identify smaller sub-markets with specific features and it may be appropriate to investigate these specifically in order to create a detailed picture of local need. It is also

important to recognise that there are 'market segments' i.e. not all housing types have the same appeal to different occupants.

- 1.7 Paragraph 47 of the NPPF makes it clear that local planning authorities should *"use their evidence base to ensure that their Local Plan meets the full objectively assessed needs for market and affordable housing"*. The SHMA will provide robust evidence to help the Council *"plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community"* and should *"identify the size, type tenure and range of housing that is required in particular locations, reflecting local demand"* (NPPF para 50).
- 1.8 NPPF para 173 also states that that in order to ensure both viability and the deliverability of development, careful attention to viability and costs in plan-making and decision-taking is required.
- 1.9 Moreover, the NPPF and the Localism Act both introduced the Duty to Co-operate as a replacement for Regional Spatial Strategy. Section 110 of the Localism Act requires local authorities to co-operate with other local authorities in maximising the effectiveness with which strategic matters within development plan documents are prepared. The provision of housing development is a strategic priority and the Council will have to ensure that they are legally compliant with the Localism Act at Examination. The Duty to Co-operate applies to all local planning authorities, working with neighbouring authorities and other bodies, including Local Enterprise Partnerships, on strategic priorities. It also means collaborating on the evidence critical to understanding the needs of your area, and the wider economic and housing market areas, including through the preparation of a strategic housing market assessment.

Definitions

- 1.10 PPG defines need for housing as *"the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – [and] should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand"*¹.
- 1.11 For the purposes of this study, the term housing need refers to *"the housing that households are willing and able to buy or rent, either from their own resources or with assistance from the state"*.
- 1.12 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.

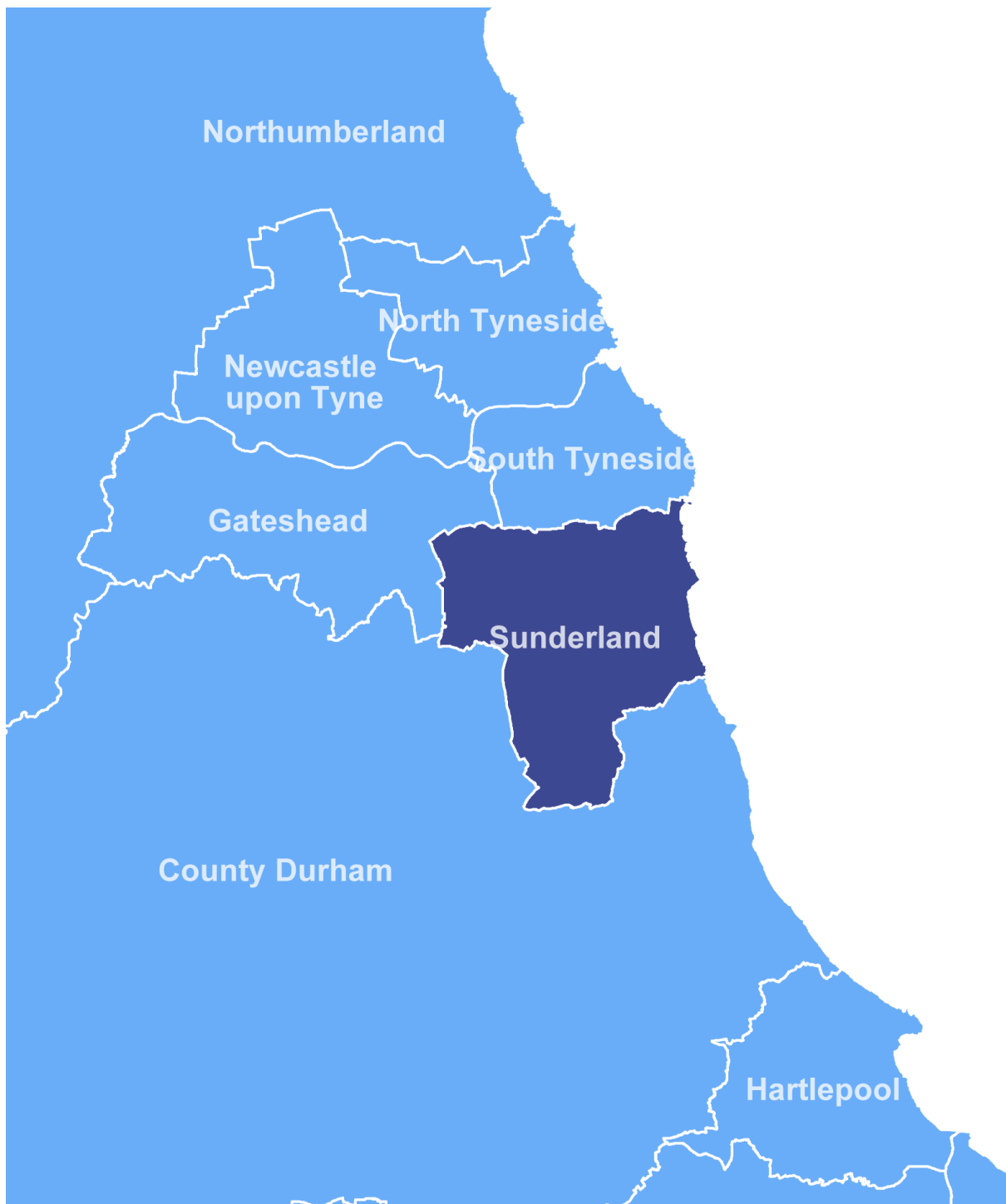
¹ The approach to assessing need Para 003 [ID: 2a-003-20140306], PPG, March 2014.

- **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.

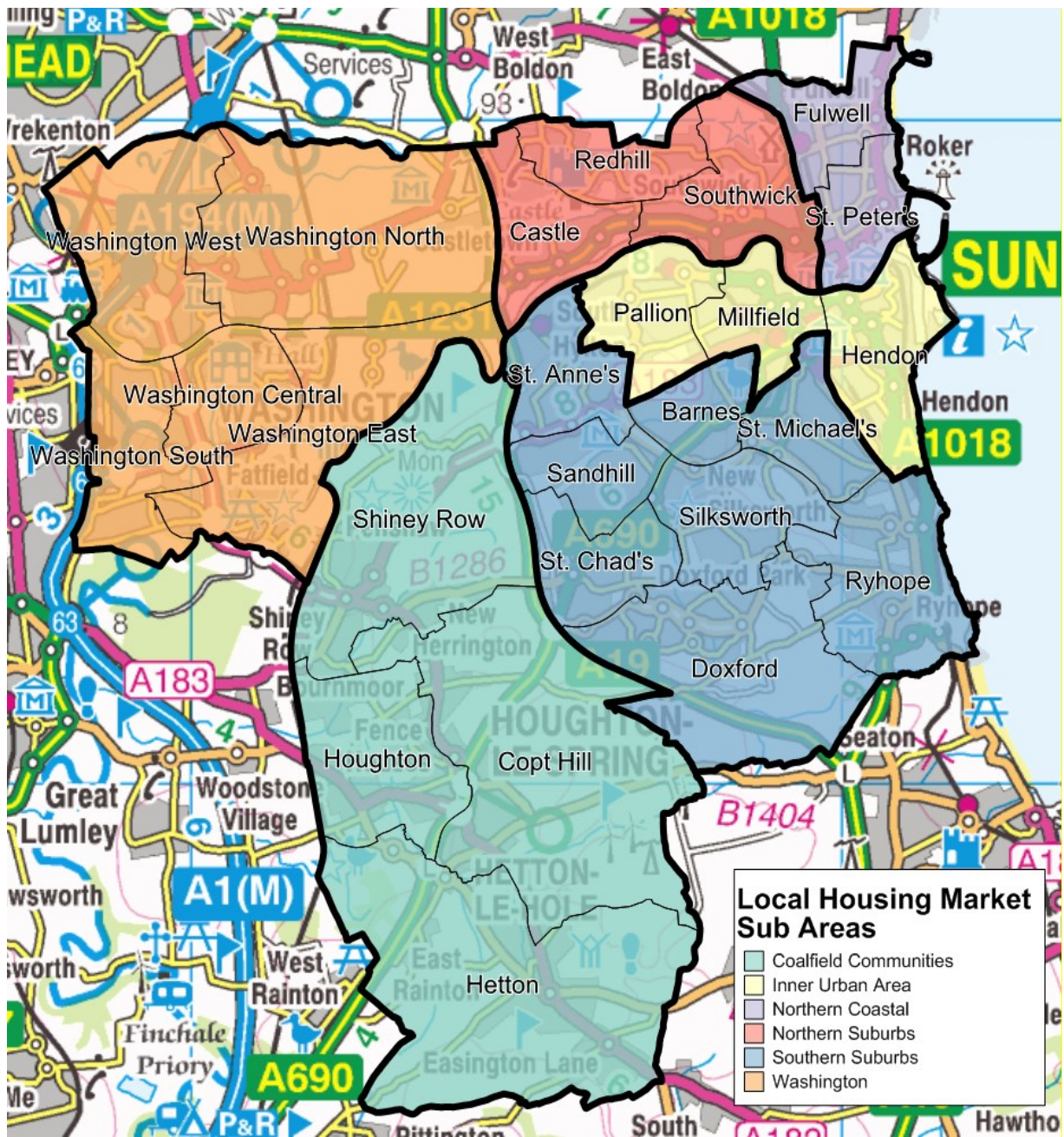
Geography

- 1.13 Map 1.1 illustrates the geographical context of Sunderland City and its neighbouring authorities. Household Survey data has been presented for the following six sub-areas, as illustrated in Map 1.2:
- Coalfield Communities,
 - Inner Urban Area,
 - Northern Coastal,
 - Northern Suburbs,
 - Southern Suburbs, and
 - Washington.
- 1.14 Affordable housing needs analysis has been carried out for Planning Policy Areas which are shown in Map 1.2

Map 1.1 **Sunderland City Context**

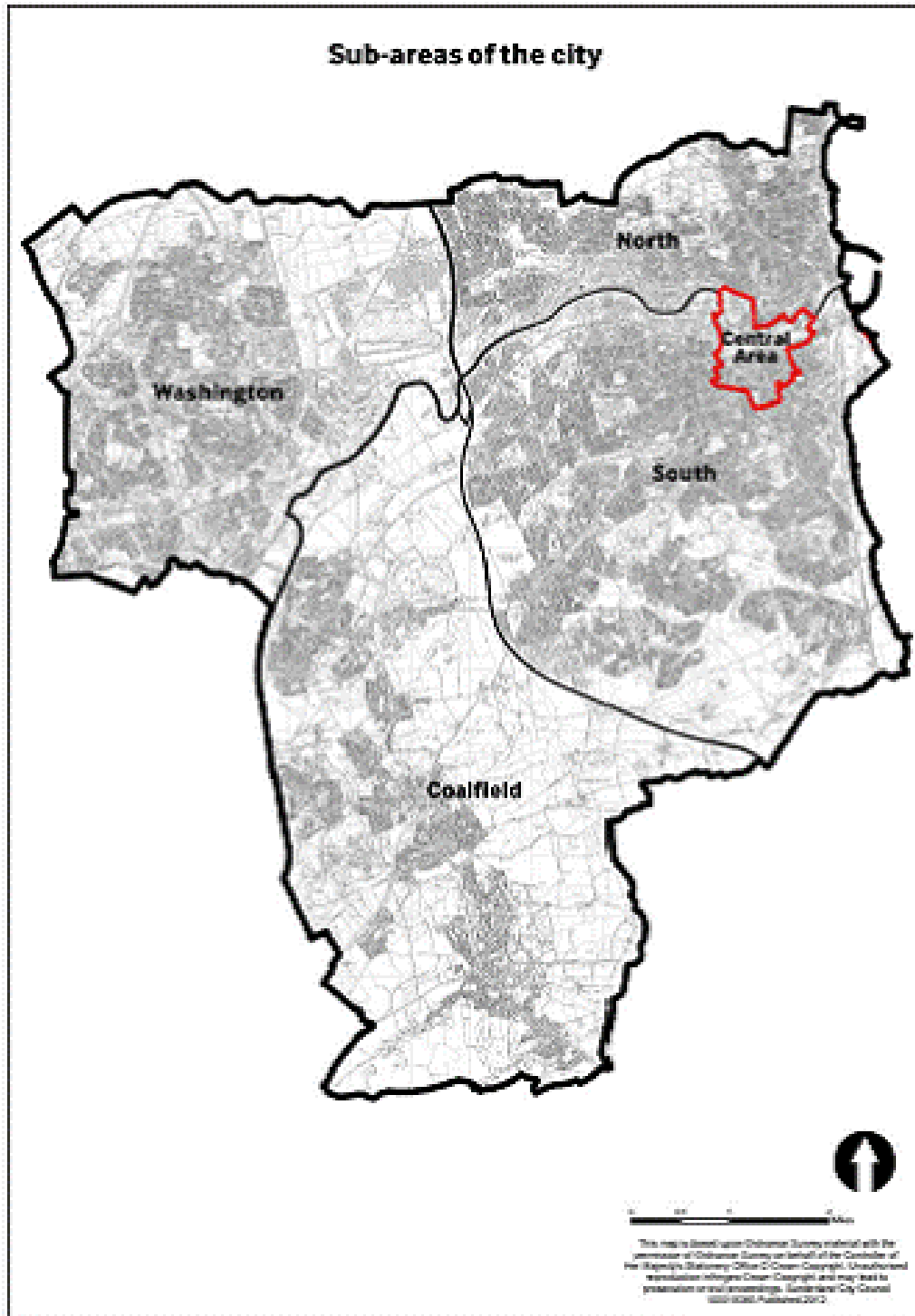


Map 1.2 Sunderland City Sub-Areas



Map 1.3 Sunderland City Planning Policy areas

Figure 3: The Core Strategy Sub-Areas



Research methodology

- 1.15 To deliver the 2015 OAN and SHMA Update, a multi-method approach was adopted, which comprised:
- A review of relevant secondary data including the 2011 Census, house price data, private rental data, Housing Association CORE lettings data, CLG Statistics and Housing Register information;
 - The preparation of demographic and dwelling forecasts by Edge Analytics using POPGROUP modelling;
 - A sample survey of households across the Sunderland City Council area. This Household Survey was undertaken in 2012 to prepare the SHMA 2012, with a total of 33,350 households contacted and 4,104 questionnaires returned. This household survey data has been used in this OAN and SHMA Update, but re-weighted based on the up-to-date secondary data review and demographic and dwelling forecasts. The 4,104 returned questionnaires represented a 12.3% response rate overall and the total number of questionnaires returned was well in excess of the 1,500 specified in former Government guidance;
 - An on-line survey of Key Stakeholders including Local Authority Housing and Planning representatives, Registered Providers, Estate Agents, Lettings Agents, Developers and Supporting People representatives; and
 - Interviews with Estate and Lettings Agents.
- 1.16 Further information on the research methodology is presented at Appendix A.

Presentation of data

- 1.17 Data presented in this report is based on the 2012 Household Survey carried out as part of the Strategic Housing Market Assessment 2012 and refreshed in accordance with the up-to-date secondary data review, unless otherwise stated.
- 1.18 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 121,555² occupied dwellings. All survey information presented in this report is for weighted and grossed responses which are rounded up where appropriate.

Report structure

- 1.19 The Sunderland OAN and SHMA Update 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 definition of the Housing Market Area;

² Council Tax 2015

- **Chapter 4** considers the demographic projections used to inform the Objectively Assessed Housing Need (OAN);
 - **Chapter 5** links demographic growth to OAN;
 - **Chapter 6** presents a housing market review;
 - **Chapter 7** presents a review of market signals;
 - **Chapter 8** considers the Objectively Assessed Housing Need; and
 - **Chapter 9** concludes the report with a summary of findings from the update and a consideration of strategic issues.
- 1.20 The report includes a substantial technical appendix, which provides detailed material that underpins the core outputs of the OAN and SHMA Update. The technical appendix material includes:
- General methodology (Appendix A);
 - Housing need (Appendix B); and
 - Monitoring and updating (Appendix C).

2. Policy and Strategic Review

Introduction

- 2.1 Housing policy in England is managed through the Department for Communities and Local Government (DCLG), but is managed by the devolved governments in Scotland, Wales and Northern Ireland. In addition to policies that apply directly to housing matters, there is significant overlap with a number of other policy areas, including planning, welfare, political devolution and the wider economy.
- 2.2 Under the previous Coalition Government, the five years 2010-2015 saw a radical and sustained programme of reform of welfare, housing and planning policy, set within the context of national austerity and an economic policy of deficit reduction and public spending cuts. These reforms championed localism, decentralisation and economic growth.
- 2.3 Since the election of a majority Conservative Government in May 2015 further welfare reforms have been accompanied by policies seeking to increase the rate of housebuilding and promoting home ownership as the tenure of choice.

Legislative and policy background

- 2.4 Following the Coalition Agreement of May 2010, the previous Government passed the **Localism Act 2011**, with the express intention of devolving power from central government towards local people. The Localism Act sets out a series of measures to seek substantial and lasting shift of powers including:
 - new freedoms and flexibilities for local government, including directly elected mayors and empowering cities and other local areas;
 - new rights and powers for communities and individuals;
 - reform to make the planning system more democratic and more effective, including the revocation of regional spatial strategies (RSS), the introduction of the 'Duty to Cooperate', neighbourhood planning, Community 'Right to Build', reforming the community infrastructure levy and reforming the Local Plan process; and
 - reform to ensure that decisions about housing are taken locally.
- 2.5 In terms of housing reform, the Localism Act reforms aim to enable more decisions about housing to be made at the local level, making the system fairer and more effective. Local authorities have greater freedom to set their own policies about who can qualify to go on the waiting list in their area. In addition, the Act allows for more flexible tenure arrangements for people entering social housing, with social landlords able to grant tenancies for a fixed length of term rather than lifetime tenancies for all. In respect to homelessness, the Act allows local authorities to meet their homelessness duty by providing private rented accommodation, rather than in temporary accommodation until long-term social housing becomes available. The Act also reforms social housing funding, allowing local councils to keep the rent they collect and use it locally to maintain their housing stock. It facilitates a national 'Home Swap' scheme to facilitate

house moves between social housing tenants. In addition, the Localism Act reforms the regulation of social housing, promoting tenant panels and changing the way complaints are handled.

- 2.6 The National Housing Strategy for England, ***Laying the Foundations: A Housing Strategy for England***, was published in November 2011 under the Coalition Administration and it currently remains in place. The Strategy acknowledges some of the problems within the housing market and sets out the Government's policy response, along the following themes:
- Increasing supply: more homes, stable growth;
 - Social and affordable housing reform;
 - A thriving private rented sector;
 - A strategy for empty homes;
 - Quality of housing experience and support; and
 - Quality, sustainability and design.
- 2.7 The measures promote home ownership, including a new-build mortgage indemnity scheme to provide up to 95% loan-to-value mortgages guaranteed by Government and a 'FirstBuy' 20% equity loan scheme for first-time buyers. There is an emphasis on providing new infrastructure, with the announcement of a 'Growing Places' Fund, and the freeing-up of public sector land for development. Community-led planning and design is championed, with financial incentives such as the 'New Homes Bonus' to promote increased housebuilding at the local authority level.
- 2.8 The Housing Strategy acknowledges the importance of social housing and the need for more Affordable housing. However, the Government reaffirm their programme to reform this sector, including *"changes to the way people access social housing, the types of tenancies that are provided and the way the homelessness duty is discharged"*³. The private rented sector is considered to play *"an essential role in the housing market, offering flexibility and choice to people and supporting economic growth and access to jobs"*⁴. The Government sets out an intention to support the growth of the private rented sector through innovation and investment, to meet continuing demand for rental properties.
- 2.9 The Housing Strategy reaffirms the Government's commitment to bringing empty homes back into use, using the New Homes Bonus as an incentive. It also set out the objectives of preventing homelessness, protecting the most vulnerable and providing for older people's housing needs. It confirms a radical package of welfare reforms, including a reduction in Housing Benefit, changes to the Local Housing Allowance (Housing Benefit in the private sector) and the introduction of 'Universal Credit' to replace other means-tested working age benefits and tax credits. Finally, the Housing Strategy addresses environmental concerns, with energy efficiency and reduced carbon emissions being required from both new and existing homes in order to promote sustainability.

³ *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 22 para.11

⁴ *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 33 Summary

- 2.10 The **National Planning Policy Framework (NPPF)** was published in March 2012. It sets out the Government's planning policies for England and how these are expected to be applied. The NPPF formed a key part of the Coalition Government's planning system reforms, simplifying national guidance (previously contained in multiple Planning Policy Statements and Planning Policy Guidance) and reducing the quantity of policy pages. Fundamentally, it must be taken into account in the preparation of local and neighbourhood plans and is a material consideration in planning decisions. The document states that, *"at the heart of the National Planning Policy Framework is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking."*⁵
- 2.11 The NPPF sets out 12 core planning principles to underpin both plan-making and decision-taking. It also establishes 13 aspects to achieving sustainable development, which include delivering a wide choice of high quality homes and promoting healthy communities. The Framework also introduces new definitions of affordable housing covering Social Rented housing, Affordable Rented housing and Intermediate housing.
- 2.12 The NPPF is to be read alongside other national planning policies on Waste, Travellers, Planning for Schools Development, Sustainable Drainage Systems, Parking and Starter Homes⁶. **Planning Practice Guidance** on a range of more detailed topics has been revised and updated, made available through an online system since March 2014⁷. Planning Practice Guidance document topics include Duty to Cooperate, Housing and Economic Development Needs Assessments, Housing and Economic Land Availability Assessment, Housing - Optional Technical Standards, Local Plans, Neighbourhood Planning, Rural Housing and Starter Homes.

Current and emerging policy

- 2.13 Following the election of a majority Conservative Government in May 2015, the Government's **Summer Budget 2015** was presented to Parliament by the Chancellor George Osborne on 8th July 2015. The Budget set out proposed reforms to the welfare system, including a four-year freeze on working-age benefits; a reduction in the household benefit cap; restrictions on Child Tax Credit; and training requirements for those on Universal Credit aged 18 to 21. Alongside these welfare cuts, the Chancellor announced that rents for social housing will be reduced by 1% per year for four years, while tenants on incomes of over £30,000, or £40,000 in London, will be required to pay market rate (or near market rate) rents. A review of 'lifetime tenancies' was confirmed, with a view to limiting their use to ensure the best use of social housing stock. Support for home ownership measures was reiterated with measures such as the extension of the Right to Buy to housing association tenants and the introduction of Help to Buy ISAs.

⁵ National Planning Policy Framework (November 2012), para. 14

⁶ <http://planningguidance.communities.gov.uk/>

⁷ <http://planningguidance.communities.gov.uk/>

- 2.14 Alongside the summer budget of 2015 the Government published a 'Productivity Plan', ***Fixing the foundations: Creating a more prosperous nation*** (10th July 2015). This sets out a 15-point plan that the Government will put into action to boost the UK's productivity growth, centred around two key pillars: encouraging long-term investment and promoting a dynamic economy.
- 2.15 Of particular relevance to housing are the following points in the plan:
- Planning freedoms and more houses to buy: In order to increase the rate of housebuilding and enable more people to own their own home, a number of actions are identified including a zonal system to give automatic planning permission on suitable brownfield sites; speeding up local plans and land release, stronger compulsory purchase powers and devolution of planning powers to the Mayors of London and Manchester, extending the Right to Buy to housing association tenants, delivering 200,000 Starter Homes and restricting tax relief to landlords.
 - Resurgent cities, a rebalanced economy and a thriving Northern Powerhouse: In order to rebalance the economy, which is skewed towards London and the South East, the Government is committed to building a Northern Powerhouse through £13 billion of investment in transport in the North of England during this Parliament, backing new science, technology and culture projects, devolving significant powers to an elected Mayor for Manchester, taking steps to enable the Midlands Engine for Growth to reach its full potential and working towards devolution deals with the Sheffield City Region, Liverpool City Region and Leeds, West Yorkshire and partner authorities.
- 2.16 The Chancellor of the Exchequer delivered his **Spending Review and Autumn Statement 2015** to Parliament on 25th November 2015. Of relevance to housing are:
- An improvement in public finances, so a moderated approach to the reform of Tax Credits/Universal Credit;
 - A new 'Help to Buy Shared Ownership' scheme, removing current restrictions on who can buy shared ownership properties to anyone with a household income of less than £80,000 outside London and £90,000 in London;
 - 'London Help to Buy' – a new equity loan scheme giving buyers 40% of the new home value (as opposed to 20% under the Help to Buy scheme);
 - 200,000 'Starter Homes' will be built over the next five years; these are new build homes available at 20% off the market price to first-time buyers under 40, where the discounted price is less than £250,000 outside London and £450,000 in London. £2.3 billion will be given to housebuilders to provide the 20% discount on new homes;
 - From 1st April 2016 an extra 3% in stamp duty will be levied on people purchasing additional properties such as buy-to-let properties or second homes;
 - Right to Buy will be extended to housing association tenants during 2016, giving 1.3 million households the chance to become homeowners;

- £400 million for housing associations and the private sector to build more than 8,000 new ‘specialist’ homes for older people and people with disabilities; and
 - Consulting on reforms to the New Homes Bonus, with a preferred option for savings of at least £800 million which can be used for social care.
- 2.17 In December 2015, DCLG published a **Consultation on proposed changes to national planning policy**, which is open for comment until 22nd February 2016. This consultation is seeking views on some specific changes to NPPF in terms of the following:
- broadening the definition of affordable housing, to expand the range of low cost housing opportunities for those aspiring to own their new home;
 - increasing residential density around commuter hubs, to make more efficient use of land in suitable locations;
 - supporting sustainable new settlements, development on brownfield land and small sites, and delivery of housing allocated in plans; and
 - supporting the delivery of starter homes.
- 2.18 In November 2015, DCLG announced a review of the Community Infrastructure Levy (CIL), which has been in use since April 2010 and seeks to provide a faster, fairer, more certain and transparent means of collecting developer contributions to infrastructure than individually-negotiated Section 106 planning obligations.

Emerging legislation

- 2.19 The Conservative Government has introduced several Bills to Parliament that have direct relevance to housing issues.
- 2.20 The **Housing and Planning Bill 2015-16** has been through its third reading in the House of Commons in January 2016 and will now move to the House of Lords for consideration. The Bill is intended to support the delivery of the Government's commitments as put forward in the Conservative Party manifesto and the productivity plan *‘Fixing the foundations: Creating a more prosperous nation’*. Through this Bill, the Government aims to take forward proposals to build more homes that people can afford, give more people the chance to own their own home and ensure housing management is improved. The Bill seeks to achieve this, in part, by implementing reforms to the planning system to simplify and speed up neighbourhood planning and Local Plans. It also sets out the delivery framework for the Government's flagship ‘Starter Homes’ scheme.
- 2.21 The **Welfare Reform and Work Bill 2015-16** has been through the House of Commons and is currently at Committee stage in the House of Lords. The Bill seeks to make provisions relating to a range of welfare benefits and employment schemes, including the benefit cap, social security and Tax Credits, loans for mortgage interest, social housing rents and apprenticeships.
- 2.22 The **Immigration Bill 2015-16** has been through the House of Commons and is at Committee stage in the House of Lords. The Bill includes provisions relating to private rented accommodation, administered by landlords or their agents. If new tenants in private rented housing are found to be living in the UK illegally

then there are requirements for landlords to evict illegal immigrants. Action could also be taken against landlords themselves.

- 2.23 The **Cities and Local Government Devolution Bill 2015-16** started in the House of Lords and has proceeded through to Third Reading stage in the House of Commons. The Commons have returned the Bill to the House of Lords with amendments, which will be considered further. This Bill is central to the Government's devolution plans for England, facilitating its vision of a 'Northern Powerhouse'. The Bill makes provision for the election of mayors, providing the legislative framework to devolve power and establish sub-national transport powers.

Overview of housing policy themes

- 2.24 The 'Housing' Policy Area of the Department for Communities and Local Government website states that:

*'The government is helping local councils and developers work with local communities to plan and build better places to live for everyone. This includes building affordable housing, improving the quality of rented housing, helping more people to buy a home, and providing housing support for vulnerable people.'*⁸

- 2.25 Thus the policy focus for Government can be broken down into four areas:

- Building Affordable housing;
- Improving the quality of rented housing;
- Helping more people to buy a home; and
- Providing housing support for vulnerable people.

Building Affordable housing

- 2.26 In line with successive governments, the current Administration continues to seek an increase in the rate of housebuilding, setting a target of delivering one million new homes by 2020. Ongoing reform of the planning system and removing complex regulations are intended to speed up delivery. However, the policy focus is increasingly towards home ownership, with a shift from traditional Social Rented Affordable housing to Starter Homes and shared ownership.
- 2.27 Following consultation in December 2014, the previous Government launched a national Starter Homes exception site planning policy in March 2015 through a written ministerial statement *"to make it easier for developers to gain planning permission for a new generation of Starter Homes on under-used commercial and industrial land."*⁹ Sites where these homes are to be delivered are exempt from Affordable housing requirements and the CIL.

⁸ <https://www.gov.uk/government/topics/housing>

⁹ <https://www.gov.uk/government/speeches/housing-and-planning>

- 2.28 In January 2016, the Prime Minister announced¹⁰ that the Government will step in and directly commission thousands of new Affordable homes, seeking to fast-track housebuilding on publicly-owned land starting with five pilot sites:
- Northstowe, Cambridgeshire;
 - Daedalus Waterfront, Hampshire;
 - Old Oak Common, London;
 - Connaught Barracks, Kent; and
 - Lower Graylingwell, Chichester.
- 2.29 A range of financial incentives to encourage new housing development have been implemented. Since New Year 2016, a £1.2 billion Starter Homes Fund has been announced¹¹, designed to prepare brownfield sites for at least 30,000 homes, along with £6.3 million of Housing Zones funding¹² for the 20 Housing Zones designated in March 2015. Together with eight further potential Zones these areas are considered to have the potential to deliver up to 45,000 new homes.
- 2.30 Other projects to help finance housing development include:
- Get Britain Building programme,
 - Builders Finance Fund,
 - New Homes Bonus,
 - Build to Rent Fund,
 - Community Right to Build.
- 2.31 To increase the supply of Affordable Rented homes the previous Government introduced the Affordable Rent Model¹³, aimed at giving providers greater flexibility on rents and use of assets, whilst at the same time providing Affordable housing for people in need. In July 2014 the Homes and Communities Agency announced the Affordable Homes Programme for 2015 to 2018, which aims to invest £1.7 billion in new affordable housing to deliver 165,000 new homes by March 2018.
- 2.32 In addition to the Affordable Rent Model, the Affordable Homes Guarantee scheme was launched in 2013 to support the building of new Affordable homes. The scheme offers a guarantee to providers on debt that they raise to deliver additional new build affordable homes. The guarantee aims to help reduce the borrowing costs of providers thus enabling them to provide more homes. As part of the 2013 budget £450 million was announced to support the delivery of up to 30,000 Affordable homes in this way.

¹⁰ <https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes>

¹¹ <https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes>

¹² <https://www.gov.uk/government/news/tens-of-thousands-of-homes-supported-by-housing-zone-funding>

¹³ Allows Registered Providers to charge no more than 80% of local market rent for affordable housing.

Improving the quality of rented housing

- 2.33 The Government have implemented a number of actions to improve the quality and quantity of properties for rent.

Social Rented housing

- 2.34 Since 2010 a series of social housing reforms have been introduced including:
- Allowing local flexibility on waiting lists (allocations) and tenancy arrangements;
 - Helping social landlords stop tenant fraud and anti-social behaviour;
 - Changing the housing revenue account subsidy system to a locally-controlled system where local authorities are responsible for their housing services;
 - Funding local authorities to refurbish their housing stock;
 - Introduction of a national home swap scheme for social housing tenants;
 - Supporting tenants to play a bigger role in managing their accommodation through the tenant empowerment programme; and
 - Allowing local authorities to discharge their homelessness duty in the private rented sector.
- 2.35 Alongside social housing reform sit reforms to the welfare system, which, with changes to benefit, eligibility and entitlement, impact significantly on housing supply and demand. There have been a number of policy changes with implications for Social Rented accommodation since the General Election 2015:
- The Housing and Planning Bill includes an amendment which will limit new secure tenancies (for new council tenants) to between two and five years.
 - The 'Pay to Stay' scheme involves tenants being required to pay market rents once their income exceeds £30,000, or £40,000 in London. However, at the end of 2015 the Government announced that this would be voluntary for housing associations, leading to questions regarding equality between council and housing association tenants.
 - The Summer Budget 2015 announced a rent cut of 1% per year for social renters, for four years from April 2016. This has significant implications for social landlord finance.
 - In October 2015, English housing associations were reclassified by ONS as being part of the public sector, adding £60 billion of debt to the national balance sheet. The consequent economic and political implications have led to the Government pledging to repeal the powers in the Housing and Regeneration Act 2008 which caused the reclassification.

Private rented housing

- 2.36 The private rented sector has grown significantly in recent years and the Government sees it as playing a vital role in meeting housing needs and

supporting economic growth. Measures to promote the private rented sector include:

- The Build to Rent Fund, providing equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these homes.
- Proposals to ensure tenants receive proper protection from their landlords, including a new model tenancy agreement;
- £4.1 million funding allocated to 23 local authority areas to tackle rogue landlords and £2.6 million to tackle ‘beds in sheds’.
- The Government has also set up a Private Rented Sector Taskforce to improve the quality and choice of rented housing available to tenants nationally. The Taskforce is made up of developers, investors, and housing management bodies.

Helping more people to buy a home

2.37 The primacy of home ownership remains central to the Government’s housing policy approach. A number of measures promote homeownership¹⁴, including:

- Help to Buy, which includes several current products¹⁵:
 - Help to Buy ISA – since Autumn 2015 first time buyers can save money towards a new home deposit and the Government will boost the value of their savings by 25%. The minimum bonus is £400 and the maximum is £3,000, meaning individual savers need to save between £1,600 and £12,000 to be eligible. The bonus is available on homes worth up to £250,000, or £450,000 in London.
 - Help to Buy Equity Loan, where the Government lends up to 20% of the value of a new-build home so buyers only need a 5% cash deposit.
 - Help to Buy Mortgage Guarantee, enabling lenders to offer more high-loan-to-value mortgages (80% to 95%).
- Shared Ownership, where purchasers can buy between 25% and 75% of their home and pay rent on the remaining share. From April 2016, Help to Buy Shared Ownership will lift the existing limits so that anyone with a household income of less than £80,000, or £90,000 in London can buy a shared ownership home, with only military personnel being given priority.
- Starter Homes, which will soon be available to first-time buyers aged under 40 years old. New-build homes will be offered for sale with a 20% discount to eligible households. The maximum cost of a home will be £250,000, or £450,000 inside London. The cost for the developer of providing the 20% discount is to be met in lieu of delivering Affordable housing on these sites.
- Discounted Sales, where councils and housing associations build new homes for sale, some may be sold at a 25-50% discount. There are a

¹⁴ <https://www.ownyourhome.gov.uk/>

¹⁵ <https://www.help Tobuy.gov.uk/>

number of criteria, including some set locally by the relevant council and housing associations who run the scheme. You must usually have a local connection to the area.

- Right to Buy, where council tenants with at least five years' tenancy might be eligible to buy their homes. Maximum discounts have been increased to £77,000, or £102,700 within London. In the case of secure council tenants living in their home when it was transferred to a housing association or similar there is also a 'Preserved' Right to Buy. A smaller discount has also been available under the Right to Acquire.
- Voluntary Right to Buy is a pilot scheme amongst a small number of housing associations, trialling the Conservative Government's flagship policy of extending the Right to Buy to housing associations. The Government plans to extend the Right to Buy beyond those in the pilot scheme but this will have significant funding implications.
- Self Build, where households find a plot of land and build or commission the construction of their own home, or work with a group in a Community Self Build project. Self Build was promoted by the Coalition Government, announcing 11 local authorities to become Right to Build 'vanguards' in September 2014 and passing the Self-Build and Custom Housebuilding Act 2015. This Act requires councils to maintain a register of those who have expressed an interest in buying serviced plots.

Housing for older and vulnerable people

- 2.38 The **Care Act 2014** came into effect in April 2015, replacing existing legislation and positioning housing as a key factor in the overhaul of the care system in England. The Act encourages providers to establish and develop services that help drive change, services which:
- Promote people's independence, connections and wellbeing;
 - Prevent or postpone the need for care and support;
 - Put people in control, ensuring that services respond to what people need;
 - Give carers a right to assessment for support; and
 - Promote the integration of health and social care.
- 2.39 The NHS Five Year Forward Review (October 2014) recognises the role that housing can play in promoting wellbeing and in particular keeping older people independent and healthy. This provides evidence of the strong and growing links between housing, health and social care.
- 2.40 Schemes to support older and vulnerable people in their housing needs include:
- Disabled Facilities Grant, funding adaptations to properties to allow people to live in their homes for longer. This is now part of the Better Care Fund, which aims to better integrate health and adult social services. In 2016/17 there is £394 million funding available and in his Autumn Statement 2015 the Chancellor committed to making a further £500 million available by 2019/20;

- Care and Support Specialised Housing Fund, to stimulate the market in specialist housing provision. The Government committed an additional £400 million to build 8,000 new specialist homes in the Autumn Statement 2015. The Care and Support Specialised Housing Fund is on track to deliver 4,000 new homes with a further allocation of £155 million expected early in 2016. However wider housing and welfare reforms, including the 1% reduction in social rents, will impact on the financial viability of both existing and proposed supported housing schemes;
 - FirstStop, an independent, impartial and free service offering advice and information to older people, their families and carers about housing and care options for later life;
 - Home Improvement Agencies, providing help and advice to older and disabled people, housing associations and charities; and
 - Handyperson services, delivering small home repairs and adaptations.
- 2.41 Other projects of relevance to housing include the Prime Minister's Challenge on Dementia. Launched in 2012, the Challenge sought to deliver major improvements in dementia care and research by 2015, including raising awareness of the housing, care and support needs of people living with dementia and their families. In February 2015, the Prime Minister's Challenge on Dementia 2020 was published, highlighting progress and launching the next phase of the work.
- 2.42 Also relating to older people's housing is the World Health Organisation's Age Friendly Cities programme, which in 2014 saw Manchester recognised as the UK's first Age Friendly city.
- 2.43 In terms of safeguarding vulnerable adults, housing has a strong role to play alongside social services, health, the police and other agencies. The Care Act 2014 set out a new safeguarding power and places a duty on local authorities to respond to safeguarding concerns by making enquiries as necessary to decide on whether, and what, action is needed.
- 2.44 From the April 1st 2013, Health and Wellbeing Boards (including Directors of Public Health) became statutory committees of local authorities. They are responsible for encouraging integrated working on health and wellbeing issues, including development of Joint Health and Wellbeing Strategies, and Joint Strategic Needs Assessments.
- 2.45 In August 2012 the Government published its Homelessness Strategy, ***Making every contact count: A joint approach to preventing homelessness***. The Strategy focuses on prevention and identifies ten local challenges that need to be addressed by local authorities. These include having a Homelessness Strategy setting out a proactive approach; not placing any young person aged 16 or 17 in Bed and Breakfast accommodation; and not placing any families in Bed and Breakfast accommodation, except in an emergency and for no longer than six weeks.
- 2.46 In order to prevent and tackle homelessness and rough sleeping, a range of Government funding has been provided in recent years, including:
- The Homelessness Prevention Funding, providing grants for local homelessness services;

- The Homelessness Transition Fund, supporting ‘No Second Night Out’; and
 - The Crisis Private Rented Sector Access Development Programme to help single homeless people find privately rented accommodation.
- 2.47 On 17th December 2015 the DCLG announced “*a radical new package of measures to help tackle homelessness and ensure that there is a strong safety net in place for the most vulnerable people in society*”¹⁶. At the same time, the Communities and Local Government Committee announced a parliamentary inquiry into the causes of homelessness and the approaches taken by national and local government to prevent and tackle homelessness. Ministers are also set to consider the option of imposing a new legal ‘duty to prevent’ on local authorities.

National housing reviews

- 2.48 Over recent years a number of housing reviews have been undertaken to assess the housing situation and recommend ways in which it can be addressed.
- 2.49 In October 2014 the **Lyons Housing Review** was published. The review was commissioned by the Labour Party and identified that:
- Insufficient land is being brought forward for new housing and that communities are not able to take responsibility for the homes required, or are using planning powers reactively; and
 - The capacity to build more housing has reduced significantly as it has become concentrated in the hands of a small number of volume house builders, whilst the number of smaller builders has reduced.
- 2.50 Overall the report recommended that the delivery of new homes be increased to 200,000 per annum by 2020. It also recommended that capital investment should be made in housing and that housing should be a priority for the new (post-election) Government.
- 2.51 The **Elphicke-House Report** (January 2015) reviewed the role of local authorities in increasing housing supply. It recommended that local authorities become housing delivery enablers in their areas, to proactively assess and lead on facilitating new housing development in their areas. To enhance the role of authorities as delivery enablers, the report recommended increased community involvement; clearer housing market assessments; increased housebuilding by reduced bureaucracy and more flexible funding.

Local strategic priorities

- 2.52 Local plans and strategies have replaced regional planning strategies and targets. Local Plans and strategies need to demonstrate evidence-based priorities, and show how they both support economic growth and reflect the economic priorities of the local Economic Partnership (LEP).

¹⁶ <https://www.gov.uk/government/news/radical-package-of-measures-announced-to-tackle-homelessness>¹⁶

Local Economic Partnership

- 2.53 The Local Growth White Paper (October 2010) set out the then Government's vision for empowering locally driven economic growth, encouraging business investment and promoting economic development. The paper highlighted a series of measures aimed at stimulating growth including the Regional Growth Fund. The Paper also established 24 LEPs aimed at overseeing economic growth and job creation.
- 2.54 Sunderland is part of the North East Local Enterprise Partnership (LEP). The North East LEP comprises the seven council areas of Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland. Whilst the LEP has no statutory land use planning powers, it is responsible for determining local economic priorities and undertaking activities to drive economic growth and local job creation.
- 2.55 The North East LEP is working *'to make the North East a place where more businesses invest, grow and prosper, to deliver more and better jobs for everyone.'* The LEP is responsible driving the delivery of the North East's Strategic Economic Plan, which is broken down into six key themes:
- Innovation;
 - Business support and access to finance;
 - Skills;
 - Economic assets and infrastructure;
 - Employability and inclusion; and
 - Transport and connectivity.
- 2.56 In July 2014 the North East LEP secured £290 million of investment for the Region from Central Government's growth deals. The North East Growth Deal is the fourth largest allocation of funding nationally. The Growth Deal supports capital projects across the North East through smart, strategic and focused investment of public and private sector funding – with the ultimate goal to deliver more and better jobs for the North East.
- 2.57 In tandem with the creation of the North East LEP, the seven authorities have also created the North East Combined Authority, a new legal body that has statutory status. This brings together the seven councils with the following joint objective:
- 'Our ambition is to create the best possible conditions for growth in jobs, investment and living standards, to make the North East an excellent location for business, to prioritise and deliver high quality infrastructure and to enable residents to raise their skill levels and to benefit from economic growth long into the future.'*
- 'To deliver these aims we have united to speak with one voice to Government, business, investors and partners.'*

Sunderland Strategy

- 2.58 The Sunderland Strategy (2008 to 2025) 'Sunderland... for a better future', sets out the vision of the Sunderland Partnership for the City up to 2025. The

Strategy provides a framework for Partnership members, including the City Council, to work together to improve the quality of life in the City by 2025. The vision is about *'creating a better future for everyone in Sunderland. Sunderland will be a welcoming, internationally recognised City where people have the opportunity to fulfil their aspirations for a healthy, safe and prosperous future.'*

2.59 The Strategy has five aims:

- Aim 1: To create an enterprising and productive global city with a strong and diverse economy providing jobs and careers for generations to come. A city where everyone has the opportunity to contribute to and benefit from the regional economy, to fulfil their potential to be skilled, motivated and wealth creating without losing the special characteristic of Sunderland's balanced way of life;
- Aim 2: To create a city where everyone can be supported to make healthy life and lifestyle choices - a city that provides excellent health and social care services for all who need them. Everyone in Sunderland will have the opportunity to live long, healthy, happy and independent lives;
- Aim 3: To make Sunderland a place where everyone feels welcome and can be part of a safe and inclusive community, where people will feel secure and can enjoy life without worrying about becoming a victim of crime;
- Aim 4: To create a place with a thriving learning culture where everyone can be involved in learning in a cohesive and inclusive city that is committed to social justice, equality and prosperity; where creativity flourishes and where individuals can have all they need to thrive in the global economy; and
- Aim 5: To ensure that Sunderland becomes a clean, green city with a strong culture of sustainability, protecting and nurturing both its built heritage and future development and ensuring that both the built and natural environments will be welcoming, accessible, attractive and of high quality.

2.60 The Partnership and Strategy see housing as one of four cross-cutting priorities, along with sustainability, creating inclusive communities, and culture. The following strategic priorities for housing have been established:

- Improve the choice of type, location and price of housing within attractive residential environments to meet 21st Century aspirations and demands, helping to reverse the trend of outward migration;
- Improve the quantity and quality of housing and ensure that sustainable communities are created;
- Provide accommodation and support which meets the needs of Sunderland's large and increasingly diverse population; and
- Ensure that vulnerable people (e.g. those at risk of homelessness) have access to safe, appropriate accommodation and support.

2.61 Work is commencing on a Housing Strategy and the overriding aim will be to provide a broader and more attractive housing portfolio that:

- Provides a life-course approach in responding to the changing needs and aspirations of those who already live in the city and those who might be attracted to move here;

- Plays a significant role in reversing the current trend in out-migration of some more prosperous households;
 - Supports the regeneration of the city; and
 - Brings wider economic benefits to the city.
- 2.62 The Housing Strategy will:
- Set out the priority activities that the Council and partners intend to undertake to address the housing related challenges in Sunderland;
 - Put forward the city's ambitions for housing provision, investment and management over the next 10 years; and
 - Set out the key priorities and how to influence partners and the private sector to help achieve these goals.

Local Plan

- 2.63 The Current Unitary Development Plan (UDP) for Sunderland was adopted in 1998 and was partially amended in 2007 by UDP Alteration No. 2 which covers the Central Sunderland area. The UDP and Alteration form the statutory development plan for the City, setting out the Council's policies and proposals for the use and development of land and buildings across the City.
- 2.64 The Council is currently preparing a new Local Plan for the area. The Local Plan is being brought forward as two separate documents: a Core Strategy and an Allocations Plan. The Core Strategy explains how the City will change up to 2035, setting out the spatial vision and aims and the strategic policies required to deliver the vision. The Allocations Plan will be prepared to provide site-specific details.
- 2.65 The 'Sunderland Local Plan: Core Strategy and Development Management Policies Draft Revised Preferred Options' was subject to public consultation between 1st August and 11th October 2013. Due to updated evidence the Local Planning Authority are looking again at the growth options for the city and as such will be putting forward a number of options around this, to enable progression to Publication Plan.
- 2.66 The Draft Core Strategy outlines 12 strategic policies including housing provision. Spatial objective four of the Draft Core Strategy is to *'provide enough land to meet the City's housing requirement and ensure a range and choice of housing types and tenures including increased provision of affordable and executive homes.'*
- 2.67 The Draft Strategy's proposed housing policies are:
- Providing the Right Homes for the City: Policy CS4.1 - The City Council will seek to ensure that Sunderland will become a more sustainable City, with a strong sense of place, by having an appropriate mix of good quality housing of all types, sizes and tenures to meet the needs of its existing and future communities.
 - Existing Housing: Policy CS4.2 - The City Council will seek to manage the existing housing stock to ensure an appropriate supply of dwellings by:

- Bringing empty properties back into use and supporting programmes of improvement, renewal and replacement to regenerate the City's housing stock, in partnership with Gentoo and other Registered Providers; and
 - Preventing over concentrations of Houses in Multiple Occupation and the loss of family housing, either through conversion, sub division, change of use or redevelopment. The City Council will declare Article 4 Directions where necessary.
- New Housing: Policy CS4.3 - To ensure that new housing development meets future needs, the City Council will:
 - Require provision of 10% affordable housing on all housing developments proposing a minimum of 15 dwellings or on sites of 0.5ha or more;
 - Support the development of executive dwellings as part of housing schemes and also as stand alone developments;
 - Increase the choice of accommodation for older households to enable independent living; including the provision of bungalows, retirement villages and extra care housing;
 - Support the development of student accommodation in appropriate and accessible locations where there is an identified need;
 - Support the development of accommodation for people with disabilities, enabling a choice of tenure and independent living;
 - Seek the incorporation of new housing into mixed use schemes where appropriate; and
 - Provide some 14 new stop-over pitches for Gypsies and Travellers and 43 new plots for Travelling Showpeople between 2012 and 2018.

Concluding comments

- 2.68 The main purpose of this chapter has been to consider the general policy and strategic context within which this research needs to be positioned. The previous coalition Government had established its housing and planning priorities within the context of local decision making and accountability, reduced capital expenditure on housing, fundamental changes to welfare, a changing role for social rented housing, and a need for future housing investment to support economic growth. It is likely that this direction of travel will continue, with the new Conservative Government's legislative programme prioritising measures to increase access to home ownership, further reduce welfare spending, control immigration and assist devolution to cities.
- 2.69 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 the LEP and the Council with an excellent range of material to inform policy debate and the Local Plan process, help influence strategic responses, and shape local and sub-regional strategic housing priorities to inform future investment decisions.

3. Defining the Housing Market Area

Introduction

- 3.1 PPG (para 8) states that housing needs should be assessed in relation to the relevant functional area i.e. Housing Market Area and this may identify smaller sub-markets with specific features and it may be appropriate to investigate these specifically in order to create a detailed picture of local need. It is also important to recognise that there are 'market segments' i.e. not all housing types have the same appeal to different occupants.
- 3.2 PPG defines a Housing Market Area as “a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap”.¹⁷
- 3.3 PPG comments that Housing Market Areas can be broadly defined by using three different sources of information as follows:
- House prices and rates of change in house prices;
 - Household migration and search patterns;
 - Contextual data (for example travel to work area boundaries, retail and school catchment areas).
- 3.4 The City of Sunderland is located within Tyne and Wear in the North East of England region. The resident population of Sunderland City is 276,100¹⁸. The City is bounded to the north by South Tyneside; to the northwest by Gateshead; and to the west and south by County Durham. The local authority area includes the City of Sunderland and the settlements of Washington and Houghton-le-Spring.
- 3.5 In establishing the extent to which Sunderland is a Housing Market Area, house price, migration, travel to work and contextual data have been assembled. Firstly though, this chapter considers existing national and regional analysis on Housing Market Areas.

The Geography of Housing Market Areas

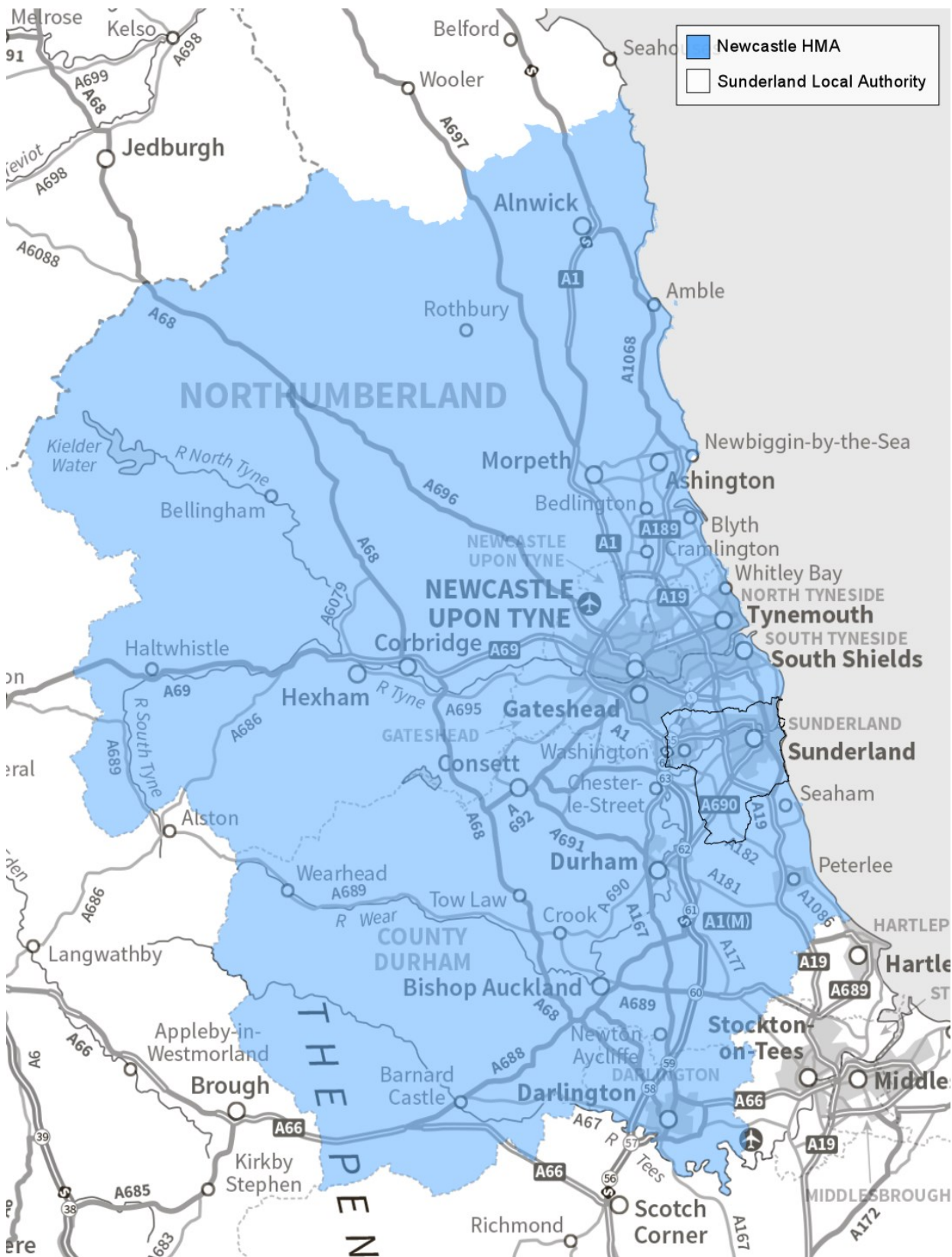
- 3.6 In 2010, the DCLG published the 'Geography of Housing Market Areas' which was commissioned by the National Housing and Planning Advice Unit (NHPAU). This national study was undertaken by a multi-university team and sought to construct a consistent geography of Housing Market Areas for England. This research viewed housing markets as a layered system characterised as:

¹⁷ National Planning Practice Guidance paragraph 10

¹⁸ 2012-based Sub national Population Projections, ONS

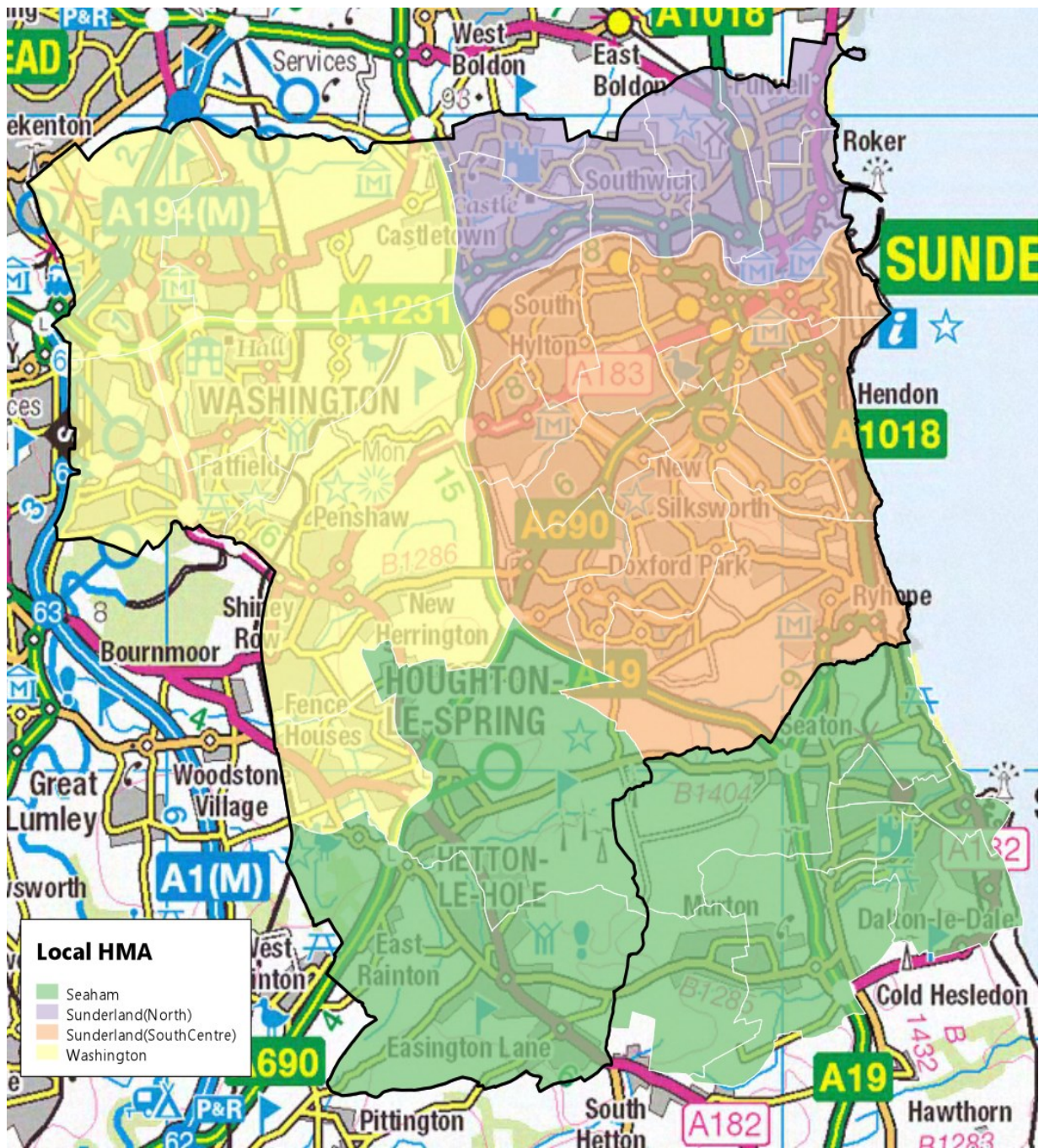
- Strategic framework Housing Market Areas defined by long distance commuting flows and the long-term spatial framework within which housing markets operate (based on 77.5% commuting self containment);
 - Local Housing Market Areas defined by migration patterns (based on 50% migration self-containment); and
 - Sub-markets defined in terms of neighbourhood and/or house type price premiums.
- 3.7 This work therefore suggests that there are two principal ‘layers’ of housing markets: wider strategic functional housing markets which tend to be multi-district and smaller local Housing Market Areas. The research produced the first theoretically-based and rigorously-defended Housing Market Area boundaries for England, drawing upon commuting, migration and house price data.
- 3.8 The key outputs from the research were sets of ‘gold standard’ strategic and local Housing Market Area definitions. They were termed ‘gold standard’ because their boundaries are defined to the maximum possible level, being based on ward-level migration and commuting data from the 2001 census. A set of single tier HMAs were also devised based on a 72.5% commuting and 55% migration self-containment. ‘Silver standard’ outputs have also been prepared which are based on local authority boundaries.
- 3.9 The ‘gold standard’ analysis suggests that Sunderland is located within the ‘Newcastle’ strategic framework HMA which extends across Tyne and Wear, Northumberland and County Durham (Map 3.1). Local Housing Market Area analysis identifies four market areas: Sunderland North; Sunderland South Centre; Seaham and Washington (Map 3.2).

Map 3.1 Strategic Housing Market Area (Newcastle)



Source: Geography of Housing Markets, NHPAU 2010

Map 3.2 Local Housing Market Areas

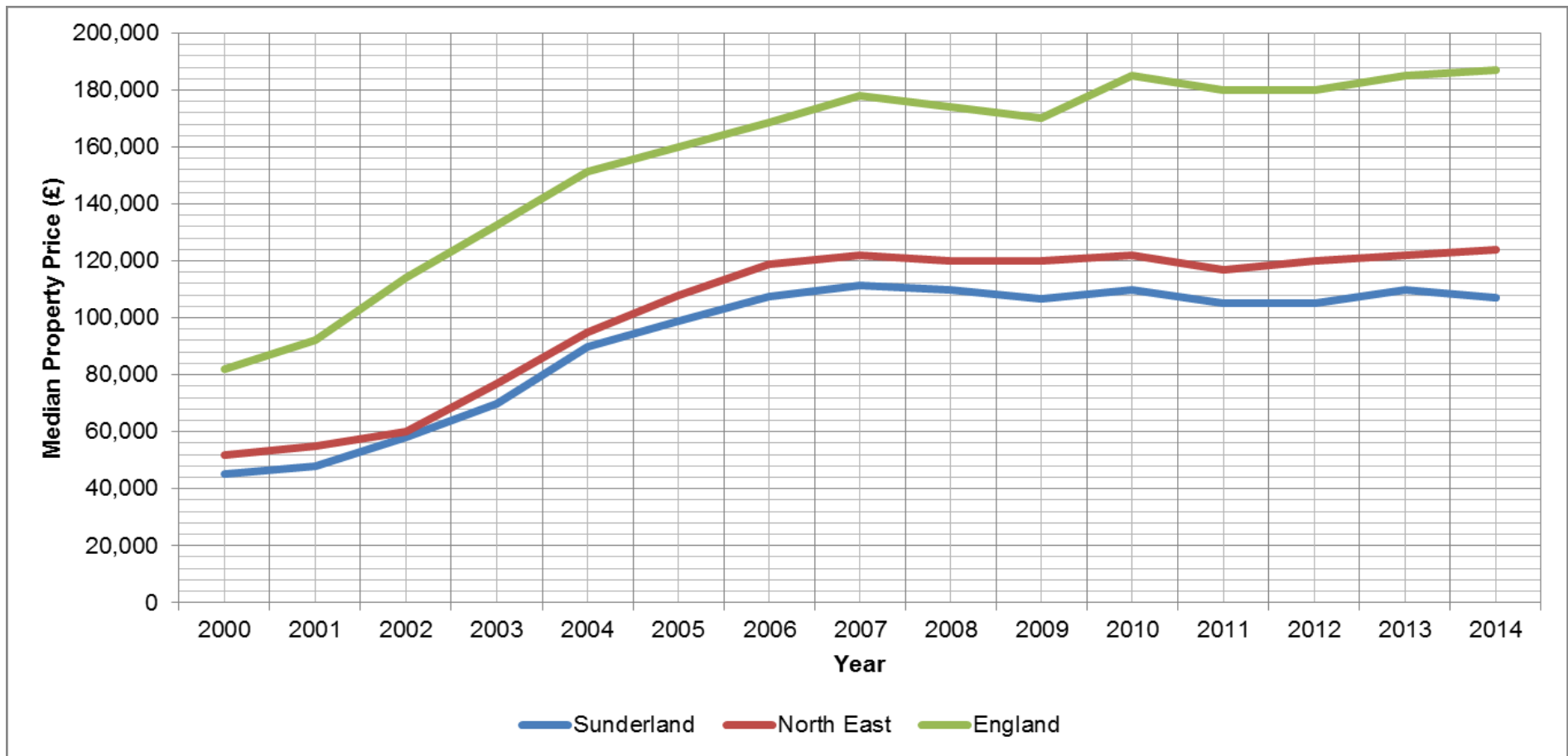


Source: Geography of Housing Markets, NHPAU 2010

House prices and rates of change in house prices

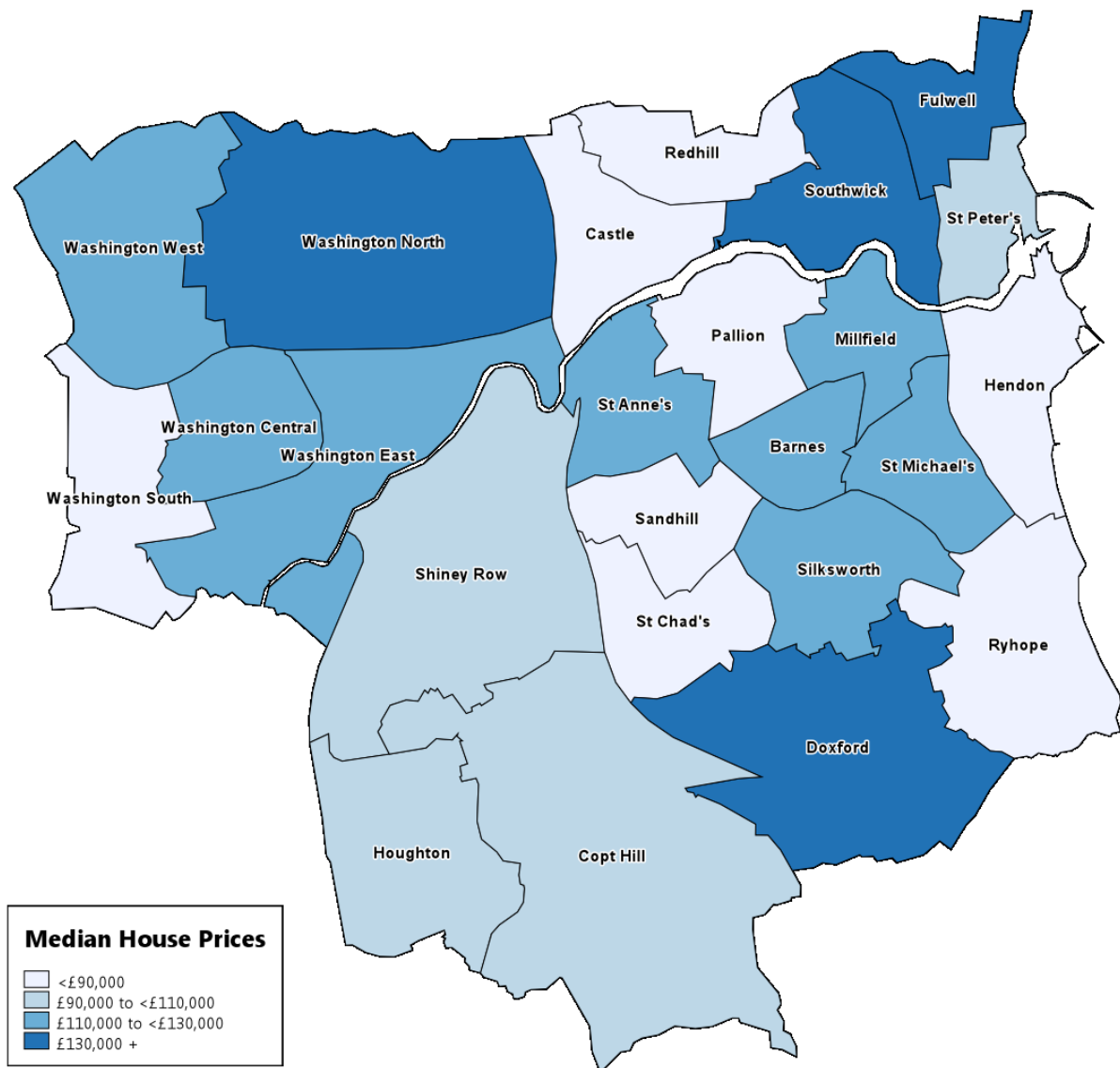
- 3.10 Figure 3.1 shows how house prices across the area have changed over the period 2000 to 2014.
- 3.11 Median prices in Sunderland have been consistently lower than the median prices for the North East and England. Overall, prices have increased from £45,000 in 2000 to £107,000 in 2014, an increase of 137.8%. Prices peaked at £111,250 in 2007 and have since dipped slightly, fluctuating between £105,000 and £110,000 since 2008.
- 3.12 During 2014, median prices in Sunderland were £107,000 and lower quartile prices were £75,000. The distribution of median house prices in the City during 2014 is illustrated in Map 3.3 and indicates relatively lower prices in wards including Pallion, Hendon, Castle and Redhill; and relatively higher prices in Washington North, Doxford and Fulwell wards.

Figure 3.1 Median house price trends 2000 to 2014: Sunderland, the North East and England



Source: DCLG; Land Registry

Map 3.3 Median House Prices by Sub-Area



3.13 Table 3.1 summarises lower quartile, median and upper quartile prices by sub-area during 2014 based on Land Registry address-level data. This shows significant variation across Sunderland, with the lowest prices in the Inner Urban Area and Northern Suburbs and the highest prices in the Northern Coastal sub-area.

Sub-Area	Price (£)		
	Lower Quartile (25%)	Median (£)	Upper Quartile (£)
Coalfield Communities	£72,500	£107,500	£155,000
Inner Urban Area	£59,950	£73,000	£110,000
Northern Coastal	£105,000	£130,250	£170,000
Northern Suburbs	£61,000	£77,500	£110,000
Southern Suburbs	£83,000	£115,000	£162,000
Washington	£85,000	£118,000	£172,500
Sunderland Total	£75,000	£107,000	£155,500

Source: Land Registry Price Paid Data 1 Jan 2014 to 31 Dec 2014

Relative affordability

- 3.14 The relative affordability of open market dwellings in Sunderland is compared with the other Local Authorities in the region in Table 3.2 and Table 3.3.
- 3.15 Table 3.2 presents lower quartile house prices, lower quartile gross earnings of full-time workers and a ratio of lower quartile earnings to house prices. In terms of relative affordability, Sunderland is one of the most affordable districts in the region, with a lower quartile house price to income ratio of 4.2, i.e. lower quartile house prices are 4.2 times the lower quartile gross earnings.

District	Lower Quartile House Price	LQ Gross Earnings per week	Annual Gross Earnings	LQ Income to House Price ratio
Newcastle upon Tyne	£100,000	£349.20	£18,158	5.5
North Tyneside	£100,000	£357.20	£18,574	5.4
Stockton-on-Tees	£98,500	£365.90	£19,027	5.2
Northumberland	£93,000	£357.30	£18,580	5.0
Redcar and Cleveland	£85,000	£331.30	£17,228	4.9
Gateshead	£90,000	£357.80	£18,606	4.8
North East	£83,000	£342.90	£17,831	4.7
Darlington	£85,000	£357.70	£18,600	4.6
South Tyneside	£80,000	£345.50	£17,966	4.5
Sunderland	£75,000	£342.90	£17,831	4.2
Middlesbrough	£70,000	£332.60	£17,295	4.0
Hartlepool	£68,000	£345.70	£17,976	3.8
County Durham	£65,000	£347.10	£18,049	3.6

Sources: Land Registry Price Paid 2014; Annual Survey of Hours and Earnings 2014

- 3.16 Table 3.3 sets out relative affordability by district based on median house prices and median gross incomes. On this basis, Sunderland is also one of the most affordable districts in the North East, with a median income to house price ratio of 4.5. This compares with a regional ratio of 5.0.

District	Median House Price	Median Gross Income per week	Annual Gross Income	Median Income to House Price ratio
North Tyneside	£140,000	£461.80	£24,014	5.8
Newcastle upon Tyne	£140,000	£484.10	£25,173	5.6
Northumberland	£140,596	£487.50	£25,350	5.5
Darlington	£124,950	£479.10	£24,913	5.0
North East	£124,000	£477.10	£24,809	5.0
Middlesbrough	£113,500	£437.70	£22,760	5.0
Redcar and Cleveland	£122,000	£477.60	£24,835	4.9
Stockton-on-Tees	£130,000	£509.90	£26,515	4.9
South Tyneside	£116,000	£464.40	£24,149	4.8
Gateshead	£123,000	£495.20	£25,750	4.8
Hartlepool	£110,000	£462.10	£24,029	4.6
Sunderland	£107,000	£456.50	£23,738	4.5
County Durham	£103,000	£476.70	£24,788	4.2

Sources: Land Registry Price Paid 2014; Annual Survey of Hours and Earnings 2014

Household migration and search patterns

- 3.17 Data reported in the 2011 Census suggests that 76.7% of households who moved in the year preceding the Census originated from within Sunderland and on the basis of a 70% self-containment threshold Sunderland can therefore be described as self-contained. Table 3.4 summarises the origins of households based on 2011 Census data. Of the 23,509 households moving in Sunderland, 6.1% originated from County Durham, 2.3% from South Tyneside, 1.8% from Gateshead, 1.3% from Newcastle upon Tyne, 0.9% from Northumberland and 0.7% from North Tyneside.

Place of Origin	Number	%
County Durham	1440	6.1
Northumberland	203	0.9
Gateshead	425	1.8
Newcastle upon Tyne	301	1.3
North Tyneside	166	0.7
South Tyneside	532	2.3
Sunderland	18021	76.7
Tees Valley	298	1.3
North West	336	1.4
Yorkshire and the Humber	468	2.0
Elsewhere UK	1319	5.6
Total	23,509	100.0

Source: 2011 Census

3.18 Data from the household survey indicated that around 30,997 households had moved home in the preceding five years. Of these households, 84.4% originated within Sunderland and 15.6% originated from outside the area.

Characteristics of in-migrant households

3.19 The household survey identified around 4,835 households who had moved into Sunderland in the preceding five years. Information relating to in-migrant households includes:

- A majority (67.1%) moved into a house, including semi-detached (25.2%), terraced (21.8%), detached (12.8%) and Sunderland cottages (7.3%); and a further 18.3% moved into a flat/apartment and 14.7% to a bungalow. Overall 27.6% moved into detached and semi-detached houses with three or four bedrooms and 14.5% into two bedroom flats;
- 57.6% moved into smaller properties with one or two bedrooms and 42.3% moved into properties with three or more bedrooms;
- 31.9% moved into owner occupied properties; 50.8% into private renting; and 17.3% moved into affordable (social rented/intermediate tenure) dwellings;
- Overall, 32.3% of migrant households moved to Southern Suburbs sub-area, 22.2% into Washington, 21.8% into Coalfield Communities, 9.5% into Northern Suburbs, 8.5% into the Inner Urban Area and 5.7% into Northern Coastal;
- Couples (under 65) accounted for 27.1% of in-migrant households, 20.6% were singles under 65, 19.4% were couples with children, 22.3% were singles and couples 65 and over, 5.6% were lone parents and 5.1% were other household types;

- 90.4% of in-migrant Household Reference People (Heads of Household) were aged 16-64 and 9.6% were aged 65 or over;
 - The majority of Heads of Household of in-migrant households were in employment (60.7%) with a further 17.6% retired, 10.2% permanently sick/disabled, 7.1% looking after the home or caring for someone and 4.4% unemployed;
 - 28% of households had a weekly income of less than £300, 32.3% had an income of between £300 and £500 each week and 39.7% had an income of at least £500 each week;
 - 55.2% of in-migrant Heads of Household in employment worked in Sunderland. The remaining 44.8% worked outside of the local authority area, with 12.7% working in Newcastle upon Tyne, 12.7% working in Gateshead, 4.2% in North Tyneside, 2.7% in County Durham, 1.4% in South Tyneside, 1.4% in Tees Valley, 2.7% elsewhere in the North East and 7% outside the North East;
 - The main reasons for moving were to be closer to family/friends to give/receive support (13.1%), to be closer to work/new job (12.3%) and marriage/living together (10.8%).
- 3.20 In summary, the household survey found that 15.6% of households moving in the past five years originated from outside Sunderland. Most moved into the private housing sector, with around 50.8% moving into private rented accommodation and 31.9% into owner occupation. Family, friends and work were key migration drivers. 90.4% of in-migrant households had a Household Reference Person aged under 65 and 9.6% were aged 65 and over; overall 60.7% were in employment and 60.3% had an income (of Household Reference Person and partner) of less than £500 each week.

Residential mobility within Sunderland City

- 3.21 The household survey identified that the vast majority (84.4%) of households moving within the preceding five years had moved within Sunderland (around 26,161 households).
- 3.22 Households moving within Sunderland were doing so for a variety of reasons. Those most frequently reported were wanting a larger property (20.1%), being forced to move (11.9%), divorce/separation/family stress (9.8%) and wanting their own home/to live independently (8.7%).
- 3.23 Table 3.5 reviews the tenure choices of households moving within Sunderland. There is limited movement between tenures, with 81.1% of social renters (or affordable housing residents), 60.7% of owner-occupiers and 60.3% of private renters remaining in the same tenure when they moved. 27.2% of private renters moved into affordable accommodation and 16.8% of social renters moved into private rented accommodation. Respondents who had previously lived with family and friends (i.e. newly forming households) tended to move into all major tenures: private renting (36.5%), social renting (32.3%) and owner occupation (31.2%).

Table 3.5 Residential mobility – movement between different tenures (%)						
Current Tenure	Previous Tenure					Total
	Owned	Social/Affordable Rented	Private Rented	Previously living with family/friends	Other	
Owned	60.7	2.1	11.0	31.2	0.0	27.1
Social/Affordable	15.4	81.1	27.2	32.3	28.8	36.8
Private Rented	23.9	16.8	60.3	36.5	71.2	35.7
Other	0.0	0.0	1.5	0.0	0.0	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>Base</i>	<i>7100</i>	<i>5484</i>	<i>7070</i>	<i>4602</i>	<i>250</i>	<i>24506</i>

Source: 2012 Household Survey (rebased to 2015)

3.24 Table 3.6 considers the profile of dwellings being moved into by households moving within Sunderland. Households are moving into a variety of dwelling types and sizes, most notably to: two (48.2%) and three (28.2%) bedroom dwellings; semi-detached houses (27.4%), flats/apartments (22.7%) and terraced houses (21.9%).

No. Bedrooms	Property type (%)								Total
	Detached house	Semi-detached house/town house	Terraced house	Sunderland Cottage	Bungalow	Maisonette	Flat/ Apartment	Other	
One/Bedsit	0.0	0.0	0.9	1.4	5.0	0.0	8.1	0.1	15.5
Two	1.3	12.8	8.9	4.2	6.4	0.4	13.8	0.2	48.2
Three	2.8	12.0	10.6	0.4	1.2	0.3	0.7	0.1	28.2
Four	3.0	2.1	1.1	0.0	0.2	0.0	0.0	0.0	6.4
Five or more	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.4	1.7
Total	7.5	27.4	21.9	6.1	12.8	0.7	22.7	0.9	100.0
<i>Base (valid responses)</i>		<i>24,384</i>							

Source: 2012 Household Survey (rebased to 2015)

Households planning to move

- 3.25 Around 23,500 households plan to move in the next five years. Table 3.7 summarises the moving intentions of households based on the first preference they stated. Overall, 80.6% of households intend on remaining in Sunderland and 19.4% intend to move out.
- 3.26 Of households intending to remain in Sunderland, the Southern Suburbs and Washington were particularly mentioned as first choice destinations. Of the 19.4% of households planning to move out, 1.6% were planning to move to Newcastle upon Tyne, 0.9% to Gateshead, 0.4% to North Tyneside, 1.2% to South Tyneside, 0.5% to Easington/Seaham, 1.3% to Durham City, 2.8% to elsewhere in County Durham and 0.2% to elsewhere in Tyne and Wear. 2.5% plan to move elsewhere in the North East, 5.3% elsewhere in the UK, and 2.5% out of the UK.
- 3.27 The main reasons why households plan to move out of the Sunderland City area were to move to a better neighbourhood or more pleasant area (19.2%), to be closer to work/new job (15.3%), wanting a larger property (13.9%) and wanting to buy a home (9.9%).

Table 3.7 First choice destination of households planning to move in next five years

Destination	% stating as first preference
Within Sunderland	
Coalfield	9.4
Inner Urban Area	10.8
Northern Coastal	10.4
Northern Suburbs	8.2
Southern Suburbs	26.9
Washington	14.9
Total within Sunderland	80.6
Outside Sunderland	
Newcastle	1.6
Gateshead	0.9
North Tyneside	0.4
South Tyneside	1.2
Easington/Seaham	0.5
Durham City	1.3
Elsewhere in Co. Durham	2.8
Tyne and Wear	0.2
Elsewhere in NE	2.5
Elsewhere in UK	5.3
Outside UK	2.5
Total outside Sunderland	19.6
<i>Base (Valid responses)</i>	22,286

Source: 2012 Household Survey (rebased to 2015)

Travel to work trends

- 3.28 The 2011 Census provides an analysis of travel to work patterns and the extent to which residents in Sunderland travel to other areas together with details of how many people commute into the City area. The 2011 Census identified the travel to work patterns of 113,553 individuals and of these:
- 78,183 lived and worked in Sunderland City (including 7,784 who work at home);
 - 40,898 commuted into Sunderland for work but lived outside the City; and
 - 35,370 lived in Sunderland but commuted out of the City for work.
- 3.29 In addition, the 2011 Census also reports 692 residents working on offshore installations, 7,488 with no fixed place of work and 187 working outside the UK.
- 3.30 Using a base of 113,553 economically active residents in Sunderland, 68.9% live and work in Sunderland, a further 8.3% work in County Durham, 6.3% work in Gateshead, 5.4% work in Newcastle upon Tyne and 4.4% work in South Tyneside. 1.6% work in Tees Valley, 1.5% work North Tyneside, 0.9% work in Northumberland, 0.6% work in Yorkshire and the Humber, 0.3% work in the North West and 1.9% work elsewhere in the UK.
- 3.31 On this basis, Sunderland is part of a wider functional economic area, with particular linkages with County Durham and Newcastle/Gateshead.

Concluding comments

- 3.32 The purpose of this chapter has been to consider the general housing market context of Sunderland and its inter-relationships with other areas. By reviewing house prices, migration and travel to work patterns, a picture of the market dynamics of Sunderland City emerges.
- 3.33 An analysis of 2011 Census migration data suggests that 76.7% of households move within Sunderland City area and 68.9% of residents in employment work within the City. Therefore, Sunderland exhibits a high degree of self-containment in terms of migration but it is part of wider functional economic area which extends across Tyne and Wear and into County Durham and Northumberland.
- 3.34 The 2012 Household Survey found that of those who had moved home in the preceding five years, 84.4% originated within Sunderland. It also found that 80.6% of households planning to move in the next five years intend on remaining in Sunderland.
- 3.35 Evidence would therefore suggest that the Sunderland Local Authority Area can be considered to be an appropriate Housing Market Area for the purposes of Local Plan policy making.

4. Demographic projections to inform the objective assessment of need

Introduction

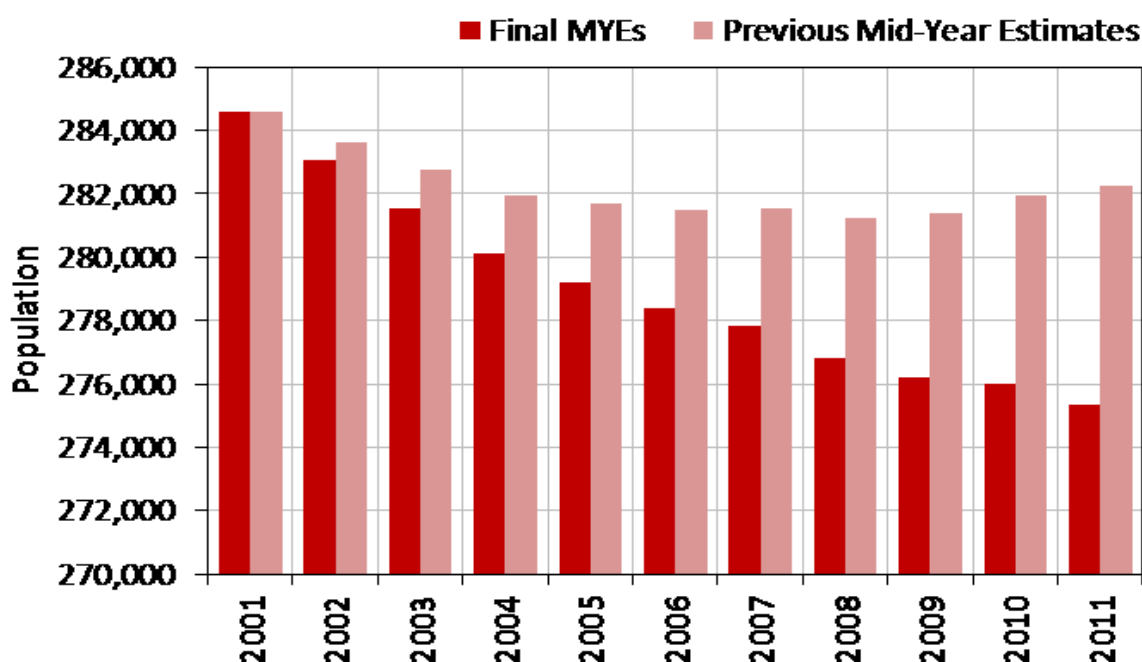
- 4.1 The purpose of this chapter is to present past population trends and the most recent official population and household projections for Sunderland. In line with PPG, material in this chapter provides the ‘starting point’ for the Objective Assessment of Housing Need for Sunderland. In line with the PPG, a range of alternative demographic forecasts, developed by Edge Analytics, are also presented, in which varying migration assumptions have been applied. This section presents relevant material from the report prepared by Edge Analytics ‘Demographic Analysis & Forecasts’ report (December 2015).

Demographic Starting Point

- 4.2 The PPG states that the official DCLG household projections provide the ‘starting point’ in the assessment of housing need as stated in PPG Paragraph 2a-015.
- 4.3 The latest official population and household projections are presented below, with commentary provided on the differences between these latest projections and the earlier official projections. This SHMA uses the latest available population and household projection data (2012-based) in accordance with PPG Paragraph 2a-016.

Population change 2001-2014

- 4.4 Between successive censuses, population estimation is necessary. These mid-year population estimates (MYEs) are derived by applying the ‘components of change’ i.e. counts of births and deaths and estimates of internal and international migration) to the previous year’s MYE.
- 4.5 Following the 2011 Census, the 2002–2010 mid-year population estimates were ‘rebased’ to align them with the 2011 MYE, and to ensure the correct transition of the age profile of the population over the 2001–2011 decade. At the 2011 Census, the resident population of Sunderland was 275,506, a -1.9% decline over the 2001–2011 decade. The 2011 Census population total proved to be lower than that suggested by the trajectory of growth from the previous MYEs. For this reason, the final revised MYEs are lower than the previous mid year estimates. (Figure 4.1).

Figure 4.1 Mid-year Population Estimates (Source: ONS)

- 4.6 The rebasing of the mid-year estimates involved the recalibration of the components of change for 2001/02–2010/11. Between censuses, births and deaths are accurately recorded and provide a robust measure of ‘natural change’ (the difference between births and deaths) in a geographical area. Given that births and deaths are robustly recorded, and assuming that the 2001 census provided a robust population count, the ‘error’ in the mid year estimates is due to the challenges associated with the estimation of migration.
- 4.7 Internal migration (i.e. migration flows to and from other areas in the UK) is adequately measured using data from the Patient Register (PR), the National Health Service Central Register (NHSCR) and Higher Education Statistics Agency (HESA), although data robustness may be lower where there is under-registration in certain age-groups (young males in particular). It is therefore most likely that the ‘error’ in the previous MYEs is associated with the mis-estimation of international migration, i.e. the balance between immigration and emigration flows to and from Sunderland.
- 4.8 The ONS has not explicitly assigned the MYE adjustment to international migration. Instead it has identified an additional ‘unattributable population change (UPC) component, suggesting it has not been able to accurately identify the source of the 2011-2011 over-count. For Sunderland, the population estimates have been subject to a consistent annual decrease due to the over-count over the 2001-2011 decade. With the assumption that the UPC element is assigned to international migration (for estimates up to 2011), and with the inclusion of statistics from the 2012-2014 mid year estimates from ONS, a thirteen-year profile of the ‘components of change’ for Sunderland is presented at figure 4.3.

Figure 4.2 Components of population change 2001/2 to 2013/14 (Source: ONS)

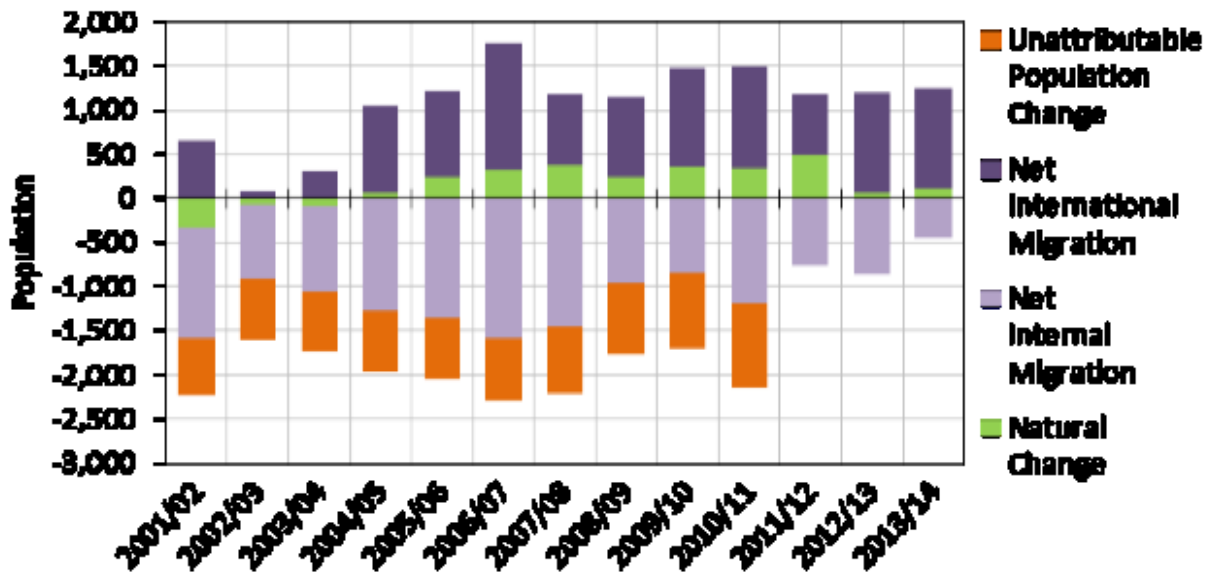
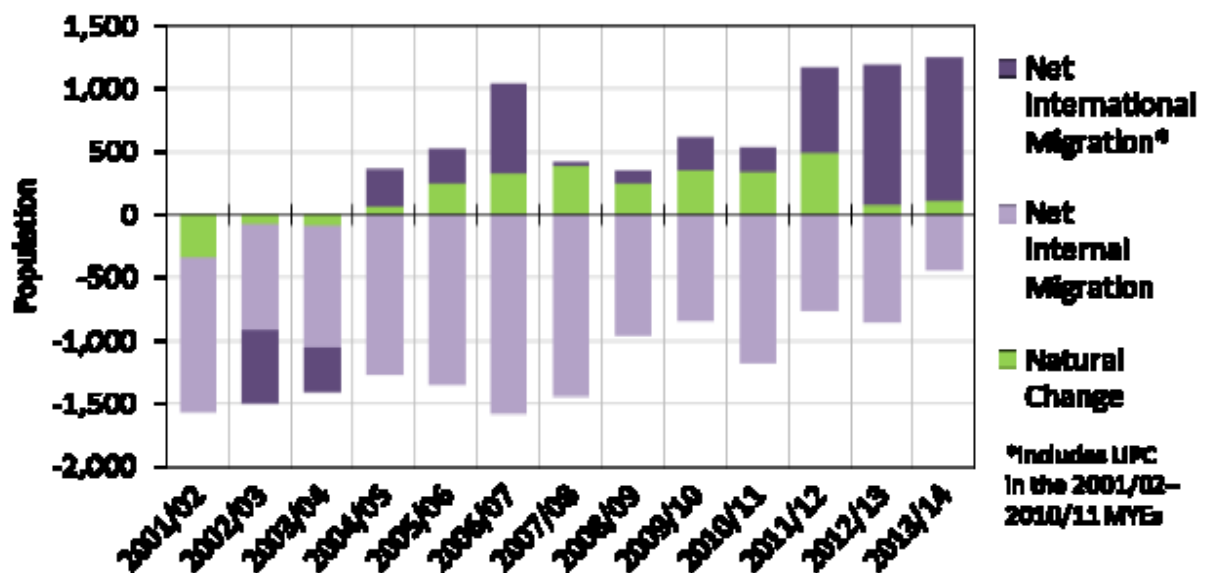


Figure 4.3 Sunderland components of population change 2001/02 to 2013/14 including the UPC component (Source: ONS)

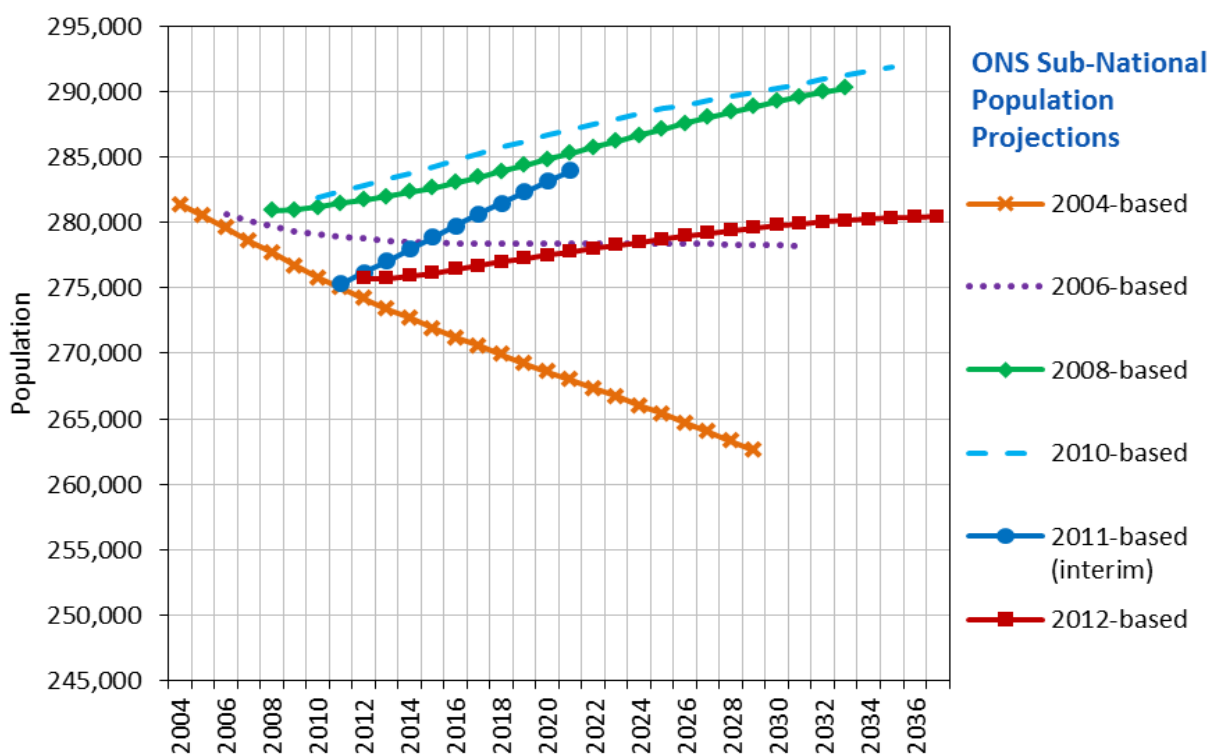


4.9 For Sunderland, population change over the 2001/02–2013/14 period has been predominantly driven by net out-migration to elsewhere in the UK, with the number of internal out-migrants exceeding the number of internal in-migrants. With the exception of 2001/02–2003/04, natural change has had a small, positive impact upon population change in Sunderland, with the number of births exceeding the number of deaths. From 2004/05 onwards, net international migration has also had a positive impact on population change in Sunderland. International migration is estimated to have been the dominant driver of population growth in Sunderland since 2011.

Official Population Projections

- 4.10 Under the latest, 2012-based SNPP, the population of Sunderland is projected to increase by +4,710 over the full 2012-2037 projection period, an increase of +1.7%. This is lower than under the earlier 2010-based SNPP, at 3.5% over the equivalent 2010-35 projection period.
- 4.11 The 2012-based SNPP components of change are presented in Figure 4.5, with the historical components of change for 2001/02–2011/12 included for comparison. The average annual natural change, net migration (internal and international) and population change for the 2012- based SNPP are compared to the historical 5-year and 10-year averages in Table 4.1.

Figure 4.4 Sunderland official population projections (source: ONS)



Note that the 2011-based SNPP is an ‘interim’ projection and therefore only extends from 2011 to 2021

Figure 4.5 Sunderland historical and 2012-based SNPP components of change (source: ONS)

Components of Change 2001–2037 (including UPC)

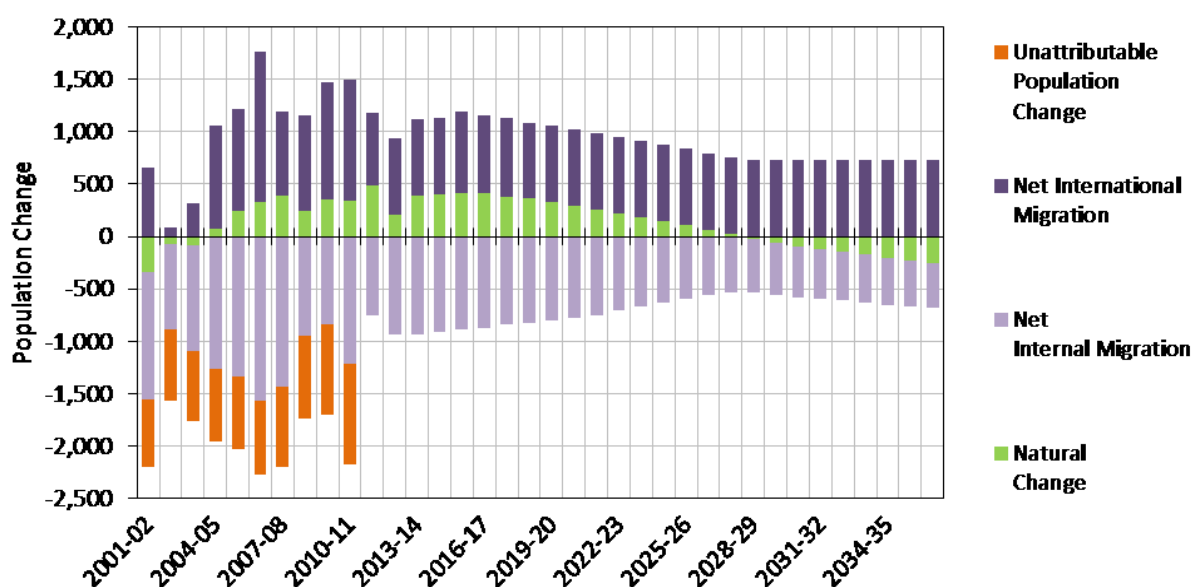


Table 4.1 Sunderland 2012-based SNPP components of change

Component of Change	Historical		Projected
	5-year average (2007/08-2011/12)	10-year average (2002/03-2011/12)	2012-based SNPP average (2012/13- 2036/37)
Natural Change	364	230	115
Net Internal Migration	-1,038	-1,119	-669
Net International Migration	935	847	733
Net Migration (internal and international)	-103	-272	73
Unattributable Population Change (UPC)*	-678	-685	-

Source: ONS

*Note that the UPC component is only applicable to the years 2001/2 – 2010/11.

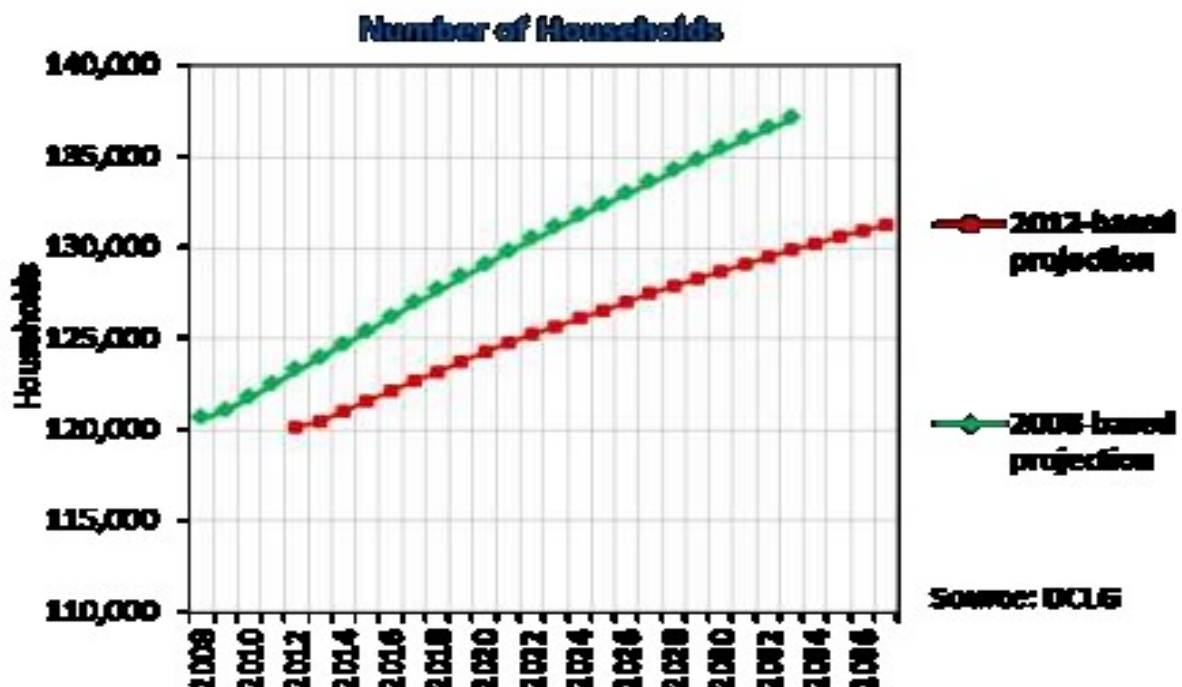
- 4.12 Historically, over both the 5-year and 10-year periods, net internal out-migration was a dominant component of change. In the 2012-based SNPP, net internal out-migration is expected to continue to be an important driver of population change, but occurring at a lower rate than that suggested by the historical 5-year and 10-year average.
- 4.13 Natural change was positive over the historical 5-year and 10-year periods (i.e. the number of births exceeded the number of deaths). This is expected to continue in the 2012-based SNPP, but at a lower rate than the historical 5-year and 10-year averages.

- 4.14 Over both the historical 5-year and 10-year periods, net international migration was positive. The 2012-based SNPP projects a smaller annual net growth over the 2012–2037 period, but this continues to be the dominant driver of growth in the city.

Official Household Projections

- 4.15 In the evaluation of housing need, the PPG states that the DCLG household projections ‘*should provide the starting point estimate of overall housing need*’ (PPG Paragraph 2a-015). The 2012-based household projection model, which is underpinned by the 2012-based SNPP, was released by the DCLG in February/March 2015, superseding the 2011-based interim household projection model.
- 4.16 The methodological basis of the new 2012-based model is consistent with that employed in the previous 2011-based interim and 2008-based household projections. The official 2012-based DCLG household projection model for Sunderland, underpinned by the 2012-based SNPP, suggests that the number of households will increase by 11,189 over the 2012-2037 projection period, equivalent to an additional 448 households each year (Figure 4.6). This compares with an annual increase of 660 households under the 2008-based DCLG household projections.

Figure 4.6 Sunderland household growth under historical and 2012-based household projections (source: DCLG)



Starting point estimate

- 4.17 As outlined in the PPG, the official DCLG household projections provide the ‘starting point’ in the assessment of housing need (PPG paragraph 2a-015). Over the 2015–2035 proposed plan period, the CLG 2012-based household

projection model suggests an increase of 9,070 households, approximately 454 per year. Over the same time period, the 2012- based SNPP (which underpins the household projection model) projects 2% growth in the population, equivalent to an additional 4,216 people.

Adjusting household projection-based estimates

- 4.18 There is no single definitive view on the likely level of population and household growth expected in Sunderland. Ultimately, a mix of economic, demographic and national/local policy issues determines the speed and scale of change. Whilst the official 2012-based ONS population and DCLG household projections form the ‘starting point’ of the assessment of housing need, the PPG states that it is appropriate to consider ‘*alternative assumptions in relation to the underlying demographic projections and household formation rates*’ of the local area (PPG Paragraph 2a-017).
- 4.19 In line with the PPG, Edge Analytics has developed a range of alternative demographic growth scenarios for Sunderland using POPGROUP v4 technology.
- 4.20 The 2012-based SNPP is presented as the official ‘benchmark’ scenario, with household growth assessed using headship rate assumptions from the 2012-based DCLG household projection model. For comparison with this official benchmark, a range of ‘alternative trend’ scenarios has been developed, in which varying migration assumptions have been applied. Alternative headship rates have also been applied in a ‘headship rate sensitivity’, to evaluate the impact of the earlier 2008-based headship rates on the scenario household and dwelling growth outcomes.
- 4.21 The PPG states that the likely change in the number of jobs in an area should be considered, as should the size and structure of the labour force (PPG paragraph 2a-018). Therefore, the labour force and job growth implications of the 2012-based SNPP have also been evaluated, through the application of key assumptions on Sunderland’s future economic activity rates, level of unemployment and balance of commuting between resident workers and local jobs (see Chapter 5)

Demographic Scenario Definitions

Official projections

- 4.22 The **SNPP-2012** scenario replicates the 2012-based population projection from ONS. With the application of the household growth assumptions from the 2012-based DCLG household projection model, this provides the ‘starting point estimate’ for Sunderland is provided.

Alternative trend scenarios

- 4.23 The PPG recommends, as part of the assessment of housing need, that the most recent demographic statistics from ONS and alternative demographic

projections should be considered (PPG Paragraph 2a-017). The 2012-based SNPP from ONS is a trend-based projection that uses demographic assumptions from a five-year historical period to 2012¹⁹. Given the unprecedented economic changes that have occurred since 2008, and the differences between the projected 2012-based SNPP data and the historical evidence on population change in Sunderland, it is appropriate to consider alternative time periods in the derivation of these key assumptions.

- 4.24 For these reasons, the following alternative trend scenarios have been developed:
- PG-5yr: internal migration rates and international migration flow assumptions are based on the last five years of historical evidence (2009/10 to 2013/14);
 - PG-10yr: internal migration rates and international migration flow assumptions are based on the last 10 years of historical evidence (2004/05 to 2013/14).
- 4.25 These scenarios include two additional years of historical data when compared to the 2012-based SNPP (i.e. the 2013 and 2014 MYEs). Furthermore, the UPC adjustment is included within the international migration assumptions.
- 4.26 An additional trend, in which zero migration occurs, has also been developed. In this Natural Change scenario, internal and international migration rates are set to zero from 2014/15 onwards. This scenario is hypothetical, but provides an indication of the degree to which dwelling growth is driven by migration to/from Sunderland.
- 4.27 Additional sensitivities were also considered by Edge Analytics as variants on the core SNPP 2012 scenario:
- PG-10yr SENS which considers a 25% reduction in the annual net migration loss to County Durham;
 - SNPP SENS 20-29 and SENS 25-29 which reduced the annual 'loss' of internal out-migrants over the 2015-35 plan period.

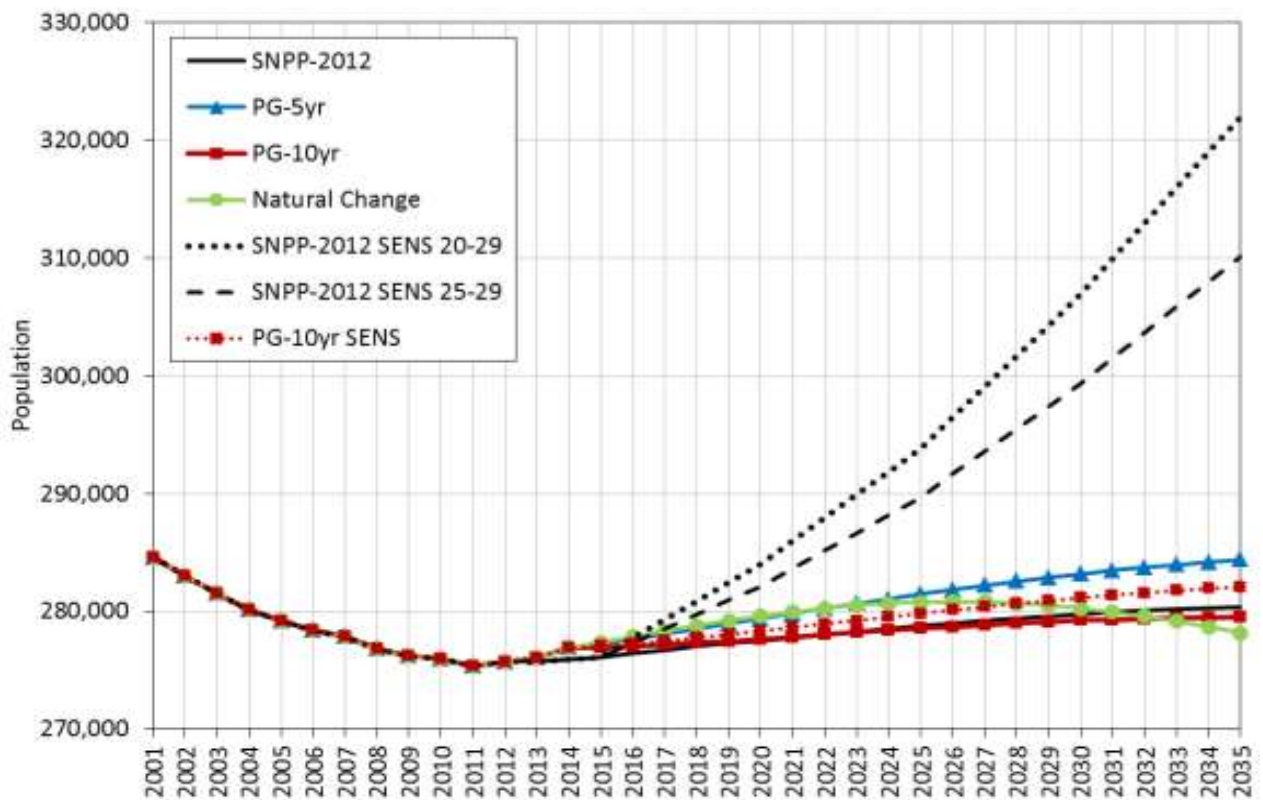
Demographic Scenario Results

- 4.28 Each of the scenarios has been run with the historical MYEs defined for the 2001—2014 period. Results are presented Figure 4.7 and Table 4.2 for the 2015-35 proposed plan period.
- 4.29 Under the benchmark **SNPP-2012** scenario, the population increases by +4,216 over the 2015-35 proposed plan period, equivalent to +2% growth. The number of households increases by +9,063, equivalent to +7.5% growth, resulting in an average annual dwelling need of +467.

¹⁹ [http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/2012-based-projections/stb-2012-based-snpp.html#tab- Introduction](http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/2012-based-projections/stb-2012-based-snpp.html#tab-Introduction)

- 4.30 Of the three alternative trend scenarios (PG-5yr, PG-10yr and Natural Change), population growth (over the 2015–2035 proposed plan period) is highest under the PG-5yr scenario, at +2.6% and lowest under the hypothetical Natural Change scenario, at +0.3%. The alternative PG-10yr trend scenario suggests lower population and household growth than the PG-5yr scenario, resulting in a lower average annual dwelling need: +442 (PG-10yr), compared to +504 (PG-5yr). This is a reflection of lower levels of net international in-migration and higher levels of net internal out- migration that occurred in Sunderland over the extended 10-year historical period (Figure 7).
- 4.31 The Natural Change scenario indicates a dwelling need of +487 per year, in the absence of migration and driven solely by changes in the population due to births, deaths and ageing.

Figure 4.7 Sunderland demographic scenario outcomes: population growth 2001–2035



Scenario	Change 2015-2035				Average per year	
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings
PG-5yr	7,119	2.60%	9,778	8.00%	142	504
SNPP-2012	4,216	1.50%	9,063	7.50%	92	467
PG-10yr	2,560	0.90%	8,586	7.10%	-29	442
Natural Change	811	0.30%	9,457	7.70%	0	487
<i>SNPP-2012 SENS 20-29</i>	<i>45,863</i>	<i>16.60%</i>	<i>32,833</i>	<i>27.00%</i>	<i>2,175</i>	<i>1,691</i>
<i>SNPP-2012 SENS 25-29</i>	<i>33,977</i>	<i>12.30%</i>	<i>27,520</i>	<i>22.60%</i>	<i>1,580</i>	<i>1,417</i>
<i>PG-10yr SENS</i>	<i>5,040</i>	<i>1.80%</i>	<i>9,609</i>	<i>7.90%</i>	<i>76</i>	<i>495</i>

Headship Rate Sensitivity

- 4.32 In the demographic scenarios (and sensitivities), household growth has been assessed using headship rate and communal population assumptions from the 2012-based household projection model. For comparison, each of the scenarios (and sensitivities) has also been run using the headship rate assumptions from the earlier, 2008-based, DCLG household projection model (Table 4.3). The application of the 2008-based headship rates generally suggests higher household growth, reflective of the different market conditions during the period from which the household model assumptions have been calibrated.
- 4.33 For the SNPP-2012 scenario, the application of the 2008-based headship rates results in an average dwelling need of +508, compared to +467 with the application of 2012-based headship rates.

Scenario	Average annual dwelling need (2015-2035)	
	HH-08	HH-12
SNPP-2012	508	467
PG-5yr	563	504
PG-10yr	493	442
Natural change	546	487
<i>SNPP-2012 SENS 20-29</i>	<i>1,694</i>	<i>1,691</i>
<i>SNPP-2012 SENS 25-29</i>	<i>1,416</i>	<i>1,417</i>
<i>PG-10yr SENS</i>	<i>546</i>	<i>495</i>

Summary

- 4.34 In line with the PPG, Edge Analytics has developed a range of demographic scenarios for Sunderland, using POPGROUP technology. Scenarios have been produced for the 2015-2035 Plan Period.
- 4.35 The 2012-based population projection from ONS is presented as the official 'benchmark' scenario, with household growth assessed using household headship rate assumptions from the 2012-based DCLG household projection model. This provides the 'starting point' for the assessment of housing need (in line with PPG paragraph 2a-015).
- 4.36 For comparison with the official benchmark scenario, a range of alternative trend scenarios has been developed, in which variant migration assumptions and population retention assumptions have been applied. In addition, headship rates have been considered using assumptions from the 2012-based and 2008-based DCLG household model.

5. Linking demographic and economic growth to Objectively Assessed Need

Introduction

- 5.1 In the assessment of housing need, the PPG paragraph 2a-018 states that *“plan makers should make an assessment of the likely change in the number of jobs based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area”*

Labour force and jobs growth

- 5.2 In POPGROUP, it is possible to derive the size and structure of the resident labour force and the number of jobs that an implied level of population growth could support, through the application of the following three key economic assumptions:
- The **economic activity rates** determine the proportion of the working-age population that is economically active, i.e. the labour force. The labour force includes those who are in work (i.e. ‘workers’) and also those who are unemployed;
 - The **unemployment rate** determines the proportion of the labour force that is in employment (i.e. the number of workers); and
 - The **commuting ratio** determines the balance between the resident number of ‘workers’ (i.e. employed labour force) and the number of jobs in an area. A commuting ratio greater than 1.0 indicates a net *out*-commute (the number of workers resident in an area is greater than the number of jobs). A commuting ratio less than 1.0 indicates a net *in*-commute (i.e. the number of jobs is greater than the number of resident workers).
- 5.3 In a trend-based scenario, the size of the resident labour force and the number of jobs that can be supported are therefore sensitive to adjustments to these key factors. The following set of assumptions has been applied to the demographic scenarios:
- **Economic activity rates** for Sunderland from the 2011 Census, by sex and 5-year age group (ages 16-74), have been applied in 2011, with adjustments applied, to 2020, to account for changes to the state pension age (SPA)²⁰. After 2020, the rates are fixed.

²⁰ Edge Analytics has applied relatively prudent assumptions to changing economic activity rates in the older age-groups, using previous ONS labour force projections to estimate how changes to the State Pension Age (SPA) might influence participation in the labour force. This involved the following alterations to the age/sex-specific economic activity rates between 2011–2020:

Males 60–64: 5% Males 65–69: 10% Females 60–64: 40% Females 65–69: 20%

- The 2014 **unemployment rate** for Sunderland (9.0%) has been applied, reducing to a pre-recession (2004-2007) average of 6.5% by 2020 and remaining fixed thereafter. These unemployment rates have been sourced from the ONS model-based estimates of unemployment for Sunderland.
- A fixed **commuting ratio** of 0.96 from the 2011 Census Travel to Work data for Sunderland, has been applied in each year of the forecast period. This indicates a net in-commute, with more jobs in Sunderland than workers.

5.4 With these economic activity rate, unemployment rate and commuting ratio assumptions, the derived labour force and jobs statistics are summarised in Table 5.1.

Scenario	Change (2015—2035)			Average Annual Jobs Growth (2015—2035)
	Labour Force (16—74)	Employed People	Unemployed People	
SNPP-2012	-10,336	-6,878	-3,457	-357
PG-5yr	-9,548	-6,126	-3,422	-318
PG-10yr	-11,372	-7,834	-3,538	-407
Natural Change	-12,734	-9,103	-3,632	-473
<i>SNPP-2012 SENS 20-29</i>	<i>22,582</i>	<i>23,900</i>	<i>-1,318</i>	<i>1,241</i>
<i>SNPP-2012 SENS 25-29</i>	<i>12,819</i>	<i>14,772</i>	<i>-1,952</i>	<i>767</i>
<i>PG-10yr SENS</i>	<i>-10,050</i>	<i>-6,596</i>	<i>-3,453</i>	<i>-342</i>

5.5 All core scenarios indicate that the population growth is unable to support jobs growth over the 2015-35 proposed plan period. This is in spite of the unemployment rate assumptions that have been applied, which reduce the proportion of the labour force that is unemployed to 2020. As a result of population ageing, the number of jobs that the population is able to support decreases, resulting in a negative annual average jobs growth across the 2015-35 proposed plan period.

Economic Forecasts

5.6 In the assessment of housing need, the PPG states that the likely future change in the number of jobs in an area should be considered. It is stated that: “Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable

commuting patterns ... and could reduce the resilience of local businesses” (PPG paragraph 2a-018).

- 5.7 A jobs growth forecast for Sunderland has been supplied by Experian, providing a ‘baseline’ trajectory of jobs growth for the forecast period, measured as annual change in the number of ‘full time equivalent’ (FTE) jobs (Figure 5.1). This equates to between +150 and +1,080 additional FTE jobs per year, or an average annual increase of +551 additional FTE jobs over the proposed plan period. In most cases this is higher than the average annual jobs growth figures derived from the demographic scenarios (and sensitivities) using the economic activity rate, unemployment rate and commuting ratio assumptions specified above (Figure 5.2).

Figure 5.1 Sunderland jobs growth forecast (FTEs) (Source: Experian, May 2015)

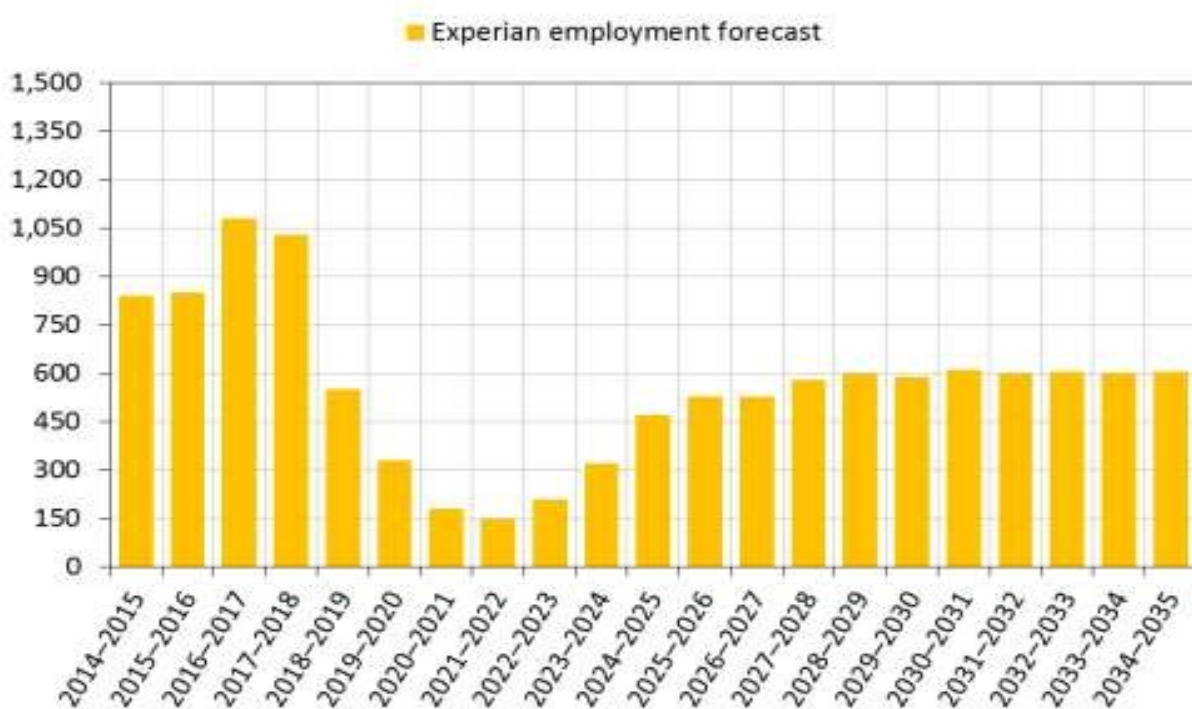
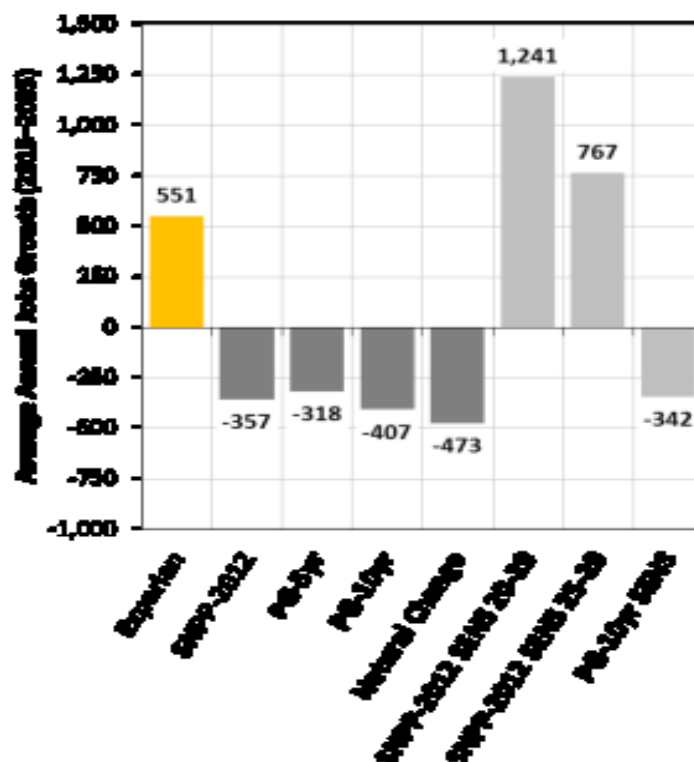


Figure 5.2 Comparison of average annual jobs growth (2015-35) from the Experian employment forecast (yellow) and the Edge Analytics demographic scenarios (and sensitivities)



Linking the jobs forecast and demographic scenario outcomes

- 5.8 The level of jobs growth that is supported under each of the demographic scenarios (2015–2035) is negative, whilst the forecast level of jobs growth in the Experian employment forecast is positive (Figure 5.2).
- 5.9 With the assumptions that have been made in relation to economic activity, unemployment and commuting (paragraph 5.3), the level of population growth required to support the levels of jobs growth implied by the Experian employment forecast would be considerably higher than that implied by the official SNPP-2012 scenario.
- 5.10 In POPGROUP, the population, household and dwelling growth implications of the Experian employment forecast can be evaluated using a ‘jobs-led’ formulation of the POPGROUP forecasting model. In a jobs-led scenario, population growth is linked directly to the change in the number of jobs available within an area.
- 5.11 POPGROUP evaluates the impact of a jobs growth trajectory by measuring the relationship between the number of jobs in an area, the size of the resident labour force and the size of the resident population. Internal migration is used to balance the relationship between the size of the labour force and the forecast number of jobs. A higher level of net in-migration will occur if there is insufficient resident population and labour force to meet the forecast number of jobs. A

higher level of net out-migration will occur if the population is too high relative to the number of jobs.

- 5.12 Key to determining the level of population growth required to meet a defined jobs growth trajectory are the three assumptions on economic activity, unemployment and commuting. With an ageing population (together with a fixed commuting ratio), higher levels of net in-migration would be needed to support the level of jobs growth in the Experian employment forecast. However, if any of the key economic assumptions were to alter, for example, if levels of economic activity were to increase, the required level of population growth needed to support this level of jobs growth would be reduced.

Jobs-led scenario and sensitivity testing

- 5.13 To evaluate the level of population growth required to meet the Experian employment forecast, a jobs-led scenario has been developed in POPGROUP, using the Experian jobs growth trajectory presented in Figure 5.1:

- Jobs-led Experian: total FTE jobs growth of 11,021 (2015-2035)

- 5.14 The 'core' set of economic assumptions applied in the demographic scenarios have been applied in this jobs-led scenario. Additionally, alternative economic activity rate and commuting ratio assumptions have been applied in a series of sensitivities (Table 5.2). As the benchmark scenario, the SNPP-2012 scenario has also been run with these alternative economic rate and commuting ratio assumptions.

Jobs-led scenario outcomes

- 5.15 In Tables 5.3 and 5.4 the outcomes of sensitivities A-K are summarised. Firstly, the effect of the variant economic activity rate and commuting ratio assumptions is illustrated in Table 5.3 with reference to the SNPP-2012 scenario. Note that only the jobs growth outcomes differ, reflecting the alternative economic activity rate and commuting ratio assumptions applied.
- 5.16 Under the core scenario assumptions, Sunderland's population growth is estimated to support 357 fewer jobs²¹ each year (2015-2035). In sensitivities A to H, higher economic activity rates and/or reducing the commuting ratio results in a reduced annual decline in the number of jobs that can be supported, ranging from -240 (SENS B) to -14 (SENS E). In sensitivities I-K, higher economic activity rates in combination with a more substantial reduction in the commuting ratio, results in annual jobs growth, ranging from +33 (SENS J) to +133 (SENS I). Of the eleven sensitivities presented, the highest level of jobs growth (+133 each year) is implied by sensitivity I, which maintains the 2011

²¹ FTE is 'full-time equivalent' jobs and not total jobs. The total jobs number from the Experian forecast for the corresponding period is around 17,000 jobs.

census aggregate economic activity rates for males and females aged 16-74 and applies a more substantial reduction to commuting ratio.

Table 5.2 Economic assumptions used in the Jobs-Led Experian scenario and sensitivities

		Jobs-led experian	SENS A	SENS B	SENS C	SENS D	SENS E	SENS F	SENS G	SENS H	SENS I	SENS J	SENS K
Economic activity	2011 Census economic activity rates by sex & 5-year age-group (ages 16- 74), with SPA uplifts applied to males & females aged 60-69 to 2020, then fixed	✓				✓				✓			
	2011 Census economic activity rates by sex for the aggregate 16-74 age-group fixed		✓				✓				✓		
	2011 Census economic activity rates by sex & 5-year age-group (ages 16- 74), with OBR adjustments applied to males & females aged 60-74 to 2031, then fixed			✓				✓				✓	
	2011 Census economic activity rates by sex & 5-year age-group (ages 16- 74), with OBR adjustments applied to males aged 60-74 & females aged 30-74 to 2031, then fixed					✓			✓				✓
Unemployment	ONS (2014) unemployment rate for Sunderland (9.0%) applied, reducing to a pre-recession (2004–2007) average of 6.5% by 2020 and fixed thereafter.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Commuting	2011 Census commuting ratio for Sunderland (0.96) fixed	✓	✓	✓	✓								
	2011 Census commuting ratio for Sunderland (0.96), reducing to 0.94 between 2014-2021, then fixed					✓	✓	✓	✓				
	2011 Census commuting ratio for Sunderland (0.96), reducing to 0.92 between 2014-2035									✓	✓	✓	✓

Scenario	Change 2015 - 2035				Average per year		
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings	Jobs
SNPP-2012 SENS I	4,216	1.50%	9,063	7.50%	92	467	133
SNPP-2012 SENS K	4,216	1.50%	9,063	7.50%	92	467	107
SNPP-2012 SENS J	4,216	1.50%	9,063	7.50%	92	467	33
SNPP-2012 SENS E	4,216	1.50%	9,063	7.50%	92	467	-14
SNPP-2012 SENS G	4,216	1.50%	9,063	7.50%	92	467	-39
SNPP-2012 SENS H	4,216	1.50%	9,063	7.50%	92	467	-90
SNPP-2012 SENS F	4,216	1.50%	9,063	7.50%	92	467	-111
SNPP-2012 SENS A	4,216	1.50%	9,063	7.50%	92	467	-146
SNPP-2012 SENS C	4,216	1.50%	9,063	7.50%	92	467	-170
SNPP-2012 SENS D	4,216	1.50%	9,063	7.50%	92	467	-231
SNPP-2012 SENS B	4,216	1.50%	9,063	7.50%	92	467	-240
SNPP-2012	4,216	1.50%	9,063	7.50%	92	467	-357

5.17 Secondly, Table 5.4 considers the jobs-led scenario. The choice of assumptions has a direct bearing on the estimated population and dwelling growth that supports the Experian employment forecast.

5.18 The core Jobs-led Experian scenario results in an average annual dwelling growth requirement of +1,212 each year.

5.19 Sensitivities E, F, G, I, J, and K, which combine higher rates of economic activity with a reduced commuting ratio, maintain a larger number of workers within Sunderland. This results in less in- migration being required to meet the employment forecast. Under these assumptions, the average annual dwelling need reduces to between +809 (SENS K) and +984 (SENS F) dwellings per year.

5.20 Of the eleven sensitivities presented here, the lowest level of dwelling growth (+809 dwellings per year) is implied by sensitivity K, which applies improvements to future economic activity rates in older age-groups and in the

female population more generally, and applies a more substantial reduction to the commuting ratio.

Scenario	Change 2015 - 2035				Average per year		
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings	Jobs
Jobs-led Experian	39,160	14.10%	23,527	19.20%	1,557	1,212	551
Jobs-led Experian SENS B	34,429	12.40%	21,574	17.70%	1,357	1,111	551
Jobs-led Experian SENS A	34,047	12.30%	21,352	17.50%	1,362	1,100	551
Jobs-led Experian SENS D	33,281	12.00%	21,031	17.20%	1,333	1,083	551
Jobs-led Experian SENS C	31,298	11.30%	20,271	16.60%	1,228	1,044	551
Jobs-led Experian SENS F	28,604	10.30%	19,099	15.70%	1,135	984	551
Jobs-led Experian SENS H	27,841	10.00%	18,873	15.50%	1,074	972	551
Jobs-led Experian SENS E	27,693	10.00%	18,641	15.30%	1,123	960	551
Jobs-led Experian SENS G	25,566	9.20%	17,833	14.60%	1,010	919	551
Jobs-led Experian SENS J	23,179	8.30%	16,946	13.90%	877	873	551
Jobs-led Experian SENS I	21,289	7.70%	16,098	13.20%	819	829	551
Jobs-led Experian SENS K	20,186	7.30%	15,698	12.90%	754	809	551

6. Sunderland Housing Market Review

Introduction

- 6.1 The purpose of this chapter is to explore the housing market dynamics of Sunderland focusing on: current stock profile and condition; tenure characteristics; housing need and affordable requirements; market demand and aspirations; overcrowding and under-occupancy; the needs of particular groups including older people, people with disabilities and Black, Asian and Minority Ethnic Groups.

Estimates of current dwellings in terms of size, type, condition, tenure

- 6.2 This study assumes a total of 126,268 dwellings in Sunderland City of which 4,713 are vacant, resulting in a total of 121,555 households living in dwellings (Table 6.1). The overall vacancy rate is around 3.7%. This compares with a vacancy rate of 2.6% across England²².

Sub-area	Total Dwellings	Total Households	Total Vacant	Vacant %
Coalfield Communities	21652	20857	795	3.7
Inner Urban Area	16020	14954	1066	6.7
Northern Coastal	10126	9698	428	4.2
Northern Suburbs	15417	14900	517	3.4
Southern Suburbs	38562	37275	1287	3.3
Washington	24491	23871	620	2.5
Total	126268	121555	4713	3.7

Source: 2015 Council Tax

Property size and type

- 6.3 Table 6.2 reviews the profile of occupied dwelling stock by size and type across Sunderland. Overall, the vast majority (76.7%) of properties are houses, 12.1% are flats/apartments and maisonettes, 10.5% are bungalows, and 0.7% are other types of property including park homes/caravans. Of all occupied properties, 9.1% have one bedroom/bedsit, 35.3% have two bedrooms, 41.1% have three bedrooms and 14.5% have four or more bedrooms.

²² 2014 CLG Dwelling and Vacancy data

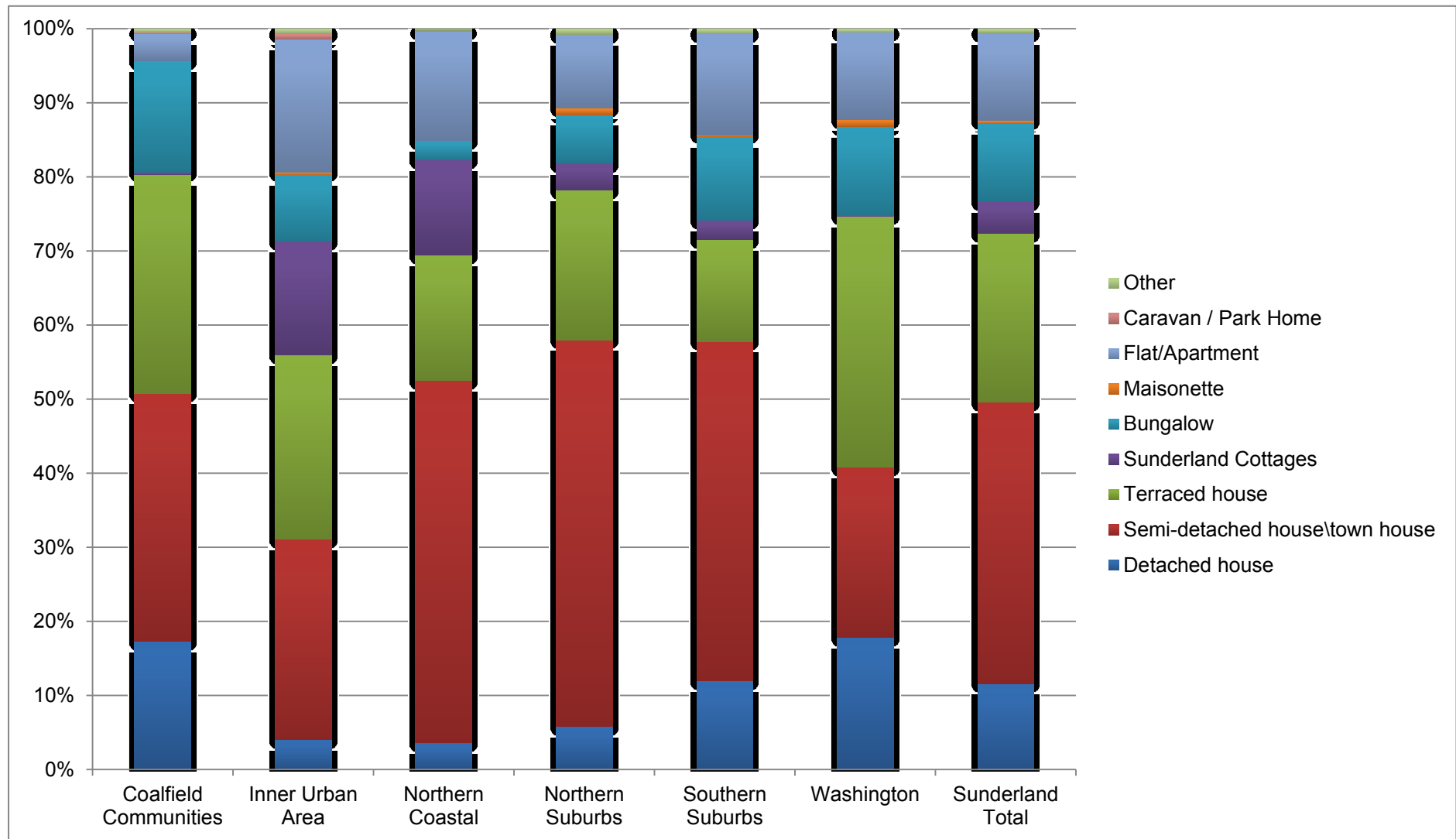
Table 6.2 Property type and size of occupied dwellings across Sunderland

Property Type	No. Bedrooms (Table %)					Total	Base (Valid response)
	One/ Bedsit	Two	Three	Four	Five or more		
Detached house	0.0	0.9	3.6	6.0	1.1	11.6	14025
Semi-detached house/Town house	0.0	11.9	21.6	3.6	0.8	37.9	45718
Terraced house	0.4	7.2	12.8	2.1	0.4	22.9	27551
Sunderland Cottage	0.5	3.0	0.8	0.0	0.0	4.3	5157
Bungalow	3.1	5.5	1.5	0.3	0.0	10.5	12697
Maisonette	0.0	0.2	0.1	0.0	0.0	0.4	474
Flat / Apartment	4.9	6.3	0.5	0.0	0.0	11.7	14077
Caravan/ Park Home	0.0	0.1	0.0	0.0	0.0	0.1	130
Other	0.1	0.2	0.2	0.1	0.1	0.6	713
Total	9.1	35.3	41.1	12.1	2.4	100.0	120542
<i>Base (Valid response)</i>	10989	42507	49576	14548	2922	120542	

Source: 2012 Household Survey (rebased to 2015)

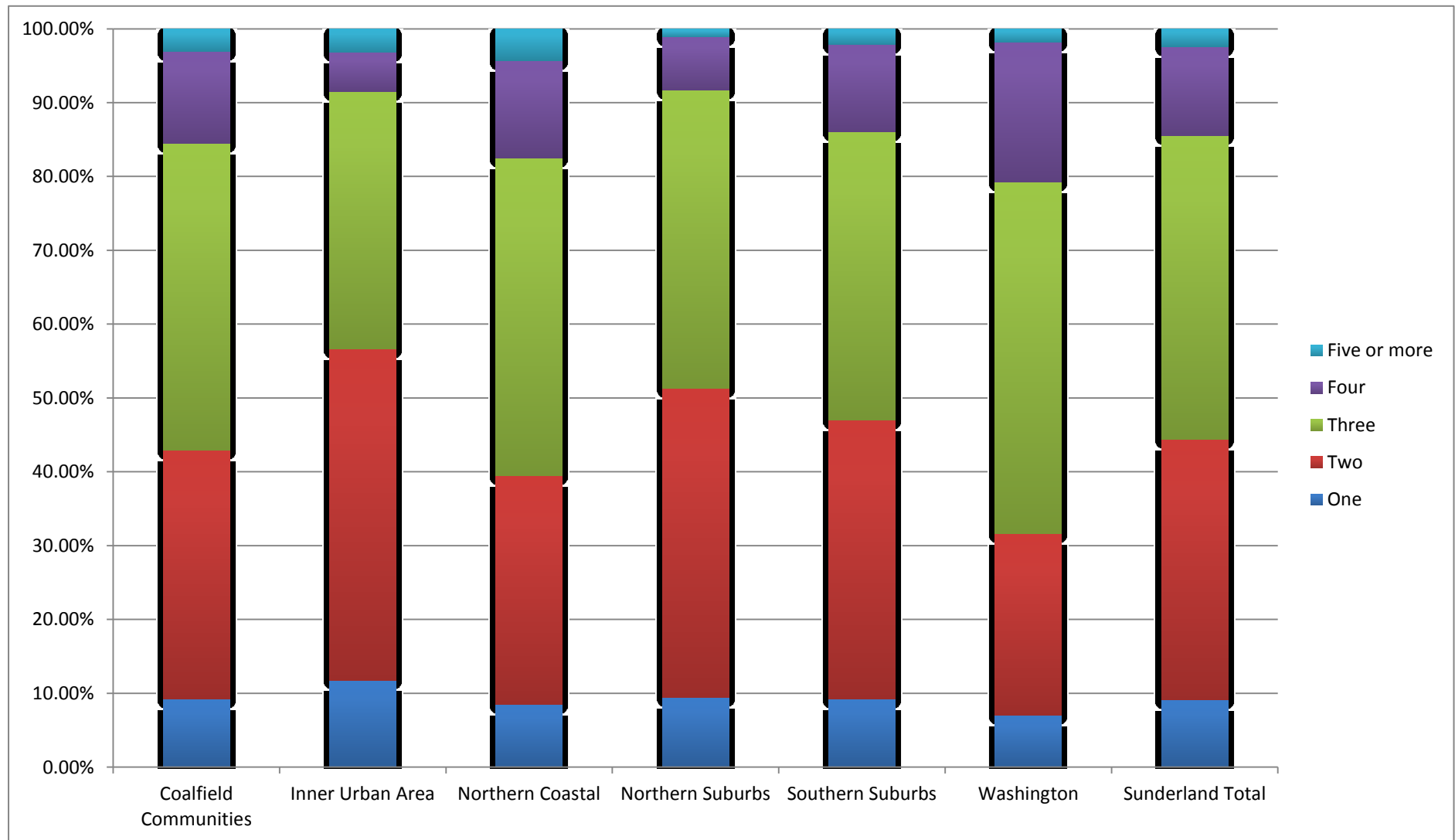
6.4 How property type varies by sub-area is illustrated in Figure 6.1 and variations in number of bedrooms by sub-area in Figure 6.2. Notable sub-area variations include the relatively higher proportion of detached properties in Washington and the Coalfield Communities; higher proportions of semi-detached houses in Northern Coastal, Northern Suburbs and Southern Suburbs; higher proportions of Sunderland Cottages in the Inner Urban and Northern Coastal sub-areas; and higher proportions of larger properties with four or more bedrooms in Washington.

Figure 6.1 Property type by sub-area



Source: 2012 Household Survey (rebased to 2015)

Figure 6.2 Property size by sub-area



Source: 2012 Household Survey (rebased to 2015)

Property condition

- 6.5 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 (37.0% were very satisfied and 41.2% were satisfied); 12.4% were neither satisfied nor dissatisfied; a total of 9.4% expressed degrees of dissatisfaction, of whom 7.7% were dissatisfied and 1.8% were very dissatisfied.
- 6.6 Table 6.3 explores how the level of dissatisfaction varied by dwelling tenure, age and type.
- 6.7 Data indicates that households in the Inner Urban Area (15.8%) and Northern Suburbs (12.0%) were more likely to express dissatisfaction. Levels of dissatisfaction varied significantly between tenures. Dissatisfaction was highest amongst those in private rental properties (21.3%). This compares with dissatisfaction levels of 11.3% in affordable accommodation and 5.6% in owner occupied properties.
- 6.8 In terms of property type and age, dissatisfaction was highest amongst respondents living in Sunderland Cottages (20.9%), caravans/park homes (15.7%), flats/apartments (12.7%) and terraced houses (12.1%) and amongst residents in properties built pre-1919 (13.2%) and 1919-1944 (10.1%).

Table 6.3 Dissatisfaction with state of repair by sub-area, property tenure, age and type			
Sub-Area	No. Dissatisfied	% Dissatisfied	Base
Coalfield Communities	1841	8.8	20857
Inner Urban Area	2358	15.8	14954
Northern Suburbs	1786	12.0	14900
Northern Coastal	446	4.6	9698
Southern Suburbs	3282	8.8	37275
Washington	1424	6.0	23871
Tenure	No. Dissatisfied	% Dissatisfied	Base
Owner Occupied	4058	5.6	72619
Private Rented	3322	21.3	15624
Social / Affordable Rented	3757	11.3	33312
Property Type	No. Dissatisfied	% Dissatisfied	Base
Detached house	538	3.8	14026
Semi-detached house / Town House	3609	7.9	45851
Terraced house	3348	12.1	27596
Sunderland Cottage	1078	20.9	5157
Bungalow	719	5.7	12721
Maisonette	0	0.0	474
Flat/Apartment	1797	12.7	14149
Caravan / Park Home	24	15.7	153
Other	25	3.5	712
Property Age	No. Dissatisfied	% Dissatisfied	Base
Pre 1919	2193	13.2	16670
1919 to 1944	1859	10.1	18374
1945 to 1964	2369	8.2	28881
1965 to 1984	2239	7.7	28950
1985 to 2004	432	3.2	13306
2005 onwards	75	1.5	4907
Overall Total	11,137	9.2%	121,555

Source: 2012 Household Survey (rebased to 2015)

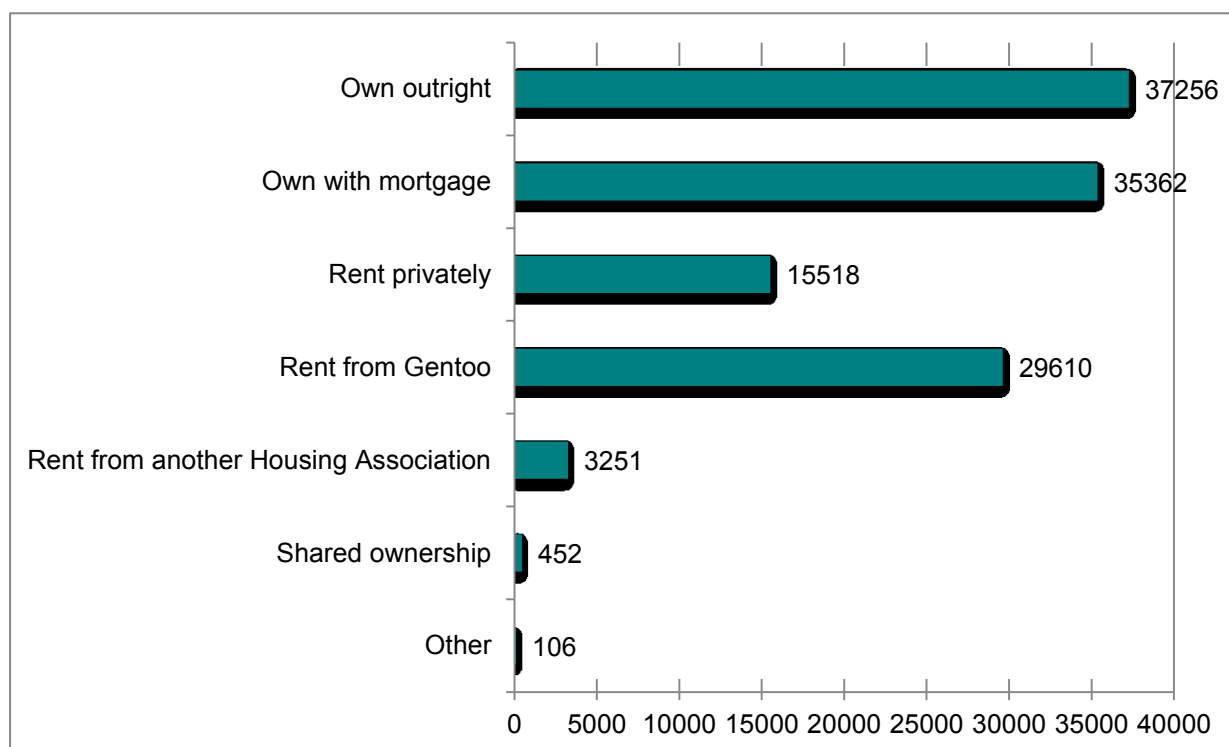
Note: There were some missing cases in the dataset so the actual base for this table is 11,137 responses which represents 9.2% of all households

Property tenure

6.9 The tenure profile of the Sunderland City area is summarised in Figure 6.3. Variations in broad tenure groups by sub-area are summarised in Figure 6.4. Overall, based on survey evidence, 59.7% of occupied dwellings are owner-occupied, 12.8% are private rented (including tied accommodation), 27.0% are

rented from a social housing provider and 0.4% are intermediate tenure dwellings.

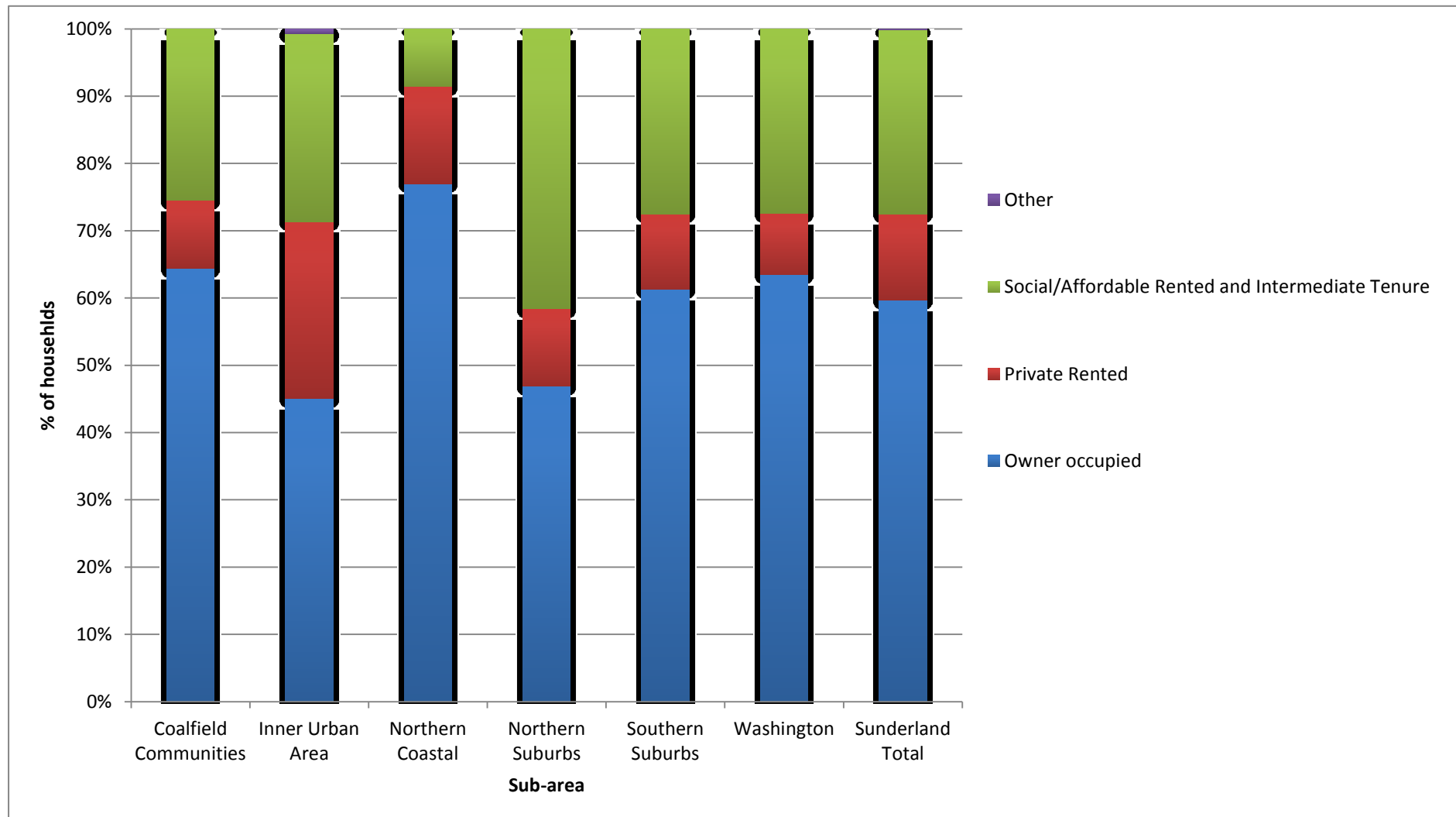
Figure 6.3 Sunderland City: tenure profile of occupied dwellings



Source: 2012 Household Survey (rebased to 2015)

6.10 Tenure profile varies across Sunderland (Figure 6.4). The proportion of owner occupied dwellings is highest in the Northern Coastal sub-area (77.0%); private renting in the Inner Urban sub-area (26.3%); and affordable accommodation in the Northern Suburbs (41.6%).

Figure 6.4 Sunderland tenure profile by sub-area



Source: 2012 Household Survey (rebased to 2015)

Tenure characteristics

Owner-occupied market

- 6.11 59.7% (72,618) of households across Sunderland are owner occupiers. 30.6% of all households (37,256) own outright and 29.1% of all households (35,362) have a mortgage.
- 6.12 The household survey provides the following information on owner occupied stock:
- Most owner-occupied properties are houses, with 43.0% semi-detached, 24.5% terraced and 16.4% detached; a further 7.3% are bungalows, 4.8% are Sunderland Cottages, 3.5% are flats/apartments and 0.5% other property types;
 - 49.7% of properties have three bedrooms, 26.7% have two bedrooms 21.8% have four or more bedrooms, and 1.8% have one bedroom/bedsit;
 - Around 17.6% of owner-occupied stock was built pre-1919, 39.8% was built between 1919 and 1964; 25.6% was built between 1965 and 1984 and 16.9% has been built since 1985;
 - 85.0% of owner-occupier households are satisfied or very satisfied with the quality of their accommodation, 9.3% are neither satisfied nor dissatisfied and 5.8% expressed degrees of dissatisfaction.
- 6.13 Over the period 2000 to 2014, lower quartile and median house prices across Sunderland have increased dramatically as summarised in Table 6.4.
- 6.14 It is interesting to note that in 2000, a household income of £8,857 was required for a lower quartile price to be affordable; by 2014 this had increased to £21,429. In comparison, an income of £12,857 was required for a median priced property to be affordable in 2000 compared with £30,571 in 2014.

Sunderland	House Price (£)		Income to be affordable*	
	2000	2014	2000	2014
Lower Quartile	31,000	75,000	£8,857	£21,429
Median	45,000	107,000	£12,857	£30,571

Source: DCLG / Land Registry

*Assuming a 3.5x income multiple

- 6.15 A range of socio-economic and demographic information on residents has been obtained from the household survey. Some interesting observations relating to owner-occupiers include:
- In terms of household type, 29.3% of owner occupiers are couples with children, 39.6% are older (65 or over) singles and couples, 12.5% are couples (under 65 with no children), 8.9% are singles, 5.0% are lone parents and 4.8% are other household types;

- The majority of Household Reference People (Heads of Household) living in owner occupied dwellings are in employment (57.4%) and a further 34.6% are wholly retired from work. The proportion retired is considerably higher for outright owners (61.2%);
- Incomes amongst owner occupiers tend to be high, with 44.0% receiving at least £500 each week. That said, incomes amongst outright owners tend to be lower than for mortgaged owners, with 41.0% receiving less than £300 each week compared with 21.5% of mortgaged owners. This reflects the different age profile and economic status of outright owners;
- In terms of length of residency, 46.8% of owner occupiers have lived in the same property for 20 years or more (and the figure is 69.1% for outright owners).

Views of estate agents

- 6.16 Views were sought about current market activity from a range of estate and letting agents working across Sunderland. Interviews were carried out with Thomas Watson, Pattinsons, Michael Hodgson and Your Move.
- 6.17 The last year has seen positive trends in both the rental and sales markets within the Sunderland area. Agents identified that the last year had been more positive for the area and believed that a boost in confidence in the housing market and the economy was driving the demand within the sales market. However, all agents recognised that the rental market is significantly more active and carries the majority of demand within the area.
- 6.18 The overall housing market was described as very price sensitive and agents were concerned that job security and the overall economy easily affected confidence levels in the housing market and were therefore cautious when predicting how the market may perform in the future.
- 6.19 Housing demand is very mixed within the area. Agents indicated that no clear demographic was driving the market, although families and investors tend to be particularly active. Although the market has performed better over the last year, agents were very clear that they would struggle to sell any properties valued at over £250,000 as they believed this was not in-line with the general income levels obtained within Sunderland. Agents indicated that ‘all properties’ are in demand in the area in both the rental and sales markets and that the area boasts a very mixed demographic who are seeking a range of different properties. However, agents felt that due to lower income levels and the high population of students in the area, properties at the lower end of the market tend to perform better within the rental market. Family homes are in highest demand across the sales market. Many agents indicated that there are a high percentage of people who are in receipt of housing benefit in the area. Agents believe this poses a challenge for the private rented sector as most stated they did not support DSS applications due to bad experiences in the past. Furthermore, many mortgage agreements will now not allow landlords to let properties to benefit recipients or asylum seekers.
- 6.20 Many people seeking property having strong ties to and/or have grown up in the area and most work locally. Agents believe this allows them a good understanding of the geographic make up of the area and they believe that

most people within the sales market have a good idea of what area they are seeking properties in. There is a strong employment base in Sunderland. Nissan has what it describes as its “European Home” in Sunderland, ASDA has three distribution centres and N-Power has a UK based call centre in the area. The high level of industry offers employment to locals and has increasingly attracted relocators on fixed term and temporary contracts over recent years. Agents believe this has contributed to the strength of the rental market in Sunderland whilst presenting it as lucrative investment opportunity for investors.

- 6.21 Agents noted that the sales market had picked up over the last year and predicted that it is likely the investor market will continue to do so. Agents were more cautious when predicting the future of the general housing market in the area as they believed too many variables would influence this. They were concerned that some of the activity currently happening within the homeowner market is due to a backlog of those who have been waiting for the housing market to pick up before moving or selling their property. Agents also felt that a potential area of concern is the older persons market and believe this is not effectively catered for at present.
- 6.22 All agents advised that the sales market in Sunderland had picked up over the last year but they believed this was focused in 2 key areas; investors and local families who are already on the property ladder and wish to move to a bigger property.
- 6.23 The consensus is that demand in the area is present however; the housing market is very price sensitive. Agents believe that investors looking for higher rental yields and difficulties in obtaining mortgages are the main reasons for this.
- 6.24 Agents strongly believed that when compared to the surrounding areas of Newcastle and Durham, the area offered value for money and affordability for homeowners and investors. Agents believed the ‘value for money’ offered had a big impact on people’s decisions to buy in Sunderland. Furthermore, they indicated that the lower income levels in the area meant that homeowners are often unable to move out of the area as they would not be able to afford suitable sized family homes in nearby areas where property prices are much higher.
- 6.25 All agents recognized that the types of properties highest in demand were 2/3 bed family homes. Larger properties are also desirable to investors however; many will purchase family homes and convert them to offer more bedrooms to accommodate students. Gardens and parking are considered desirable.
- 6.26 Families are more active within the sales market than the rental market in Sunderland although this tends to be more towards the middle end of the market rather than at the lower end.
- 6.27 New build properties are considered very desirable and agents usually receive a lot of interest in any new build properties that come on to the market. Good family homes with 2/3+ beds can sell within a matter of months however, agents indicated that people are still cautious and are often seeking a bigger property to accommodate their growing family. As a result, many do not intend to move again until their children grow up and are therefore influenced by other factors such as; transportation links, schooling, local infrastructure and area

image and reputation when considering a new property. Agents believed this often proved a challenge and ‘the smallest thing can put buyers off’.

- 6.28 The first time buyer market is still struggling despite strong demand. Most first time buyers are from Sunderland and have grown up in the area. Agents believe that a combination of difficulties in obtaining mortgages and lower income levels within the area continued the stall the first time buyer market leaving many living at home in order to save or in rented accommodation. Agents were concerned that many properties that would be suitable for first time buyers were often bought by investors and turned into student accommodation. They believed this left many struggling for properties and further felt that first time buyers get ‘trapped’ in rented accommodation, as they are unable to save whilst paying rental prices in the area.
- 6.29 The older persons market has experienced some activity over the last year. Agents believe this is partly due to many wanting to capitalize on the gradual economic recovery and considered some of the activity a backlog of those who may have wanted to move over recent years however, had decided not to sell due to a drop in house prices. Agents believed that the gradual economic recovery had encouraged many elderly homeowners to sell their larger properties and seek smaller properties, mainly bungalows. Agents highlighted that they felt this may have offered a boost to the family market as it had provided larger family homes thus catering to current demand trends. Agents were concerned that an ageing demographic may cause problems within the housing market, as they did not feel there was enough suitable property for this demographic in the future.
- 6.30 Agents stated the most popular areas in Sunderland for homeowners fell under the ‘SR2’ postcode and included areas such as; Farrington, Barnes, Hendon and Seaham. These areas are considered particularly attractive for homeowners due to good schools, their image and reputation, proximity to the sea and transportation links (mainly the A19). Barnes is considered to be towards the higher end of the sales market, agents highlighted that the style of properties in the area appeals to families as they tend to be bigger and more well presented than in other areas. Investors tend to seek properties closer to the university, particularly Ashbrooke. Westbourne Road and Thornhill Crescent are heavily saturated with student properties.
- 6.31 Despite the sales market being price sensitive, agents highlighted that for the right property, it can move very quickly. Good quality family homes can often sell in a matter of months of coming on the market whilst investor properties can sell even quicker. Agents did indicate that this can be very variable and less desirable properties can take much longer to sell.

Private rented sector

- 6.32 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'²³ 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;
- 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).

6.33 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; and
- are more likely to accommodate international migrants.

6.34 The report 'The Private Rented Sector: its contribution and potential'²⁴ 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;

²³ 'The Modern Private Rented Sector' David Rhodes, 2006 University of York with CIH/JRF

²⁴ '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.
- 6.35 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.
- 6.36 The private rented sector accommodates around 12.8% (15,517) of households across Sunderland. Of these households, 10,691 rent unfurnished properties, 4,189 rent furnished accommodation and 637 rent with their job (tied accommodation). Table 6.5 summarises the number of private rented dwellings by sub-area and indicates that 27.0% of all private rented dwellings are in the Southern Suburbs and 25.4% in the Inner Urban Area.
- 6.37 Most private rented properties (62.0%) are houses (of which 25.7% are terraced, 18.4% are semi-detached, 10.1% are Sunderland Cottages and 7.8% are detached); a further 29.3% are flats/maisonettes, 7.8% are bungalows and 0.9% are other property types. 12.9% of privately rented properties have one bedroom/bedsit, 54.1% have two bedrooms, 28.2% have three bedrooms and 4.8% have four or more bedrooms. Further analysis of private rented stock and household characteristics can be found at Appendix B.
- 6.38 The characteristics of tenants are diverse and in particular the private rented sector accommodates singles under 60 (26.4%), lone parents (18.6%), couples (no children) (16.0%) and couples with children (15.6%).
- 6.39 43.4% of private renting households have lived in their accommodation for less than two years. In terms of income, 56.7% of privately renting households receive less than £300 gross each week, 26.0% receive between £300 and £500 each week and 17.5% receive at least £500 each week, indicating that the private rented sector tends to accommodate lower income households. 50.9% of Household Reference People (Heads of Household) living in private rented accommodation are employed, 11.4% are wholly retired from work, 14.2% are permanently sick/disabled, 13.6% are unemployed and 7.1% are carers or looking after the home.

Estate agent views on the private rented sector

- 6.40 Agents commented that demand within the rental market was consistently high in Sunderland and suggest that this will continue to grow. Despite this, all agents indicated that demand sees a significant increase after Christmas mainly due to relationship break-ups during the Christmas period.
- 6.41 Properties most sought after were very mixed however, agents were able to identify that; young professionals, small families and students are generally the most active within the rental market. Agents believed the high levels of rental demand were as a result of the low-income levels in the area. They highlighted that as a result, most people were unable to obtain mortgages and those that could were often only able to afford small properties that were not a suitable size for their families. Thus, many now live in rented accommodation, as they simply cannot afford to buy whilst skilled professionals are often on temporary or fixed term contracts and therefore seek rented accommodation during this time. The highest demand within the rental market is believed to come from students. The 2012 SHMA estimated that there are 11,000 students in Sunderland of which 43.4% live in private rented accommodation.
- 6.42 Older people are thought to be the least active in the rental market with most preferring to stay in their own property. However, agents did highlight that demand from the elderly demographic that were beginning to consider downsizing their home in order to free up equity was increasing. They believed this was a positive trend and felt this would encourage activity within the sales market if it continued.
- 6.43 There is very little demand for, or availability of, high-end rental properties in the area. Agents believed this was largely due to the location of the main employers within Sunderland and suggested that Executives tend to seek properties in the surrounding areas of Newcastle, Durham or Gateshead and commute to the area.
- 6.44 All agents recognized that tenants now seek to stay in the properties longer than they would 3-5 years ago and are much more specific about what they are looking for. Agents indicated that most leases are minimum of 6-12 months however; they recognized that many are now staying in rented accommodation indefinitely. Some aim to use this time to save for deposits whilst others have decided to rent in order to accommodate their growing family, as they cannot afford to buy a bigger property in the current economic climate. Concerns were raised by agents that many people were at risk of becoming 'trapped' in the rental market in Sunderland. They believed that cultural changes amongst the younger generations who are now thought to hold a positive image of rental properties combined with a lack of finances could create problems in the future if people do not wish to, or cannot afford, to buy property.

Table 6.5 Profile of private rented sector in Sunderland

Sub-Area	Tenure						Total	
	Rented Privately (furnished)		Rented Privately (unfurnished)		Tied accommodation			
	Count	% of PRS	Count	% of PRS	Count	% of PRS	Count	% of PRS
Coalfield Communities	537	3.5	1424	9.2	140	0.9	2101	13.5%
Inner Urban Area	1271	8.2	551	16.4	115	0.7	3937	25.4%
Northern Suburbs	439	2.8	959	6.2	0	0	1398	9.0%
Northern Suburbs	288	1.9	1345	8.7	77	0.5	1710	11.0%
Southern Suburbs	1155	7.4	2727	17.6	305	2.0	4187	27.0%
Washington	499	3.2	1684	10.9	0	0	2183	14.1%
Total	4189	27.0%	10690	68.9%	637	4.1%	15516	100.0%

Source: 2012 Household Survey (rebased to 2015)

Estate agent views on the private rented sector

- 6.45 All agents felt that renters are now much savvier than they were previously. Many believe that because they are staying in properties longer, they are much more concerned about the aesthetic nature of the property than they have been in the past and are far more aware of their rights.
- 6.46 Agents believe that the standard of properties on offer in the area is very mixed and were concerned that the high levels of demand within the lower end of private rented sector were attracting a number of 'rogue' landlords and letting agents who were keen to capitalize on low level demand in the area and were offering substandard properties to cater to this.
- 6.47 The rental market in the area is considered fast paced and those seeking property must act quickly if they see a property that is of interest. The average letting time tends to be no more than a week for a good property and most receive several applications. Landlords generally operate on a first come first served basis, however, checks are carried out on all tenants and this can affect or slow down the application process. Most properties take no longer than one month to rent and any delays are usually as a result of admin hold ups or rental prices being too high.
- 6.48 The most desirable areas are considered to fall under the 'SR2' postcode and included areas such as; Farringdon, Barnes, Hendon and Seaham. Ashbrooke is also very popular amongst students. Agents stated that the areas close to the A19 are attractive to professionals and families due to good transportation links and good schools. Ashbrooke is popular amongst students due to its proximity to the University campuses and student culture.
- 6.49 The properties in demand within the rental market are mixed. Large properties with 3+ beds or 2+ bed flats were most popular for students. Agents highlighted that little preference was placed on whether these properties were terraced, semi or detached properties however, large kitchens and outdoor space were considered particularly desirable. Young professionals prefer more modern flats/apartments or smaller terraced properties usually with no more than 2 bedrooms. Families usually seek 2 or 3 bed semi detached properties that offer parking and gardens however; many are prepared to consider terraced properties due to budgetary constraints.
- 6.50 Students are most likely to request furnished properties and this is also common amongst tenants who relocate to the area. Families often have furniture already and usually seek properties that are unfurnished or offer white goods. Agents advised they encouraged landlords to be flexible with this as it often will be at the tenant's request. They did however, advise that often furnished properties now do not command any additional rental yield but highlighted landlords are still happy to furnish properties due to the overall higher rental yields that landlords are able to achieve from those that request furnished accommodation, e.g. students.
- 6.51 Average market rental levels in Sunderland include:
- 1/2 bed flat or apartment – £350 - £650
 - 2 bed semi/terraced - £450 - £650
 - 3 bed semi-detached house (parking and gardens) - £500 - £750

- student homes - £325pppm (including bills)
- 6.52 Investors are the main landlords in Sunderland. They typically have a portfolio of properties yet agents were keen to stress the amount of properties owned within the portfolios can vary greatly. The area is now very attractive to investors from down South who are aware of the demand for rental properties in the area and aim to capitalize on this. Agents indicated that Southern investors tend to own larger portfolios and believed this was due to properties being significantly cheaper than those available within the market in the South.
- 6.53 Investors seek smaller terraced housing in need of general cosmetic work that fall under the level of stamp duty, which they let to professionals/ smaller families. However, most investors focus on larger homes aimed at the student market as these present them with considerably higher yields. Students pay on average £325PPPCM and as a result, a 3 bed home would command a rental yield of £975 verses a family who will pay up to £750. Most landlords prefer to manage properties themselves, as they do not wish to pay management fees to agents.

Stakeholder views on the private rented sector

- 6.54 The online stakeholder survey/stakeholder interviews obtained the views of 25 representatives from Local Authorities, voluntary agencies, residents groups, Registered Providers, planning consultants and developers. They were invited to answer a range of questions relating to the housing market in Sunderland.
- 6.55 The majority of stakeholders who commented on the issue of the size of the private rented sector in Sunderland felt that it was about the right size, or slightly too big. One respondent commented on a particular over-supply of flats/apartments. The significance of the student rented sector was also noted and several stakeholders felt that there was a need for the provision of student accommodation to be carefully managed in the City. One problem that was highlighted, associated with student accommodation, was that of high value properties in areas like Seaburn being converted into student housing and therefore removed from the market. Relocating student accommodation towards the City Centre is considered a more favourable approach, supporting the economy and maintaining the owner-occupied housing market.
- 6.56 Respondents indicated that the private rented sector in Sunderland was characterised by older properties, terraced housing, flats/apartments and ex-social housing. Whilst the general focus of the private rented sector is considered to be poorer housing in deprived areas, there was also an acknowledgement of the higher-value end of the market. Typical locations for private rented properties include Ashbrook, Barnes, Hendon, Hetton, Houghton, Millfield, Pallion, and Southwick. Young families, lone parents, single people, minority ethnic groups, students (including those from overseas) and those on low incomes were all mentioned as household types that seek private rented accommodation. In addition to these typically poor households who seek private rented housing if they cannot obtain public sector housing, one respondent also noted that some professional people chose the private rented sector because it means that they can be more mobile, relocating more easily for employment.

- 6.57 When asked about the role of buy-to-let within the local market a range of views were expressed by stakeholders, with no overall consensus of opinion emerging. One respondent considers that it distorts the market; another suggested that it does have a role but more control over bad landlords is needed.
- 6.58 When asked about the impact of changes in the economy and welfare on the sector, the overall view was that more people are looking for private rented accommodation as they cannot afford a mortgage due to increased house prices. In addition, there has been an increase in immigration in the North East, including asylum seekers. This has increased the demand for private rented accommodation. One respondent considered that there is now slightly lower demand, and that rents have stagnated for some time.
- 6.59 Stakeholders were asked whether Landlord Accreditation Schemes have been successful in Sunderland. Of those who responded, the general view was that these have been partially successful so far. It was suggested that the capping of Housing Benefit has resulted in landlords setting their rents at the cap level or just above for low income groups. However, it has made little difference to rent levels for middle income groups, and it was noted that more vulnerable people will not be able to rent better quality private rented sector properties. The need to manage the student rental market was raised as a current issue. One respondent suggested that if the bulk of student lets was moved from city-centre private rented properties into purpose-built student accommodation then this would free up open-market private rented homes to the market for other groups. The vast majority of those who responded to the question about stock condition considered there to be problems with the quality of private rented properties in some areas of Sunderland, with too many houses being sub-standard.
- 6.60 Stakeholders did not provide much information on movement between tenures. Some movement between private rented and social rented accommodation was noted, and movement of older people out of private rented into purpose-built older peoples' accommodation.
- 6.61 In terms of key strategic messages about the sector to be identified in the SHMA, stakeholders identified the following:
- Assess the supply of student and HMO accommodation and minimise the risk of overprovision;
 - Increase the supply of good quality housing;
 - Focus on delivering housing for the young, young families on low incomes and excluded people;
 - Tackle poor management by landlords; and
 - Deliver the completion of Sunnyside.

Affordable sector

- 6.62 There are around 33,310 households who live in an affordable (social rented or shared ownership) property across Sunderland City, accounting for 27.4% of all occupied dwellings.

- 6.63 Houses account for 57.1% of occupied affordable dwelling stock, 23.0% are flats/maisonettes and 19.0% are bungalows. Affordable dwellings tend to have one/bedsit (23.4%), two (45.7%) or three (28.5%) bedrooms, with a further 2.5% having four or more bedrooms.
- 6.64 43.7% of households living in affordable dwellings are older singles and couples, a further 17.7% are singles under 60, 8.4% are lone parents (children under 18), 7.5% are couples with children under 18, 10.5% are couples/lone parents with adult children, 5.6% are couples with no children and 6.6% are other household types.
- 6.65 27.9% of Household Reference People living in affordable housing are in employment. A further 34.6% are wholly retired from work, 21.3% are permanently sick/disabled, 7.6% are unemployed, 7.4% look after the home/are caring for someone and 0.7% are in full-time education/training.
- 6.66 Incomes are generally low, with 79.6% receiving an income of less than £300 gross each week and 54.8% receiving less than £200 gross each week.

Stakeholder views on affordable housing

- 6.67 The online survey of key stakeholders asked several questions relating to the provision of affordable housing in Sunderland. Below is a summary of the findings.
- 6.68 Few stakeholders commented on whether the Decent Homes Standard had been met within the City's affordable housing stock, but those who did said that this standard had been achieved amongst their stock. The stakeholder survey included a range of affordable housing providers from across the City, comprising a mix of general needs and older people stock, assured rent, shared ownership, elderly leasehold and sheltered housing.
- 6.69 Popular areas identified by stakeholders were Roker, Silksworth, Tunstall, Ryhope and Hylton Castle. Less popular areas named by respondents were Coalfields, Doxford Park and flats in the East End. Two-bedroom apartments and bungalows were noted as being sought after. Low demand was considered to be a problem in relation to older sheltered housing schemes and an over-supply of new Extra Care properties. Studio accommodation and first-floor flats were also considered harder to let. Higher rates of turnover were noted in relation to single-person accommodation and flats, with lower turnover in family accommodation. No significant problems in terms of turnover were identified.
- 6.70 No major problems relating to anti-social behaviour were identified by stakeholders. High levels of customer satisfaction were reported by respondents working within the affordable housing sector.
- 6.71 The provision of family housing and single-story bungalow accommodation for older people was identified as the priority for new affordable housing development in Sunderland.
- 6.72 Of those stakeholders who stated that they are currently developing affordable housing within Sunderland, this included social rental properties, based on affordable rents and managed by a Registered Provider; affordable housing delivered within market developments, including affordable rent properties and

discounted sale units and ‘move on’ properties (shared accommodation) for young people leaving supported accommodation.

- 6.73 In terms of key messages for the SHMA in respect of affordable housing, stakeholders identified the following:
- The need for an adopted Local Plan/Core Strategy;
 - The need for an increase in delivery; and
 - The need for planning policy implementation to be sufficiently flexible to reflect economic viability - otherwise it will limit delivery.

Executive housing

- 6.74 Although it is difficult to define executive housing, distinctive features include:
- High property values linked to desirable locations, with high incomes/equity required to support the purchase; and
 - High quality construction including exterior and interior fittings.
- 6.75 This SHMA has sought to investigate the requirements for executive housing through a review of existing provision, stakeholder discussions and analysis of household survey evidence. Overall, in Sunderland, executive housing provision could have a role in response to the need for diversification and expansion of the sub-regional economy and in contributing towards achieving wider population and economic growth objectives for the Region.
- 6.76 The Household Survey can be used to explore the housing options being considered by higher income groups (with a weekly income of at least £950). Although the executive housing market is a niche market, reviewing the housing aspirations of high income groups is an appropriate way of investigating the potential demand for executive housing.
- 6.77 The household survey identifies 6,280 households with an income of at least £950 each week. Of these households, 31.3% are intending to move in the next five years. Of this group of high income households, a majority (90.8%) stated a first preference location within Sunderland. The most popular sub-areas identified were the Southern Suburbs (20.6%) and Washington (18.1%) with a further 18% stating the Inner Urban Area.
- 6.78 In terms of dwelling preferences, likes and expectations are summarised in Table 6.6. This indicates strongest aspiration towards detached with three or more bedrooms and bungalows. In reality, however, more households expect to move to semi-detached houses, although those aspiring towards bungalows expect to move to them.

Table 6.6 High income household dwelling aspirations and expectations						
Like/aspiration						
No. Beds	Property type (Table %)					Total
	Detached house	Semi-detached house	Terraced house	Flat/ Apartment	Bungalow	
One	0.0	0.0	0.0	0.0	0.0	0.0
Two	4.2	0.0	0.0	1.8	7.7	13.6
Three	11.7	4.1	0.0	0.0	4.9	20.6
Four	50.2	0.0	2.0	0.0	0.0	52.2
Five or more	11.5	0.0	2.0	0.0	0.0	13.5
Total	77.6	4.1	4.0	1.8	12.5	100.0
Expectation						
No. Beds	Property type (Table %)					Total
	Detached house	Semi-detached house	Terraced house	Flat/ Apartment	Bungalow	
One	0.0	0.0	0.0	0.0	0.0	0.0
Two	0.0	2.3	0.0	4.3	7.7	14.3
Three	15.2	13.1	0.0	0.0	4.3	32.6
Four	37.4	8.7	2.2	0.0	0.0	48.4
Five or more	2.4	2.3	0.0	0.0	0.0	4.7
Total	55.0	26.4	2.2	4.3	12.0	100.0

Base: 1,626 households with an income of more than £950 planning to move in next 5 years

Source: 2012 Household Survey (rebased to 2015)

- 6.79 In terms of reasons for moving, most frequently mentioned are wanting a larger property (43.8%) and wanting a smaller property (13.5%). A challenge is to provide aspirational housing for higher income groups, particularly detached houses with at least three bedrooms, to ensure that this population is retained, and also to attract mid to upper income households from elsewhere.

Self/custom build

- 6.80 The NPPF (para 021 Reference ID 2a-021-20150326) states that the Government wants to enable more people to build their own homes and wants to make this form of housing a mainstream housing option.
- 6.81 Information relating to the demand for self/custom build is being collected by the Council. The Council will publish a self-build register on 1 April 2016.

Suggested future development profile of market dwellings

- 6.82 The current stock of open market dwellings is summarised in Table 6.7, along with aspirations and expectations by housing type and size. Table 6.8 then suggests an annual profile of dwellings to be built to reflect the current stock profile, household aspirations and expectations.

Table 6.7 Open market dwelling stock and preferences			
Dwelling type/size	Dwelling stock, likes and expectations		
	Current Private Stock %	Like %	Expect %
Detached house/cottage 1-2 Beds	0.7	5.4	1.5
Detached house/cottage 3 Beds	4.5	13.7	5.5
Detached house/cottage 4 or more Beds	9.7	19.7	8.4
Semi-detached house/cottage 1-2 Beds	9.3	2.8	8.4
Semi-detached house/cottage with 3 Beds	23.7	17.2	22.9
Semi-detached house/cottage 4 or more Beds	5.7	3.7	4.9
Terraced house/cottage 1-2 Beds	7.9	3.6	8.9
Terraced house/cottage 3 Beds	13.9	4.8	5.0
Terraced house/cottage 4+ Beds	2.9	1.0	1.7
Sunderland Cottage 1-2 Beds	4.6	0.3	1.9
Sunderland Cottage 3+ Beds	1.1	0.8	0.0
Bungalow 1-2 Beds	5.0	14.4	13.8
Bungalow 3 Beds	2.4	6.8	3.8
Bungalow 4+ Beds	2.1	1.1	2.5
Flat/Apartment 1 Bed	5.2	4.4	10.7
Flat/Apartment 2 Beds	0.7	0.0	0.2
Flat/Apartment 3+ Beds	0.3	0.3	0.0
Other 1-2 Bed	0.2	0.0	0.0
Other 3+ Bed	0.2	0.0	0.0
Total	100.0	100.0	100.0
<i>Base</i>	<i>87812</i>	<i>11615</i>	<i>10899</i>

Source: 2012 Household Survey (rebased to 2015)

Table 6.8 Open market dwelling stock and preferences			
Dwelling type/size summary	% Profile of new dwelling stock based on:		
	Current stock	Like	Expect
House 1/2 Beds	17.9	11.8	18.8
House 3 Beds	42.1	35.7	33.3
House 4 or more Beds	18.3	24.3	15.0
Sunderland Cottage	5.7	1.0	1.9
Bungalow	9.5	22.4	20.1
Flat	6.2	4.7	10.9
Other	0.3	0.0	0.0
Total	100.0	100.0	100.0
<i>Base</i>	<i>87812</i>	<i>11615</i>	<i>10899</i>

Source: 2012 Household Survey (rebased to 2015)

6.83 This analysis would suggest a particular focus on the delivery of three bedroom and four bedroom houses and bungalows.

6.84 Table 6.9 considers the current dwelling stock profile of open market dwellings by sub-area and then the extent to which this varies from the stock profile

based on the aspirations of households planning to move (using District-level data). Where cells are colour coded: a green spot indicates that the current proportion of dwelling stock is greater than the aspiration for that dwelling stock; a red spot indicates that the proportion of dwelling stock is lower than the aspiration. Therefore a red spot suggests there is a lack of that particular type of dwelling type and size in the sub-area.

- 6.85 Table 6.10 considers the same range of data at ward level relating to market aspirations and Table 6.11 considers market expectations.

Table 6.9 Comparison between current dwelling stock and market aspirations / expectations at sub-area level

Dwelling stock relative to aspirations

Dwelling type	Sub-area							
	Coalfield Communities	Inner Urban Area	Northern Coastal	Northern Suburbs	Southern Suburbs	Washington	Sunderland	
Detached house/cottage 1-3 Beds	● -11.5	● -16.8	● -17.8	● -15.3	● -13.1	● -12.9	● -13.9	
Detached house/cottage 4 or more Beds	● -4.6	● -18.6	● -17.1	● -16.4	● -10.5	● -1.6	● -10.0	
Semi-detached house/cottage 1-2 Beds	● 5.0	● 2.4	● 5.0	● 16.4	● 9.5	● 1.4	● 6.5	
Semi-detached house/cottage with 3 Beds	● 3.7	● -2.5	● 14.8	● 10.6	● 10.2	● 2.6	● 6.5	
Semi-detached house/cottage 4 or more Beds	● -0.8	● -0.5	● 8.5	● 3.7	● 2.6	● 0.8	● 2.0	
Terraced house/cottage 1-2 Beds	● 11.5	● 7.6	● 0.9	● 3.5	● 2.1	● 1.0	● 4.2	
Terraced house/cottage 3+ Beds	● 14.0	● 12.0	● 7.1	● 12.6	● 4.9	● 18.8	● 11.1	
Sunderland Cottage	N/A	● 19.6	● 12.8	● 5.2	● 2.7	N/A	● 4.7	
Bungalow	● -14.1	● -8.9	● -17.1	● -19.2	● -11.5	● -11.3	● -12.9	
Flat	● -2.8	● 4.7	● 2.8	● -1.6	● 2.8	● 2.2	● 1.5	
Other	● 0.3	● 1.0	● 0.0	● 0.4	● 0.4	● 0.0	● 0.3	

● Insufficient dwellings available relative to aspiration
● Sufficient dwellings available relative to aspiration

Dwelling stock relative to expectations

Dwelling type	Sub-area							
	Coalfield Communities	Inner Urban Area	Northern Coastal	Northern Suburbs	Southern Suburbs	Washington	Sunderland	
Detached house/cottage 1-3 Beds	● 0.7	● -4.7	● -5.6	● -3.1	● -1.0	● -0.7	● -1.8	
Detached house/cottage 4 or more Beds	● 6.7	● -7.3	● -5.8	● -5.1	● 0.8	● 9.7	● 1.3	
Semi-detached house/cottage 1-2 Beds	● -0.6	● -3.2	● -0.6	● 10.8	● 3.8	● -4.3	● 0.8	
Semi-detached house/cottage with 3 Beds	● -2.0	● -8.2	● 9.1	● 4.9	● 4.5	● -3.1	● 0.8	
Semi-detached house/cottage 4 or more Beds	● -2.0	● -1.7	● 7.3	● 2.5	● 1.4	● -0.4	● 0.8	
Terraced house/cottage 1-2 Beds	● 6.2	● 2.4	● -4.3	● -1.7	● -3.1	● -4.2	● -1.0	
Terraced house/cottage 3+ Beds	● 13.1	● 11.1	● 6.2	● 11.7	● 4.0	● 17.9	● 10.2	
Sunderland Cottage	N/A	● 18.8	● 12.0	● 4.3	● 1.8	N/A	● 3.9	
Bungalow	● -11.8	● -6.6	● -14.9	● -16.9	● -9.2	● -9.0	● -10.6	
Flat	● -9.0	● -1.5	● -3.4	● -7.8	● -3.4	● -3.9	● -4.7	
Other	● 0.3	● 1.0	● 0.0	● 0.4	● 0.4	● 0.0	● 0.3	

● Insufficient dwellings available relative to expectation
● Sufficient dwellings available relative to expectation

Source: 2012 Household Survey (rebased to 2015)

Table 6.10 Comparison between current dwelling stock and market aspirations at ward level

Dwelling stock relative to aspirations

Dwelling type	Ward												
	Barnes	Castle	Copt Hill	Doxford	Fulwell	Hendon	Hetton	Houghton	Millfield	Pallion	Redhill	Ryhope	Sandhill
Detached house/cottage 1-3 Beds	● -18.2	● -11.8	● -8.3	● 0.2	● -17.3	● -11.6	● -8.5	● -15.3	● -19.1	● -19.1	● -17.4	● -13.8	● -11.0
Detached house/cottage 4 or more Beds	● -19.1	● -11.8	● -5.8	● -2.4	● -16.2	● -19.7	● -11.1	● -4.5	● -16.6	● -19.7	● -19.7	● 1.7	● -17.9
Semi-detached house/cottage 1-2 Beds	● 1.4	● 19.3	● 0.4	● 4.1	● 9.6	● -1.9	● 1.1	● 9.6	● 1.0	● 8.2	● 24.5	● 10.6	● 30.2
Semi-detached house/cottage with 3 Beds	● 5.2	● 13.2	● 3.7	● 7.6	● 26.0	● -7.7	● 1.0	● 8.9	● -7.3	● 7.9	● 8.4	● 5.2	● 12.4
Semi-detached house/cottage 4 or more Beds	● 0.7	● -1.7	● -1.7	● 4.6	● 12.5	● -2.6	● -2.3	● -3.2	● 2.7	● -1.8	● 8.4	● -1.7	● 2.5
Terraced house/cottage 1-2 Beds	● 6.3	● 2.4	● 13.5	● 1.5	● -2.6	● 11.1	● 18.4	● 10.7	● 1.2	● 11.4	● 2.8	● 6.1	● -0.9
Terraced house/cottage 3+ Beds	● 19.1	● 6.5	● 17.4	● -5.1	● 0.9	● 10.1	● 16.5	● 12.1	● 15.4	● 10.6	● 16.7	● 2.9	● -4.0
Sunderland Cottage	● 13.6	● 3.0	● -1.0	● -1.0	● 7.9	● 13.5	● -1.0	● -1.0	● 30.3	● 14.6	● -1.0	● 6.5	● -1.0
Bungalow	● -9.4	● -19.3	● -16.1	● -15.9	● -20.6	● -4.5	● -9.3	● -17.1	● -10.1	● -11.2	● -22.4	● -17.8	● -13.8
Flat	● 0.5	● 0.1	● -3.0	● 6.3	● -0.1	● 13.2	● -4.7	● -0.2	● 2.5	● -0.8	● -2.1	● 0.4	● 3.6
Other	● 0.0	● 0.0	● 0.9	● 0.0	● 0.0	● 0.0	● 0.0	● 0.0	● 0.0	● 0.0	● 1.7	● 0.0	● 0.0

● Insufficient dwellings available relative to aspiration
 ● Sufficient dwellings available relative to aspiration

Dwelling stock relative to aspirations

Dwelling 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/cottage 1-3 Beds	● -12.8	● -12.3	● -18.0	● -11.9	● -16.0	● -19.1	● -18.3	● -11.4	● -12.5	● -15.1	● -13.3	● -12.4	● -13.9
Detached house/cottage 4 or more Beds	● 0.4	● -18.3	● -19.7	● -11.0	● -6.3	● -12.3	● -18.3	● -11.3	● 17.8	● -10.1	● 5.7	● -11.1	● -10.0
Semi-detached house/cottage 1-2 Beds	● 7.7	● 11.1	● 6.2	● 11.3	● 17.4	● -0.3	● -1.2	● -1.5	● 0.9	● 1.7	● 3.0	● 2.1	● 6.5
Semi-detached house/cottage with 3 Beds	● 0.3	● 17.4	● 8.8	● 26.3	● 5.3	● 8.8	● -0.3	● 6.9	● -5.0	● 5.9	● 0.3	● 5.3	● 6.5
Semi-detached house/cottage 4 or more Beds	● 3.2	● 4.1	● 7.0	● -2.3	● 8.4	● 4.5	● 3.1	● 1.8	● -1.8	● 4.0	● 0.5	● 0.4	● 2.0
Terraced house/cottage 1-2 Beds	● 5.9	● 8.7	● 5.6	● -3.6	● -0.4	● -1.9	● 5.7	● 4.9	● -2.1	● 1.1	● -1.3	● 2.4	● 4.2
Terraced house/cottage 3+ Beds	● 11.0	● 6.1	● 17.3	● 1.2	● -4.5	● 15.0	● 15.6	● 17.8	● 15.1	● 15.6	● 19.8	● 23.6	● 11.1
Sunderland Cottage	● 0.0	● 1.6	● 12.9	● 0.4	● -1.0	● -1.0	● 19.5	● -1.0	● -1.0	● -1.0	● -1.0	● -1.0	● 4.7
Bungalow	● -12.1	● -15.0	● -16.5	● -12.6	● -5.3	● -4.2	● -12.4	● -10.4	● -7.7	● -12.2	● -15.0	● -11.2	● -12.9
Flat	● -3.8	● -4.7	● -3.6	● 2.3	● 2.3	● 9.1	● 6.6	● 4.0	● -3.7	● 10.0	● 1.1	● 1.8	● 1.5
Other	● 0.0	● 1.3	● 0.0	● 0.0	● 0.0	● 1.4	● 0.0	● 0.0	● 0.0	● 0.0	● 0.0	● 0.0	● 0.3

● Insufficient dwellings available relative to aspiration
 ● Sufficient dwellings available relative to aspiration

Source: 2012 Household Survey (rebased to 2015)

Table 6.11 Comparison between current dwelling stock and market expectations at ward level

Dwelling stock relative to expectations

Dwelling type	Sub-area												
	Barnes	Castle	Copt Hill	Doxford	Fulwell	Hendon	Hetton	Houghton	Millfield	Pallion	Redhill	Ryhope	Sandhill
Detached house/cottage 1-3 Beds	● -6.1	● 0.3	● 3.9	● 12.3	● -5.2	● 0.5	● 3.6	● -3.2	● -7.0	● -7.0	● -5.3	● -1.7	● 1.1
Detached house/cottage 4 or more Beds	● -7.8	● -0.5	● 5.5	● 8.9	● -5.0	● -8.4	● 0.1	● 6.8	● -5.3	● -8.4	● -8.4	● 13.0	● -6.7
Semi-detached house/cottage 1-2 Beds	● -4.3	● 13.7	● -5.3	● -1.5	● 3.9	● -7.5	● -4.6	● 3.9	● -4.6	● 2.5	● 18.9	● 5.0	● 24.6
Semi-detached house/cottage with 3 Beds	● -0.5	● 7.5	● -2.0	● 1.9	● 20.3	● -13.4	● -4.7	● 3.2	● -13.0	● 2.2	● 2.7	● -0.5	● 6.7
Semi-detached house/cottage 4 or more Beds	● -0.5	● -2.9	● -2.9	● 3.4	● 11.2	● -3.8	● -3.5	● -4.4	● 1.5	● -3.0	● 7.2	● -2.9	● 1.2
Terraced house/cottage 1-2 Beds	● 1.1	● -2.8	● 8.2	● -3.7	● -7.8	● 5.9	● 13.2	● 5.5	● -4.0	● 6.2	● -2.4	● 0.8	● -6.1
Terraced house/cottage 3+ Beds	● 18.2	● 5.6	● 16.5	● -6.0	● 0.0	● 9.2	● 15.6	● 11.2	● 14.5	● 9.7	● 15.8	● 2.0	● -4.9
Sunderland Cottage	● 12.8	● 2.1	● -1.9	● -1.9	● 7.0	● 12.7	● -1.9	● -1.9	● 29.4	● 13.8	● -1.9	● 5.6	● -1.9
Bungalow	● -7.2	● -17.0	● -13.8	● -13.7	● -18.3	● -2.2	● -7.0	● -14.9	● -7.9	● -9.0	● -20.1	● -15.5	● -11.5
Flat	● -5.7	● -6.0	● -9.2	● 0.2	● -6.2	● 7.0	● -10.9	● -6.4	● -3.6	● -7.0	● -8.3	● -5.8	● -2.6
Other	● 0.0	● 0.0	● 0.9	● 0.0	● 0.0	● 0.0	● 0.0	● 0.0	● 0.0	● 0.0	● 1.7	● 0.0	● 0.0

● Insufficient dwellings available relative to expectation
 ● Sufficient dwellings available relative to expectation

Dwelling stock relative to expectations

Dwelling type	Sub-area												
	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/cottage 1-3 Beds	● -0.6	● -0.1	● -5.9	● 0.3	● -3.8	● -7.0	● -6.2	● 0.8	● -0.4	● -3.0	● -1.1	● -0.3	● -1.8
Detached house/cottage 4 or more Beds	● 11.7	● -7.0	● -8.4	● 0.3	● 5.0	● -1.0	● -7.0	● 0.0	● 29.1	● 1.2	● 17.0	● 0.2	● 1.3
Semi-detached house/cottage 1-2 Beds	● 2.0	● 5.5	● 0.5	● 5.6	● 11.8	● -5.9	● -6.8	● -7.1	● -4.8	● -3.9	● -2.6	● -3.6	● 0.8
Semi-detached house/cottage with 3 Beds	● -5.4	● 11.7	● 3.1	● 20.6	● -0.4	● 3.2	● -6.0	● 1.2	● -10.7	● 0.2	● -5.4	● -0.4	● 0.8
Semi-detached house/cottage 4 or more Beds	● 2.0	● 2.9	● 5.8	● -3.6	● 7.2	● 3.2	● 1.9	● 0.6	● -3.0	● 2.8	● -0.7	● -0.8	● 0.8
Terraced house/cottage 1-2 Beds	● 0.7	● 3.5	● 0.4	● -8.9	● -5.6	● -7.1	● 0.4	● -0.3	● -7.3	● -4.1	● -6.5	● -2.8	● -1.0
Terraced house/cottage 3+ Beds	● 10.1	● 5.2	● 16.4	● 0.3	● -5.4	● 14.1	● 14.7	● 16.9	● 14.2	● 14.7	● 19.0	● 22.7	● 10.2
Sunderland Cottage	● -0.8	● 0.8	● 12.1	● -0.5	● -1.9	● -1.9	● 18.7	● -1.9	● -1.9	● -1.9	● -1.9	● -1.9	● 3.9
Bungalow	● -9.8	● -12.8	● -14.2	● -10.3	● -3.0	● -2.0	● -10.2	● -8.1	● -5.4	● -9.9	● -12.7	● -9.0	● -10.6
Flat	● -10.0	● -10.9	● -9.8	● -3.9	● -3.9	● 2.9	● 0.5	● -2.1	● -9.9	● 3.8	● -5.1	● -4.3	● -4.7
Other	● 0.0	● 1.3	● 0.0	● 0.0	● 0.0	● 0.0	● 1.4	● 0.0	● 0.0	● 0.0	● 0.0	● 0.0	● 0.3

● Insufficient dwellings available relative to expectation
 ● Sufficient dwellings available relative to expectation

Source: 2012 Household Survey (rebased to 2015)

Key market drivers

6.86 Essentially, there are three key primary drivers influencing the current (and future) housing market: demographic, economic and dwelling stock characteristics, as summarised in Table 6.12.

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

6.87 In summary, the following demographic drivers will continue to underpin the operation of the Sunderland Housing Market Area:

- An increasing population, with ONS 2012-based population projections (Table 6.13) indicating an increase from 276,100 in 2015 to 280,400 by 2035;
- Over the period 2015 to 2035, the number of residents aged under 65 will decrease by 7.5% from 224,200 in 2015 to 207,400 in 2035. The number aged 65+ will increase by 40.7% from 51,900 in 2015 to 73,000 in 2035; and
- The 2012 Household Survey indicates that the following range of household groups currently live in Sunderland: singles under 65 (13.5%); couples (under 65 with no children) (11.1%); couples with children under 18 (14.7%); couples with adult children (8.3%); couples 65 or over (20.6%); singles aged 65 or over (17.0%), lone parents with children under 18 (5.9%); lone parents with adult children (3.1%) and other household types (5.7%).

Age Group	2015	2021	2035	Change 2015-35
0-14	45,000	46,400	43,700	-2.9
15-39	85,800	84,300	83,000	-3.3
40-64	93,400	89,300	80,700	-13.6
65+	51,900	57,700	73,000	40.7
TOTAL	276,100	277,700	280,400	1.6
% aged 65+	18.8	20.8	26.5	
% aged 75+	8.1	8.2	8.4	

Source: ONS 2012-based population projections

6.88 The following economic drivers underpin the operation of the Sunderland Housing Market Area:

- 48.6% of Household Reference People are economically active and are in employment according to the 2012 Household Survey; a further 31.6% are retired; 9.8% are permanently sick/disabled; 4.6% are either looking after the home or provide full-time care; 4.4% are unemployed and available for work; and 0.9% are in education/training;
- The 2011 Census data shows that 68.9% of residents in employment work in Sunderland. A further 8.3% work in County Durham, 6.3% work in Gateshead, 5.4% in Newcastle upon Tyne, 4.4% in South Tyneside, 1.6% in Tees Valley and 1.5% in North Tyneside. Beyond the immediate area, 0.9% work in Northumberland, 0.6% in Yorkshire and the Humber, 0.3% in the North West and 1.9% elsewhere in the UK;
- According to the Office for National Statistics (ONS) Annual Survey of Hours and Earnings, lower quartile earnings in 2014 across Sunderland were £17,831 each year which compares with £18,049 for the North East region and £19,396 for England. Median incomes were £23,738, compared with a regional median of £24,908 and a national median of £27,227;
- There is considerable income polarisation across Sunderland, with 44.2% of households receiving less than £300 each week, 25.7% receiving between £300 and £500 each week and 29.9% receiving at least £500 each week.

6.89 In terms of dwelling stock, the 2012 Household Survey reports that, across the Sunderland area:

- 76.6% of properties are houses (including Sunderland Cottages), 12.1% are flats/maisonettes, 10.5% are bungalows and 0.7% are other property types (e.g. caravans);
- 9.0% have one bedroom/bedsit/studio, 35.3% have two bedrooms, 41.1% have three bedrooms and 14.4% have four or more bedrooms;
- 15.0% of properties were built before 1919, a further 16.5% were built between 1919 and 1944, 26.0% between 1945 and 1964, 26.1% between 1965 and 1984, 12.0% between 1985 and 2004 and 4.4% have been built since 2005;
- 59.7% of properties are owner-occupied, 12.8% are private rented/tied accommodation, 27.0% are rented from a social landlord and 0.4% are intermediate tenure;
- There is a particularly strong aspiration for houses.

Stakeholder views on housing market drivers

6.90 The online survey asked key stakeholders to identify what they perceived to be the local housing market drivers in Sunderland:

- There was a split opinion regarding population, with some commenting on overall decline and others on growth;
- An ageing population;

- Reduced household size;
 - Fewer young households, but more students;
 - Increased outward migration by working population, especially to other areas of Tyne & Wear, particularly Durham and Newcastle;
 - There was a variety of views regarding the attractiveness of the City. Some stakeholders commented on positive factors, including the economy, developing higher education offering and growing commercial interests, whilst others remarked on the poor reputation of Sunderland, failing to attract working households;
 - A tendency for residents to remain within own neighbourhood when they move house, rather than relocating to other areas within the City; and
 - Poverty, unemployment, relationship breakdown and domestic violence in some areas.
- 6.91 Only one stakeholder responded to the question about house price trends in Sunderland. Their view was that house prices in the area have been reducing over the past five years. Affordability was identified as an issue. However, a sizeable demand for high quality housing and medium-sized bungalows to facilitate older households to downsize was also mentioned.
- 6.92 Stakeholders were asked to identify what they felt to be the current challenges of the housing market in Sunderland and these include:
- Welfare Reform and the 'Bedroom Tax';
 - Student HMO market;
 - Continued affordability struggle and challenge for some households to get a mortgage;
 - Ongoing problems with disrepair;
 - A need to attract investment to create jobs and positive housing demand;
 - A need to minimise the out-migration of young, economically-active people;
 - A lack of viable sites for housing development;
 - NIMBYism;
 - The planning system slowing down development;
 - A need to focus on gentrifying poor areas (brownfield) within the City, rather than greenfield development;
 - A need to redevelop areas where stock was demolished as part of housing market renewal; and
 - A need to focus on the needs of families, the elderly and supported housing needs.
- 6.93 Stakeholders were asked for their views on the impact they expect economic changes will have on housing markets across the City in the future. These comments were generally divided between stakeholders who considered that economic growth would be sustained, leading to increasing demand for housing, and those who felt that there would be a prevailing economic decline.

It was considered that economic growth would bring benefits, but also the potential for increased polarisation between areas of growth and areas of deprivation. A national-level economic focus on Scotland, Manchester and Yorkshire was noted, with negative impacts on other regions, especially Sunderland.

6.94 Asked what key messages stakeholders want to see addressed, the following comments were made:

- Delivering new housing in the right areas;
- Focus development on brownfield sites;
- Target new Extra Care development using the areas defined by the strategic lead;
- Provide shared ownership (including provision for over 55s) in the areas where it is needed; and
- Provide supported accommodation, especially for dementia-specific needs.

6.95 Stakeholders were asked to rank a range of priorities as high, medium or low. Their responses are summarised in Table 6.14.

Table 6.14 Ranking of proposed priorities

Proposed Priorities	Low	Medium	High	Base No. of Respondents
Building homes to buy on the open market	14.3% (3)	52.4% (11)	33.3% (7)	21
Building affordable homes to rent	4.8% (1)	38.1% (8)	57.1% (12)	21
Building affordable homes to buy (shared ownership, shared equity)	14.3% (3)	42.9% (9)	42.9% (9)	21
Building executive homes	38.1% (8)	19.0% (4)	42.9% (9)	21
Building properties designed for older people	19.0% (4)	52.4% (11)	28.6% (6)	21
Building properties designed for people with specialist needs	14.3% (3)	47.6% (10)	38.1% (8)	21
Improving the quality of existing stock	0% (0)	54.5% (12)	45.5% (10)	22
The private rented sector	38.1% (8)	33.3% (7)	28.6% (6)	21
Building homes with 'intermediate' rents	15.8% (3)	57.9% (11)	26.3% (5)	19
Building homes with 'affordable' rents	4.8% (1)	42.9% (9)	52.4% (11)	21

- 6.96 Overall, building affordable homes to rent (and buildings homes with ‘affordable’ rents) and improving the quality of existing stock were identified by stakeholders as the highest priorities. Building affordable homes to rent was identified as a high priority by 57.1% of respondents, whilst 38.1% ranked it as a medium priority and only 4.8% as a low priority. A very similar ranking was given to building homes with ‘affordable’ rents. Improving the quality of existing stock was identified as a high priority by 45.5% of respondents, and as a medium priority by 54.4%. None of the stakeholders identified this as a low priority.
- 6.97 Building homes to buy on the open market and building affordable homes to buy (shared ownership or shared equity) were both considered to be medium to high priorities, with only 14.3% of respondents considering these to be of low priority. Likewise, building homes with ‘intermediate’ rents was ranked a medium to high priority (only 15.8%) considered this to be a low priority).
- 6.98 Building properties designed for older people was generally felt to be a medium (52.4%) priority, whilst building homes for those with specialist needs was felt to be a medium (47.6%) to high (38.1%) priority.
- 6.99 The private rented sector was considered to be the lowest ranking priority. 38.1% of respondents rated this as a low priority; 33.3% rated it a medium priority; and 28.6% rated it a high priority.
- 6.100 Building executive homes divided the opinions of stakeholders the most, with a significant 38.1% of respondents considering it a low priority, but 42.9% rating it a high priority, whilst only 19.0% felt it to be a medium priority.
- 6.101 Stakeholders gave a range of reasons for identifying these priorities, including:
- A general shortage of housing supply in recent years, across all tenures;
 - Poor existing housing stock, limiting the ability of older households to downsize and release larger properties;
 - Demographic change, particularly an ageing population and out-migration; and
 - A lack of in-migration, exacerbated by the poor existing stock and a lack of housing choice at the higher end of the market.

Current households in need

- 6.102 A robust and defensible assessment of housing need is essential for the development of affordable housing policies. Housing need can be defined as:
- ‘The quantity of housing required for households who are unable to access suitable housing without financial assistance’.*
- 6.103 The 2012 Household Survey and a range of secondary data provide the robust and transparent evidence base required to assess housing need across the Sunderland City area. This is presented in detail at Appendix B of this report and follows CLG modelling guidance.
- 6.104 Across Sunderland there are 14,949 existing households in need which represents 12.2% of all households. Reasons for housing need are summarised in Table 6.15.

Table 6.15 Housing need in Sunderland		
Category	Factor	Sunderland
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	509
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	2261
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	5212
	N4 Too difficult to maintain	3,078
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	606
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	3,712
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	236
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	1246
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	1372
Total no. households in need (with one or more housing needs)		14,949
Total Households		121,555
% households in need		12.3%

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

Source: 2012 Household Survey (rebased to 2015)

6.105 Table 6.16 summarises overall housing need (before further analysis to test the extent to which households can afford open market provision to offset their need) by sub-area and the extent to which housing need varies across Sunderland. The proportion of households in need is highest in the Inner Urban Area (20.8%) and lowest in the Northern Coastal sub-area (8.9%).

Sub-area	No. H'holds in need	% H'holds in need	Total no. households
Coalfield Communities	2109	10.1	20857
Inner Urban Area	3107	20.8	14954
Northern Coastal	859	8.9	9698
Northern Suburbs	1867	12.5	14900
Southern Suburbs	4314	11.6	37275
Washington	2693	11.3	23871
Total (all households in need)	14949	12.3	121555

Source: 2012 Household Survey (rebased to 2015)

6.106 Tables 5.17 and 5.18 demonstrate how the proportion of households in housing need varies by tenure and household type for Sunderland. Those in private renting tend to be in greater housing need; along with students, 'other' households, lone parents and couples with three or more children. The research identifies around 13,872 households with adult children living with parent(s), which provides a broad indication of the scale of hidden housing need (of whom 1,592 are classified as being in need, see Table 6.16).

Tenure	No. H'holds in need	% H'holds in need	Total no. households
Owner Occupied	6310	8.7	72619
Private Rented	4115	26.3	15624
Affordable (Social/Affordable Rented and Intermediate)	4524	13.6	33312
Total (All households in need)	14949	12.3	121555

Source: 2012 Household Survey (rebased to 2015)

Household Type	No. H'holds in need	% H'holds in need	Total no. households
Single Adult (under 65)	2538	15.4	16469
Single Adult (65 or over)	1552	7.5	20673
Couple only (both under 65)	896	6.7	13444
Couple only (one or both over 65)	1770	7.1	25059
Couple with 1 or 2 child(ren) under 18	800	5.2	15293
Couple with 3 or more children under 18	549	21.2	2586
Couple with child(ren) aged 18+	746	7.4	10053
Lone parent with 1 or 2 child(ren) under 18	1148	17.7	6476
Lone parent with 3 or more children under 18	247	32.8	753
Lone parent with child(ren) aged 18+	846	22.2	3819
Student Household	327	88.9	368
Other type of household	3530	53.8	6562
Total (All households in need)	14949	12.3	121555

Source: 2012 Household Survey (rebased to 2015)

Affordable housing requirements

6.107 A detailed analysis of the following factors determines overall affordable housing requirements:

- Households currently in housing which is unsuitable for their use and who are unable to afford to buy or rent in the market (backlog need);
- New households forming who cannot afford to buy or rent in the market;
- Existing households expected to fall into need;
- The supply of affordable housing through social renting and intermediate tenure stock.

6.108 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.

6.109 In addition to establishing the overall affordable housing requirements, analysis considers the supply/demand variations by sub-area, property designation (i.e. general needs and older person) and property size (number of bedrooms). Analysis provides a gross figure (absolute shortfalls in affordable provision) in Table 6.19 and a net figure (which takes into account surplus accommodation relative to need) in Table 6.20. Modelling suggests an overall net imbalance of 615 affordable dwellings each year across Sunderland City as shown in Table 6.20.

6.110 Analysis is based on the next five years and in the absence of any updated information this should be extrapolated forward to cover the plan period to 2035.

Table 6.19 Gross annual affordable housing imbalance by sub-area, property size and designation 2015/16 to 2019/20

Sub-area	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Sunderland North	317	167	31	515
Sunderland South	671	121	111	903
Sunderland Central	47	32	-1	78
Washington	232	22	36	290
Coalfield	293	98	8	399
Total	1560	440	185	2185

Sources: 2012 Household Survey; RP CORE Lettings and Sales

Note rows/columns may not sum due to rounding errors

Table 6.20 Net annual affordable housing imbalance by sub-area, property size and designation 2015/16 to 2019/20

Sub-area	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Sunderland North	84	116	15	215
Sunderland South	289	47	76	412
Sunderland Central	-98	2	-11	-107
Washington	40	-66	17	-9
Coalfield	87	31	-14	104
Total	402	130	83	615

Sources: 2012 Household Survey; RP CORE Lettings and Sales

Note rows/columns may not sum due to rounding errors

Tenure split

- 6.111 In terms of the split between social rented and intermediate tenure products, the household survey identified tenure preferences of existing and newly-forming households and also the extent to which intermediate tenure products could be afforded.
- 6.112 Table 6.21 indicates that existing households in need mainly considered social/affordable renting as a preferred tenure option but newly-forming households were open to both renting and intermediate tenure options.

Table 6.21 Tenure preferences of existing households in need and newly-forming households requiring affordable housing

Tenure	Existing households in need (%)	Newly-forming households (%)	Total (%)
Social/Affordable Rented	87.5	72.2	79.3
Intermediate	12.5	27.8	20.7
Total	100	100	100
<i>Base (annual requirement)</i>	996	1146	2142

Source: 2012 Household Survey (rebased to 2015)

6.113 Overall, analysis would suggest a tenure split of around 80% affordable rent and 20% intermediate tenure based on household preferences.

Property type preferences

6.114 Analysis of property type preferences (Table 6.22) suggests that a range of dwellings are required, with 59% preferring houses, 21.4% bungalows and 19.7% flats/apartments.

Table 6.22 Property type preferences

Type preferences	Existing (%)	Newly-forming (%)	Total (%)
House	43.6	72.3	59.0
Flat	23.3	16.5	19.7
Bungalow	33.0	11.2	21.4
Total	100.0	100.0	100.0
<i>Base</i>	996	1146	2142

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 (rebased to 2015)

Stakeholder views on new housing provision

6.115 The online survey asked key stakeholders about new housing provision in Sunderland. Respondents were involved with a range of new housing provision across Sunderland. This included open market housing, from starter homes through to executive housing; two, three and four-bed family homes; mixed use developments; purpose-built student accommodation; Extra Care schemes; and supported accommodation for people with complex needs. Only a few respondents acknowledged that they are currently holding or developing land. This included both brownfield and greenfield sites.

6.116 The main barriers to development that stakeholders identified were:

- Brownfield remediation costs;
- Site viability, including a range of cost factors;
- Market attractiveness of an area;

- Planning, including the need for a Local Plan, Development Control and S.106 contributions;
 - Building Control;
 - Bureaucracy; and
 - Local resident objections.
- 6.117 Stakeholders were asked what locations of the City should be prioritised for housing growth. A range of views were provided as to where new housing should be built including:
- Brownfield land, with derelict sites in Washington, the coalfields and coastline being specifically mentioned;
 - Areas with good outward transport links, such as Washington, Houghton, Hetton and Doxford; and
 - Suburban areas and rural fringes, including Ryhope and Sunnyside.
- 6.118 The general view of respondents was that demand for new housing was from households currently living within the City area, or from people moving back to be close to family, with limited in-migration. Asked to identify what types of housing they thought should be built, the general view was that a broad range of new housing is required in Sunderland, to meet a spectrum of needs and demands. The following points were made:
- A focus on family houses with gardens, rather than flats;
 - Bungalows;
 - Apartments and sheltered rented accommodation for older households;
 - Hostel provision;
 - High-quality, large, detached, executive houses; and
 - Smaller units of affordable housing to accommodate the growth in single-person households and to provide those affected by the 'bedroom tax'.
- 6.119 Several stakeholders commented that the needs of older people are diverse and a range of products is therefore required, ranging from open-market apartments and bungalows to Extra Care accommodation. Respondents noted that there are areas of the City that are identified as having a strategic need for Extra Care and specialist dementia accommodation.
- 6.120 In relation to Black and Minority Ethnic (BAME) households, it was noted that many groups have their own specific community, cultural and religious requirements. This means that some households ultimately do not wish to settle in Sunderland, but prefer to be in Newcastle, Birmingham or London.
- 6.121 There were a range of views in relation to self-build or community self-build housing. The overall view was that there is probably limited demand for this form of housing in Sunderland.

Estimates of household groups who have particular housing requirements

Introduction

6.122 There are a range of household groups who have particular housing requirements and this chapter focuses on the needs of families, older people and people requiring specialist support.

Families

6.123 Families (that is couples and lone parents with children) account for around 20.6% of households across Sunderland. A further 11.4% are couples and lone parents with adult children (aged 18 or over) living with them. The current dwelling profile and market aspirations of families are summarised in Table 6.23. This suggests a strong aspiration from families for houses with either three bedrooms or four or more bedrooms, although a higher proportion expect to move to properties with one or two bedrooms. There is a strong aspiration and expectation of moving to bungalows and a relatively limited appetite from families to move to flats.

Dwelling type	Current dwelling	Like	Expect
House 1/2 Beds	19.6	9.3	23.3
House 3 Beds	49.9	42.4	44.1
House 4 or more Beds	22.1	28.0	16.2
Sunderland Cottage	2.7	1.5	2.0
Bungalow	2.6	17.0	12.9
Flat	2.7	1.8	1.6
Other	0.4	0.0	0.0
Total	100.0	100.0	100.0
<i>Base</i>	38596	8143	7228

Source: 2012 Household Survey (rebased to 2015)

6.124 In terms of housing need (Table 6.18), compared with the overall proportion of households in need of 12.1%; 21.2% of couples with three or more children and 32.8% of lone parents with three or more children were in housing need. However, couples with one or two children were much less likely to be in housing need (5.2%). Modelling of affordable housing requirements suggests that a range of affordable dwellings are required which will help to address the needs of families.

Older people

- 6.125 A major strategic challenge for the Council is to ensure a range of appropriate housing provision, adaptation and support for the area's older population. The number of people across Sunderland area aged 65 or over is projected to increase by 40.7% from 51,900 in 2014 to 73,000 by 2035.
- 6.126 As set out in Table 6.24, the majority of older people (65.7%) want to stay in their own homes with help and support when needed. Around 15.4% would consider buying a property on the open market, 24.3% would consider renting from a housing association, 24.9% would consider renting sheltered accommodation and around 17.3% would consider renting extra care housing. This evidence suggests a need to continue to diversify the range of older persons' housing provision. Additionally, providing a wider range of older persons' accommodation has the potential to free-up larger family accommodation.

Housing option	% would consider
Continue to live in current home with support when needed	65.7
Buying a property on the open market	15.4
Rent a property from a private landlord	5.5
Rent from HA	24.3
Sheltered accommodation - To Rent	24.9
Sheltered accommodation - To Buy	10.4
Sheltered accommodation - Part Rent/Buy	6.1
Extra care housing - To Rent	17.3
Extra care housing - To Buy	6.9
Extra care housing - Part Rent/Buy	3.6
Residential care home	3.7
Co-housing	9.8
<i>Base (total households responding)</i>	<i>65,696</i>

Source: 2012 Household Survey (rebased to 2015)

- 6.127 The range of assistance required from older person households is explored in Table 6.25. Particularly noted is the need for help with gardening (34.5% of older households stated this help is needed either now or in the next five years), help with repair and maintenance of the home (27.2% of 65+ households stated this help is needed either now or in the next five years) and help with cleaning (23.3%) and other practical tasks (17.1%).

Table 6.25 Type of assistance required either now or in next 5 years by age group

Assistance required	Age group (% of households)		
	Younger (under 65)	Older (65+)	Total
Help with repair and maintenance of home	16.0	27.2	19.0
Help with gardening	13.1	34.5	18.9
Help with cleaning home	8.6	23.3	12.6
Help with other practical tasks	6.0	17.1	9.0
Help with personal care	5.2	10.9	6.7
Want company / friendship	4.2	5.0	4.4
<i>Base (all households)</i>	88752	32803	121555

Source: 2012 Household Survey (rebased to 2015)

6.128 In terms of adaptations (Table 6.26), most frequently mentioned were adaptations to the bathroom (16.2% of older households), double glazing (13.3%) and better heating (11.9%). Resources for providing aids and adaptations remain tight, particularly for households in the private sector. Alternative sources of funding, such as equity loans, should be considered to finance remedial measures required by older person households.

Table 6.26 Adaptations required either now or in next 5 years by age group

Adaptation required	Age group (% of households)		
	Younger (under 65)	Older (65+)	Total
Increase the size of property	7.8	1.7	6.2
Security alarm	6.6	5.7	6.3
Community alarm service	2.6	8.6	4.2
Room for a carer	2.2	2.9	2.4
Lever door handles	1.4	1.4	1.4
Wheelchair adaptations (including door widening and ramps)	2.1	3.2	2.4
Improvements to access (e.g. level access in and around home)	2.8	3.2	2.9
Stair lift / vertical lift	3.0	9.0	4.6
Downstairs WC	4.8	6.9	5.4
External handrails	4.2	7.1	5.0
Internal handrails	6.5	8.4	7.0
Adaptations to Bathroom e.g. level-access shower	9.5	16.2	11.3
Adaptations to kitchen e.g. lower work surfaces	7.2	3.7	6.3
Double glazing	20.8	13.3	18.8
More insulation	15.5	6.3	13.0
Better heating	18.6	11.9	16.8
<i>Base</i>	88752	32803	121555

Source: 2012 Household Survey (rebased to 2015)

General support requirements

- 6.129 The 2012 Household Survey provided evidence of the need for particular adaptations across all households. Particularly noted is the need for double glazing (18.8%), better heating (16.8%) and more insulation (13%) (Table 6.26).
- 6.130 Overall, 7.4% of all properties across Sunderland had been adapted or purpose built for a person with a long-term illness, health problem or disability, with the highest level of adaptations reported in social/affordable rented dwellings (13.7%). 9.9% of all households said they required care or support to enable them to stay in their current home; this rose to 15.9% amongst households in affordable housing. 59.5% of households stated that there was sufficient space for a carer to stay overnight if this was needed; but across the affordable (social) rented sector this fell to 45.9% and 44.8% across the private rented sector.
- 6.131 The household survey also provides information on the need for other forms of assistance (Table 6.25), highlighting the particular need across all households for help with repair and maintenance of the home (19%) and gardening (18.9%).

Specialist support requirements

- 6.132 Table 6.27 summarises the type of social care client groups accommodated in social rented housing across Sunderland area over the three year period 2010/11 to 2012/13. Data indicates that a range of groups are accommodated in RP specialist provision, most notably older people with support needs, people at risk of domestic violence and single homeless people with support needs.

Table 6.27 Client groups accommodated in social rented sector in Sunderland 2010/11 to 2012/13

Client group	Number
People with physical or sensory disabilities	9
People with HIV or AIDS	0
People with learning disabilities	33
People with mental health problems	35
People with drug problems	30
People with alcohol problems	0
Offenders and people at risk of offending	99
Refugees (permanent)	0
Young person at risk or leaving care	0
Women at risk of domestic violence	0
Older people with support needs	690
Single homeless people with support needs	676
Homeless families with support needs	32
Young people leaving care	8
Young people at risk	325
Teenage parents	33
Rough sleepers	0
TOTAL	1970

Source: Supported CORE lettings data

Stakeholder views on specialist housing provision

6.133 The online survey asked key stakeholders for their views on the provision of specialist housing in Sunderland.

6.134 The survey found that respondents working in this area were working with older people; younger people aged 16-21; people with support needs; women and children experiencing domestic violence; homeless individuals and families; and excluded, vulnerable and offending men and women. Asked what changes providers are seeing in their client groups, the following were mentioned:

- Increase in older people;
- Increase in BAME service users;
- Increase in people with serious alcohol problems; and
- More people with complex needs, including young people with challenging needs and behaviours.

6.135 It was noted that there has been an increase in demand for support services. In respect of supported housing, stakeholders identified the following groups for whom additional provision is required:

- Specialist care needs of older residents in Extra Care, especially in relation to dementia; and
- Specialist accommodation for young people with more complex mental health needs.

- 6.136 By comparison, however, one stakeholder stated that there is an over-supply of older persons housing, in particular Extra Care.
- 6.137 Several stakeholders remarked on the significant affect that a reduction in government grants has had on housing provision. Less funding has meant increasing fund raising and charitable donations. Reduced funding has also meant less contact time with clients. Change in the benefit system has also had an impact on specialist housing delivery. In addition, one stakeholder mentioned that a lack of a common allocations policy often makes it more difficult to achieve move-on for clients.
- 6.138 Lack of funding, bureaucracy; ongoing changes from European, national and local government; planning and joined-up delivery were identified as the biggest barriers to the delivery of specialist housing in Sunderland.
- 6.139 In terms of key messages for the SHMA in respect of specialist housing provision in Sunderland, respondents made the following points:
- A need for a range of older persons provision, including open market bungalows for those wishing to downsize, shared ownership and other options;
 - A need for a cultural shift to enable older households to give up their family homes and downsize;
 - A need for Local Authority guidance on future development locations for Extra Care housing; and
 - A need to consider the transitioning of complex young people to adult services.

Homeless households

- 6.140 Homelessness statistics for 2014/15²⁵ indicate that a total of 1,243 decisions were made on households declaring themselves as homeless across Sunderland (Table 6.28). Of these households, 81 were classified as homeless and in priority need. Over the five years 2010/11 to 2014/15, an annual average of 656 decisions has been made across Sunderland and an average of 124 households each year has been declared as homeless and in priority need.

Table 6.28 Homeless decisions and acceptances 2010/11 to 2014/15		
Year	Decisions made	Accepted as homeless
2010/11	225	168
2011/12	109	82
2012/13	306	125
2013/14	1395	166
2014/15	1243	81
Total	3278	622
Annual Average	655.6	124.4

Source: CLG Homelessness Statistics

²⁵ CLG Homeless Statistics Table 784: Local authorities' action under the homelessness provisions of the Housing Acts

Households previously homeless

- 6.141 The household survey identified 1,352 households who had been previously homeless or living in temporary accommodation and had moved to their present accommodation in the past five years.
- 6.142 Table 6.29 presents a range of information relating to the characteristics of previously homeless households and the dwelling choices that they have made. 51.7% of households previously homeless have moved the private rented sector and 42.8% into social/affordable renting. They have moved into a range of dwelling sizes, with 32.4% moving to one bedroom dwellings, 54.0% moving into two bedroom dwellings and 13.6% into dwellings with three or more bedrooms. The incomes of previously homeless households are generally low with 72.6% receiving less than £200 each week and 9.4% receiving between £200 and £300 each week. 43.3% are singles under 65, 24.5% are lone parents with children under 18, 10.9% are couples with children under 18 and 10.6% are couples (no children).

Household Type	%	Property Type	%
Single Adult (under 60)	43.3	House	43.2
Single Adult (60 or over)	2.3	Sunderland Cottage	10.6
Couple only (both under 60)	10.6	Bungalow	4.8
Couple with 1 or 2 child(ren) under 18	10.9	Flat/maisonette	41.5
Couple with 3 or more children under 18	2.8		
Lone parent with 1 or 2 child(ren) under 18	24.5		
Lone parent with children aged 18+	5.7		
Total	100	Total	100
Current tenure	%	Origin	%
Owner Occupied	5.5	Within Sunderland	97.4
Private Rented	51.7	From outside Sunderland	2.6
Social/Affordable Rented	42.8		
Total	100	Total	100
Current income (Gross weekly)	%	Property size	%
Under £250	75.7	1 Bed	32.4
£250 to <£500	17	2 Beds	54
£500+	7.4	3 or more Beds	13.6
Total	100	Total	100

Base: 1,352 households previously homeless

Source: 2012 Household Survey (rebased to 2015)

Black, Asian and Minority Ethnic households

- 6.143 The 2011 Census indicates that 95.8% of Household Reference People describe themselves as 'White British' and 4.2% describe themselves as having other ethnicities. Of these, 1.1% are White 'other', 1.8% are Asian/Asian British, 0.4% are Black/Black British, 0.5% are mixed/multi-ethnic and 0.3% are other groups.

6.144 Information on BAME households based on the 2012 Household Survey includes:

- 51.3% are owner occupiers, 35.4% rent privately and 13.2% live in affordable housing (social rented or intermediate tenures);
- 27.3% had a gross income of less than £200 each week, 28.6% received between £200 and £500 each week, 44.2% received more than £500 each week;
- 32.5% BAME households were in some form of housing need, with key needs factors being overcrowding (11.5% of households in need) and sharing facilities with another household (10.4%);
- 15.1% were dissatisfied with the state of repair of their homes.

6.145 The 2011 Census identified 70 people with Gypsy and Traveller ethnicity living in 37 households. Caravan Count data is compiled annually and the data for the five counts up to and including January 2015 reported no Gypsy and Traveller caravans in Sunderland.

6.146 Sunderland does have a strong community of Travelling Showpeople and the January 2015 count reported 98 caravans.

7. Market Signals review

Introduction

- 7.1 PPG Paragraph 2a-19 states that ‘the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. PPG Paragraph 2a-20 suggest that *‘in broad terms, the assessment should take account both of indicators relating to price (such as house prices, rents, affordability ratios) and quantity (such as overcrowding and rates of development).’*

Market Signals

- 7.2 PPG Paragraph 2a-20 comments that ‘market signals are affected by a number of economic factors and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with the principles of sustainable development, should be expected to improve affordability, and monitor the response of the market over the Plan period.’
- 7.3 In line with PPG Paragraph 2a-19, Table 7.1 considers a range of Housing Market Signals for Sunderland. These include house prices, rents, affordability and overcrowding.

Table 7.1 Housing Market Signals					
Price/transaction indicators	2010	2011	2012	2013	2014
Lower Quartile House Prices	£78,000	£75,000	£73,000	£75,000	£75,000
Median House Prices	£109,000	£105,000	£105,000	£110,000	£107,000
Lower Quartile Rents (per calendar month)	£425	£442	£425	£425	£412
Median Rents (per calendar month)	£494	£494	£485	£481	£477
Relative affordability (LQ earnings to LQ house price)	4.6	4.4	4.2	4.3	4.2
No. Property sales	2156	2445	2278	2716	2771
Quantity indicators	2010	2011	2012	2013	2014
Total dwelling stock (at 1 April)	122,960	123,370	123,540	123,790	124,310
Total vacant dwellings (at October)	4,268	4,047	3848	4198	3856
Total vacancy rate (at October)	3.47%	3.28%	3.11%	3.39%	3.10%
Long-term vacancy rate (at October)	1.41%	1.41%	1.22%	1.27%	1.19%
Overcrowding (2011 census)		3.4			
No. of households on the housing register (at 1st April)	2,141	2,819	3,949	2,285	2,285

Notes: House Prices. Source: Land Registry Price Paid Data.

No. households on housing register at 1 April. Source: CLG Local Authority Housing Statistics (2014 data imputed).

Total dwelling stock/vacancy. Source: HSSA

Rent data: Zoopla

Overcrowding: 2011 Census

Price indicators

- 7.4 In terms of price/transaction indicators, a key message from Table 7.1 is that the market prices have been broadly consistent over the period 2010-2014, although the number of transactions has been generally increasing. Over the period 2010 to 2014, Lower quartile prices have ranged between £73,000 and £78,000 and median prices have ranged between £105,000 and £110,000. Relative affordability has improved from a ratio of 4.6x earnings in 2010 to 4.2x in 2014. Over the longer term, prices in Sunderland have been consistently lower than the median prices for the North East and England (see Figure 3.1).
- 7.5 Lower Quartile rents have ranged between £412 and £442 and median rents £477 to £494, although both lower quartile and median rents fell between 2013 and 2014.

Quality indicators

- 7.6 In terms of quantity indicators, there has been a growth in the total number of dwellings and vacancy rates have fallen slightly from 3.5% in 2010 to 3.1% which compares with an English rate of 2.6%. Long-term vacants have fallen from 1.4% in 2010 to 1.2% in 2014.
- 7.7 According to the 2011 Census, 3.4% of households were overcrowded. This compares with 3.1% across England. The 2001 census reported an overcrowding rate of 5.6% (7.1% across England), suggesting that levels of overcrowding have fallen both nationally and locally.
- 7.8 The number of households on the Housing Register as reported by the DCLG has fluctuated between 2,141 and 3,949 and averaged around 2,799 over the period 2010 to 2014.

Comparator areas

- 7.9 Table 7.2 considers how the Market Signals observed in Sunderland compare with similar districts and with regional and national trends. Comparator districts have been identified using the ONS 2011 Area Classification for Local Authorities.

Comparator 2010-2014	Sunderland	Comparator Districts*			North East	England
		Gateshead	South Tyneside	St. Helens		
Lower Quartile House Price change	-3.8	5.9	-1.2	-4.0	-1.2	5.6
Median House Price change	-1.8	2.5	0.9	2.5	1.6	5.4
Lower Quartile Rents (per calendar month) change	-3.1	1.1	0.0	-6.1	0.0	-0.7
Median Rents (per calendar month) change	-3.4	-5.0	1.1	-4.4	0.0	4.4
Change in relative affordability (ratio of lower quartile earnings to house prices)	-8.0	-4.1	-4.0	-7.9	-7.2	1.6
No. Property sales change	28.5	24.5	22.7	43.2	22.3	26.0
Total vacancy change	-9.7	-41.6	-18.4	-9.2	-16.3	-17.2
Total long-term vacancy change	-14.4	-44.1	-43.3	-18.3	-25.5	-31.4
Overcrowding change 2001-11	-39.3	-42.6	-43.3	-41.7	-43.1	-35.2

*Three most similar LA based on ONS 2011 Area Classification for Local Authorities

- 7.10 Compared with comparator, regional and national data over the period 2010-2014, house price change (both lower quartile and median) and private rental price change has been negative in Sunderland, with market performance in terms of price change most similar to St. Helens and worse than that experienced across the North East and England.
- 7.11 The overall relative affordability of properties to buy has improved, with the ratio of lower quartile house prices to incomes falling, which has also been experienced across comparator districts and across the North East generally, although affordability has worsened at national level. The number of property sales has increased in line with regional and national trends. Levels of vacancy have reduced but at a lower rate compared with regional and national trends. Overcrowding has also reduced in line with regional and national trends.
- 7.12 In conclusion, a review of Market Signal data would suggest there are no indicators prompting a need for adjusting objectively assessed need on the basis of Market Signals. However, the Council should collect and monitor comparable data on a regular basis to ensure the Council has up to date information from which to review dwelling targets.

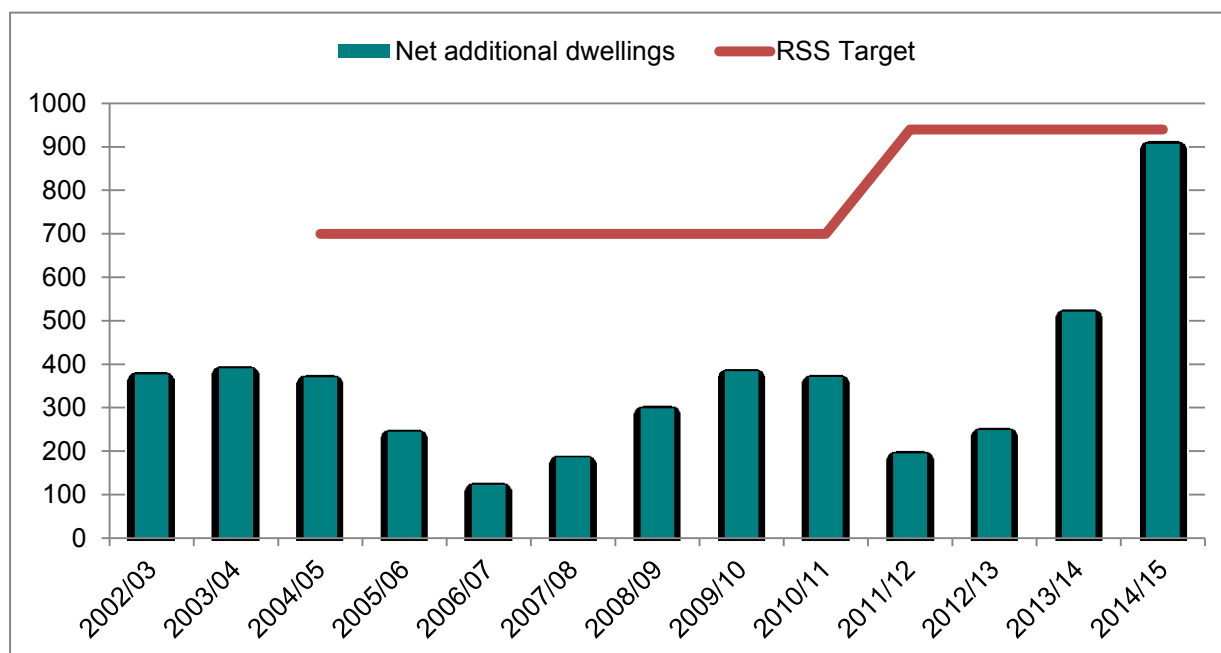
Past trends in housing delivery

- 7.13 PPG Paragraph 2a-19 refers to the rate of development as a market signal.
- 7.14 Over the period 1998/99 to 2014/15, a total of 11,794 dwellings have been built across Sunderland (Table 7.3). However, 6,260 dwellings have been lost through demolition resulting in an overall net increase of 5,534 dwellings.
- 7.15 Sunderland's housing completions have been impacted on quite considerably over the past 10-15 years by the number of demolitions that have taken place within the city. This has been in the main the regeneration and renewal programme of Gentoo homes (Council stock was transferred to Gentoo homes back in 2001). However, Gentoo have also contributed to the net completions as well with new build stock they have provided. When taking Gentoo out of the equation (both in terms of completions and demolitions) the 15 year net completions is an annual average of 468 dwellings, the 10 year average is 480 and the five year average is 432.
- 7.16 2014/15 net completions have been considerably high in comparison to previous years, these high completions are contributed to by Gentoo demolitions coming to an end and the Council's extra care programme delivering high completions. Ongoing monitoring by the Council would suggest a similar level of completions is anticipated for 2015/16.

Year	Gross Completions	Stock Losses	Net Completions
14/15	908	1	907
13/14	524	3	521
12/13	451	202	249
11/12	473	278	195
10/11	730	359	371
09/10	614	230	384
08/09	843	544	299
07/08	818	632	186
06/07	688	565	123
05/06	975	730	245
04/05	947	577	370
03/04	674	283	391
02/03	605	228	377
01/02	587	184	403
00/01	400	507	-107
99/00	797	790	7
98/99	760	147	613
Total	11794	6260	5534
Annual Average (latest 5 yrs)	617	169	449
Annual Average (all years)	694	368	326

Source: Council data

- 7.17 Historic targets for housing delivery had been set in the Regional Spatial Strategy, which established targets of 700 dwellings each year 2004-2011, 940 each year 2011-16 and 1,070 2016-21.
- 7.18 Although the RSS has been revoked, it provides a useful context in which housing delivery can be positioned. Figure 7.1 illustrates the scale of net dwelling delivery relative to RSS targets from 2004/5 onwards. Overall, a total of 7971 dwellings have been built 2004/5 to 2014/15 (11 years), but with 4,121 stock losses this results in a net of 3,850. This compares with an RSS target over the 11 year period of 8660, a variation of 4,810 dwellings.

Figure 7.1 Dwelling delivery relative to former RSS targets

Concluding comments

- 7.19 In conclusion, a review of Market Signal data would suggest there are no indicators prompting a need for adjusting the objectively assessed need on the basis of Market Signals. These should be monitored on a regular (at least annual) basis and the scale of dwelling delivery should be adjusted where the Council believes it is appropriate to do so.

8. Objectively Assessed Housing Need

Introduction

- 8.1 The National Planning Policy Framework requires that local planning authorities identify Objectively Assessed Housing Need and that Local Plans translate those needs into land provision targets. Paragraph 159 of the NPPF recognises that the objective assessment of housing need must be one that meets household and population projections, taking account of migration and demographic change; meets the need for all types of housing including affordable, and caters for housing demand and the scale of housing supply necessary to meet that demand. PPG recognises that *'establishing future need for housing is not an exact science'* (para 014 2a-014-20140306), although it should be informed by reasonable and proportionate evidence.
- 8.2 The purpose of this chapter is to draw together the evidence in this report to establish an Objectively Assessed Housing Need for Sunderland over the proposed plan period 2015-2035. It is structured in accordance with the approach set out in Planning Practice Guidance.
- 8.3 In order to establish Objectively Assessed Need, PPG identifies a series of steps which are presented in this report:
- Defining the Housing Market Area;
 - Using CLG household projections as a starting point to establishing the OAN; and
 - Adjusting projections to take account of local demography, past delivery and market signals, other local circumstances not captured by past trends and future jobs.
- 8.4 Each of these steps is now discussed.

Housing Market Area

- 8.5 Chapter 3 reviewed house price, migration and travel to work data to evidence that Sunderland exhibits a high degree of self-containment in terms of migration (the 2011 census indicated that 76.2% of movers originated in Sunderland). Although it is part of a wider functional economic area focused on Newcastle, the vast majority of employees (68.9%) live and work in Sunderland. The 2012 Household Survey (rebased to 2015 households) found that of those who had moved home in the preceding five years, 84.4% originated within Sunderland. It also found that 80.6% of households planning to move in the next five years intend on remaining in Sunderland.
- 8.6 Evidence would therefore conclude that Sunderland is an appropriate Housing Market Area for the purposes of Local Plan policy making.

Demographic starting point

- 8.7 In accordance with PPG, official DCLG household projections have been used as the 'starting point' in the assessment of housing need. Chapter 4 presented the latest 2012-based population and household projection data. 2012-based population projections indicate that the population is expected increase by +4,710 over the full 2012–2037 projection period, an increase of 1.7%.
- 8.8 Over the 2015–2035 proposed plan period for Sunderland, the 2012-based household projection model suggests an increase of **9,063 households**, approximately **453 households per year** and an annual increase of **467 dwellings**.

Adjusting the projections

- 8.9 The PPG recommends adjustments are made to the household projections with reference to local demographic trends, future jobs, past delivery and market signals and other local circumstances not captured by past trends. Each of these is now considered in turn.

Local demographic trends

- 8.10 As outlined in the PPG, it is necessary to evaluate a range of growth alternatives to establish the most appropriate basis for determining future housing provision. Chapter 4 presented the 2012-based SNPP population projection data which uses demographic assumptions from a five-year historical period to 2012. Given the unprecedented economic changes that have occurred since 2008, and the differences between the projected 2012-based SNPP data and the historical evidence on population change in Sunderland, it is appropriate to consider alternative time periods in the derivation of these key assumptions.
- 8.11 Two alternative trend scenarios (PG-5year and PG-10year) have been developed which make more explicit use of historical evidence from a period prior to the latest (2014) mid-year population estimates. Additionally two variants core SNPP-2012 scenarios were run which reduced the annual 'loss' of internal out-migrants aged 20-29 and 25-29 during the 2015-35 plan period.
- 8.12 Over the period 2002/03–2011/12 population change has been predominantly driven by net out-migration to elsewhere in the UK, with the number of internal out-migrants exceeding the number of internal in-migrants.

Market Signals

- 8.13 A range of market signal evidence was presented in Chapter 7 focusing on price and quantity indicators, with comparisons with 'comparator districts', in the North East and England. A review of Market Signal data would suggest there are no indicators prompting a need for adjusting the objectively assessed need for housing on the basis of Market Signals. However, the Council should collect and monitor comparable data on a regular basis to ensure the Council has up to date information from which to review dwelling targets.

Past completions

- 8.14 Over the period 1998/99 to 2014/15, a total of 11,794 dwellings have been built across the city. However, due to stock losses linked mainly to the regeneration and renewal programmes of Gentoo, there has been a loss of 6,260 dwellings. This results in an overall net increase of 5,534 dwellings over this period or an annual average of 326 net additional dwelling completions. This has increased to 449 net completions over the past 5 years (2010/11 to 2014/15). Chapter 7 provides further detail on the impact of demolitions on the net delivery of new dwelling stock across Sunderland.
- 8.15 With regard to future plan making, it is assumed that any dwelling backlog to date is accounted for as part of the calculation of OAN, and is therefore already factored in up to the point that the SHMA runs from. There are several reasons for taking this view. Firstly, this approach is confirmed in a high court judgement²⁶ which stated that it would be highly contrived to add backlog onto any OAN as this would 'mix apples and oranges in a unjustified way'. Secondly, market signals do not suggest a suppressed housing market due to a lack of delivery, with house prices remaining relatively static over the period 2010-14. Over the longer-term (2000-2014), median house prices have followed regional and national house price trends but prices have consistently remained below regional and national prices. Additionally, median market rent prices have actually fallen over the 2010-2014 period. Thirdly, there has been sustained net out-migration from Sunderland and over the over the ten year period 2002/3 to 2010/11 net out-migration has been a dominant component of population change so arguably households have had their housing needs addressed elsewhere.

Jobs growth

- 8.16 Consideration of the alignment of housing growth with economic growth is a key requirement of the PPG. Chapter 5 considered the implications of applying the Experian jobs forecast to Sunderland and provided a comprehensive analysis of housing need and how key assumptions regarding future economic activity rates, unemployment and commuting balance might influence dwelling growth outcomes.
- 8.17 It is important that the OAN calculation takes account of increased need for housing aligned to jobs growth and this is for a number of reasons:
- PPG seeks to ensure that future jobs are a consideration of needs assessments (i.e. an uplift may be required to support economic growth);
 - Sunderland has a vital role to play in helping to deliver the North East's Strategic Economic Plan, including the delivery of an International Advanced Manufacturing Park on land to the north of the Nissan complex;
- 8.18 It is proposed that the OAN is uplifted to support economic growth. The Jobs-led SENS K variant scenario is considered to be the most appropriate for

²⁶ Zurich Assurance v Winchester City Council and South Downs-National Park Authority (2014) EWHC 758 (Admin)) 18 Mar 2014 para 95

calculating the OAN. This scenario maintains 2011 census economic activity rates with OBR adjustments applied to males aged 60-74 and females aged 30-74 to 2031, then fixed, reflecting national trends in economic participation. This variant scenario also assumes that the 2011 census commuting ratio for Sunderland would reduce from 0.96 to 0.92 between 2014 and 2035 (i.e. the number of jobs would increase but there would be an increase in the number of workers commuting into Sunderland). This is a reasonable assumption as between the 2001 and 2011 census, the commuting ratio moved from 0.98 to 0.96 and therefore this would be a continuation of past trends. This assumption also recognises Sunderland's position as a city within the region and therefore a focus for employment

- 8.19 Although market signals evidence does not suggest an adjustment is necessary to the OAN, it would be recommended that the OAN is adjusted upwards to reflect the dwellings required to support workers at the proposed International Advanced Manufacturing Park (IAMP). This is expected to create approximately 5,000 jobs on the site. An impact study has been published which includes a topic paper on housing prepared by Arup and arc4. This considered the potential range of dwellings required across the North East based on the potential number of IAMP employees, their likely place of residence and the proportion of IAMP employees moving to the North East.
- 8.20 Modelling suggested that up to 523 additional dwellings would be required across the North East under a reasonable scenario that 90% of employees already live in the North East and 10% would move to the region. Case studies of AMPs in other locations suggest that the vast majority of employees are likely to originate from within the general locality of the parks. Of these dwellings, 177 would be required in Sunderland. Over the proposed plan period, this would equate to around 10 additional dwellings each year. An uplift of the OAN of 10 dwellings each year is therefore recommended.

Affordable housing need

- 8.21 The SHMA has evidenced that there is an overall annual imbalance of 615 affordable dwellings each year and Appendix B provides detail as to how this number is calculated. Affordable housing need modelling seeks to identify the extent to which there is an imbalance between supply and demand. It is expected that an element of affordable housing will be built each year. However, the actual scale of delivery of new affordable dwellings is determined by the development programme of affordable housing providers, HCA funding and economic viability of delivery. The 615 is not in any way a target for delivery but simply an illustration of the scale of affordable need within Sunderland. In reality, households may pay more for their housing than modelled assumptions (25% for rental and 3.5x income for owner occupation) and newly forming households may share accommodation until they can afford to buy. Additionally, new affordable provision will be developed through the Council's planning policy objectives and new initiatives such as starter homes are expected to increase the supply of cheaper homes. It is therefore proposed that the OAN is not uplifted further to take account of the affordable housing imbalance.

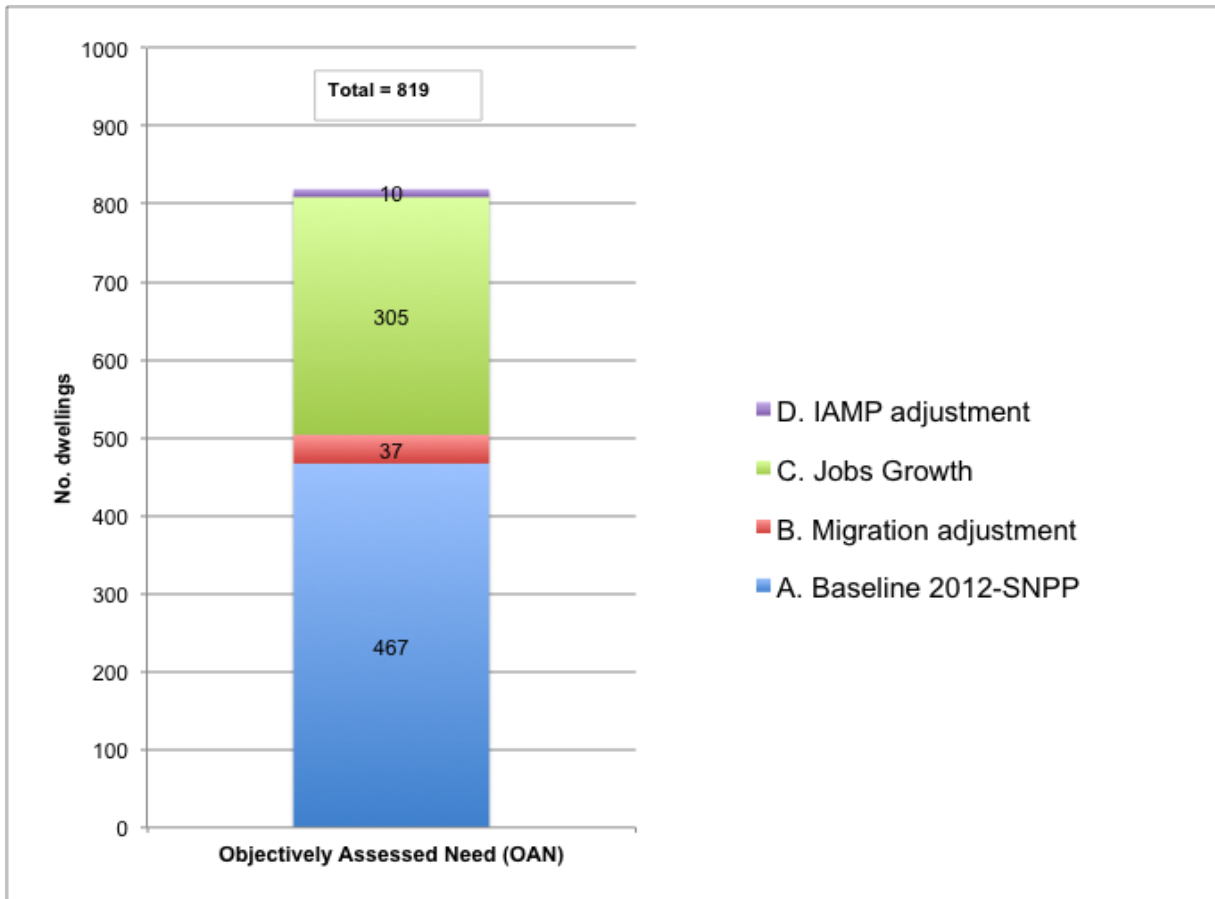
Objectively Assessed Housing Need

- 8.22 An OAN should be based on reasonable assumptions which take into account baseline demography, adjustments to reflect local demographic trends, past delivery, market signals, future jobs and other local circumstances: the SHMA has explored these factors in detail. PAS guidance suggests that the OAN should exclude any policy objectives and value judgements and evidence should be entirely about need and demand, to the exclusion of any supply-side factors such as physical constraints, policy designations and adverse impacts of development. However, these factors should be considered when translating the OAN into a housing requirement.
- 8.23 The challenge for the Council is to deliver an appropriate and proportionate level of dwelling growth which supports economic growth and carefully takes into account the current demographic profile of the City. Figure 8.1 summarises the different components which comprise the Objectively Assessed Need for housing across Sunderland.
- 8.24 Establishing an OAN requires a degree of judgement formed following careful consideration of the economic and demographic trajectories, together with market signals. The challenge is in balancing these appropriately to form a judgement that is both aspirational, but also realistic. Our judgement is based on:
- Council and LEP aspirations for further growth of the local economy in Sunderland;
 - A local economy that has been growing and is forecast to grow further; however
 - It also needs to be pragmatic as population has been ageing and there is a need to increase the number of economically active households.
- 8.25 It is recommended that the Objectively Assessed Housing Need for Sunderland for the proposed plan period 2015-2035 is **819** each year. This is established from a baseline of 467 dwellings (2012-based SNPP), with an upward adjustment based on past migration trends of +37 (to 504 dwellings). This adjustment is based on migration trends over the past 5 years which reflect recent reductions in net out-migration compared with the past 10 years. However, this demographic scenario does not provide a sufficient working age population to support anticipated jobs growth in the city. Therefore, a further adjustment is necessary to support anticipated jobs growth by increasing the size of the working age population. It is recommended that the OAN is based on the Jobs-led SENS K variant scenario. This scenario results in an additional requirement for 305 dwellings which increases the OAN to 809 dwellings each year.
- 8.26 Finally, an upwards adjustment is made to support the dwelling requirements of the IAMP within Sunderland of +10 dwellings (to 819 dwellings).
- 8.27 This SHMA therefore concludes that an appropriate OAN for Sunderland is 819 dwellings each year and 16,380 over the period 2015-2035. This figure takes account of the need to deliver more affordable and market housing for an increasing number of households, support jobs-growth including the IAMP and takes account of trends in the commuting ratio for Sunderland.

Plan targets

8.28 The objectively assessed need for 819 dwellings sets a minimum below which the city’s housing provision target should not go, unless forced to do so by supply constraints. The NPPF and PPG clearly state that plan targets cannot undershoot the OAN unless an authority can demonstrate that it lacks the sustainable capacity to meet it.

Figure 8.1 Objectively Assessed Housing Need for Sunderland (annual 2015 to 2035)



Source: Based on Edge Analytics Scenario modelling, December 2015

9. Conclusion: Policy and Strategic Issues

- 9.1 This document has been prepared to equip the Council and their partners with robust, defensible and transparent information to help inform strategic decision-making and the formulation of appropriate housing and planning policies. The work also takes account of the new National Planning Policy Framework which came into effect in March 2012 and National Planning Practice Guidance February 2014.
- 9.2 The SHMA will help the Council plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Specifically, the SHMA identifies the size, type and tenure of market housing required by sub-area by considering current market demand relative to supply; and also identifies a continued affordable housing imbalance across Sunderland City.
- 9.3 This concluding chapter summarises key messages from the research findings, structured around a commentary on the current and future housing markets; the interactions of Sunderland with other areas; and relates findings to key local strategic issues.

The Housing Market Area

- 9.4 An analysis of 2011 Census migration data suggests that 76.7% of households move within Sunderland City area and 68.9% of residents in employment work within the City. Therefore, Sunderland exhibits a high degree of self-containment in terms of migration but it is part of wider functional economic area which extends across Tyne and Wear and into County Durham and Northumberland (and this was recognised in the National Housing and Planning Advice Unit (NHPAU) research).
- 9.5 The 2012 Household Survey found that of those who had moved home in the preceding five years, 84.4% originated within Sunderland. It also found that 80.6% of households planning to move in the next five years intend on remaining in Sunderland.
- 9.6 Evidence would therefore suggest that Sunderland can be considered to be an appropriate Housing Market Area for the purposes of Local Plan policy making.

Establishing an Objectively Assessed Housing Need and Plan Target

- 9.7 A challenge for the Council and its partners is to align future housing development with trends relating to household growth, household aspirations and the need for affordable housing. Crucially, the nature of household change needs to be carefully considered in strategic housing and planning policies.
- 9.8 There are many factors to consider when establishing an Objectively Assessed Housing Needs figure and after considering the evidence presented in this SHMA, an appropriate OAN for Sunderland is 819 dwellings each year. This addresses housing need and supports jobs-growth.

- 9.9 This takes into account:
- A baseline scenario founded on 2012-based SNPP of 467 dwellings each year;
 - An upward adjustment to take account of recent migration trends to 504 dwellings each year;
 - An uplift to support anticipated jobs-growth to 809; and finally
 - An uplift to support anticipated dwelling requirements of the IAMP in Sunderland, resulting in an overall OAN of 819 dwellings each year.
- 9.10 Based on an analysis of housing market signals, no further adjustments to the OAN are suggested. Housing market signals would suggest that the housing market in Sunderland is relatively stable. Lower quartile house prices are generally constant, coupled with a fluctuating number of households on the Housing Register and a vacancy rate in excess of the national rate of 2.7%.
- 9.11 The OAN for 819 dwellings sets a minimum below which the city's housing provision target should not go, unless forced to do so by supply constraints. The OAN can be exceeded so long as development remains deliverable and sustainable.

The current housing market

- 9.12 This study provides up to date information on the housing stock in the Council area and how the stock profile varies by market area is presented in data tabulations accompanying this report.
- 9.13 Across Sunderland there are a total of 126,268 dwellings and a total of 121,555 households²⁷. Overall, the 2012 Household Survey shows that:
- 76.7% of properties are houses, 12.1% are flats/apartments and maisonettes, 10.5% are bungalows, and 0.7% are other types of property including park homes/caravans;
 - 9.1% have one bedroom/bedsit, 35.3% have two bedrooms, 41.1% have three bedrooms and 14.5% have four or more bedrooms;
 - 15% of properties were built before 1919, a further 16.5% were built between 1919 and 1944, 26% between 1945 and 1964, 26.1% between 1965 and 1984, 12% between 1985 and 2004 and 4.4% have been built since 2005; and
 - 59.2% of properties are owner-occupied, 12.9% are private rented/tied accommodation, 27.4% are rented from a social landlord and 0.4% are intermediate tenure.

²⁷ 2014 Council Tax data

Housing markets and mobility

- 9.14 A range of material has been gathered to help identify market drivers and the characteristics of the Sunderland Housing Market Area and linkages with other areas.
- 9.15 An analysis of household mobility using survey data suggests that of households moving in the past five years preceding the 2012 household survey, 84.4% originated in Sunderland and 15.6% moved into the City. Most moved into the private housing sector, with around 31.9% moving into owner occupation and 50.8% into private renting. To be closer to family/friends to give/receive support (13.1%), to be closer to work/new job (12.3%) were key migration drivers.
- 9.16 90.4% of in-migrant households had a Household Reference Person aged under 65 and 9.4% were aged 65 and over; overall 60.7% were in employment, 60.3% had an income (of Household Reference Person and partner) of less than £500 each week and 39.7% had an income of at least £500 each week.

Future housing market

- 9.17 Data relating to future housing numbers and the Objectively Assessed Need for Housing has been explored in detail in this research.
- 9.18 The population of Sunderland is estimated to be 276,100 in 2015²⁸ and this is projected to increase to 280,400 by 2035²⁹ under 2012-based CLG population projections. Over the next few decades, there will be a marked increase in the number and proportion of residents aged 65 and over which is expected to increase by 40.7% from 51,900 in 2015 to 73,000 in 2035.

Housing need and demand

Delivering new housing

- 9.19 Of households moving in the open market, most would like to move to a house (71.8%), 23.4% would like to move to a bungalow (including Sunderland Cottages) and 4.7% to a flat. This compares with 67.1% who expect to move to a house, 22% to a bungalow (including Sunderland Cottages) and 10.9% a flat. A much higher proportion would like to move to a detached house (38.8%) but only 15.4% expect to. In contrast, higher proportions expect to move to a semi-detached house (36.2%) than would prefer to (23.7%). Future development should focus on delivering to address identified mismatches and reflect household aspirations.
- 9.20 In terms of affordable housing, an annual net imbalance of 615 affordable dwellings has been calculated.
- 9.21 A tenure split of around 80% affordable rent and 20% intermediate tenure based on household preferences is suggested.

²⁸ ONS 2012-based population projections

²⁹ ONS 2012-based population projections

- 9.22 In summary, key drivers in determining the tenure and type of future development include:
- The need to continue development to satisfy household aspirations, in particular the development of detached houses and a range of property sizes to offset identified market imbalances;
 - Developing an increasing range of housing and support products for older people;
 - Delivering additional affordable housing to help offset the identified net shortfalls; and diversifying the range of affordable options by developing intermediate tenure dwellings and products; and
 - The economic viability of delivering affordable housing on sites across Sunderland.

Improving the quality of existing stock

- 9.23 Strategic challenges include reducing the level of vacant dwellings and improving the quality of existing dwellings through better energy efficiency and modernisation.

Vacant stock

- 9.24 There are an estimated 4,713 vacant properties across Sunderland in 2015 (3.7% of total stock) and these are mainly in the private sector. Properties can be empty for a variety of reasons which include: the properties are too difficult to repair or are in the process of being repaired; they are in the process of being sold; they have been bought for capital investment; or they are in probate.
- 9.25 The Council should continue to consider identifying the reasons why properties are empty and identify mechanisms for bringing them back into use. Mechanisms could include:
- Financial/professional help for repairs and improvements in the form of equity loans; grant aid for renovation and subsequent leasing to a Housing Association for a fixed term; a professional service to manage repairs or full renovation; and
 - Assistance with letting management or the sale of a property.

Satisfaction and repair

- 9.26 Although the vast majority of households (78.2%) are satisfied with the condition of their dwellings, 9.4% of households were dissatisfied or very dissatisfied. Levels of dissatisfaction were highest amongst those living in the Inner Urban Area and Northern Suburbs, private renters, households living in Sunderland Cottages and in properties built pre-1919.
- 9.27 Improving the energy efficiency of dwellings and modernisation of stock is an important driver to improving the quality of existing stock and extends beyond those households expressing dissatisfaction. Given the need to reduce energy

consumption, improve thermal comfort and future proof households from spikes in energy prices, retrofitting stock with improved insulation, heating systems and solar panels is likely to become a significant strategic issue.

The ageing population and addressing the needs of vulnerable people

- 9.28 A key challenge for the Council is to ensure a greater diversity of support services are made available to older people wanting to stay in their own home and develop funding mechanisms to achieve this. Particularly noted is the need for help with gardening, repair and maintenance and cleaning.
- 9.29 Additionally, the range of housing options available to older people needs to be diversified, for instance through the development of open market housing designed at older people and the development of sheltered accommodation, extra care housing and co-housing for rent or sale.

NPPF requirements

- 9.30 Paragraph 159 of the NPPF states that Local Planning Authorities should have a clear understanding of housing needs in their area and they should:
- Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where Housing Market Areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period that:
 - 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, but not limited to, 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.
- 9.31 The material in this SHMA provides an evidence base to inform strategic decision making.
- 9.32 The SHMA has:
- Considered the Objectively Assessed Need for housing using the latest available evidence;
 - evidenced the scale of Affordable Housing Need and the specific affordable requirements necessary to offset the imbalance between supply and need;
 - reviewed market demand and the range of dwellings required to satisfy household expectations and aspirations; and
 - reflected upon the needs of different groups of the population, in particular older people and those requiring specialist support requirements.

Final comments

- 9.33 Appropriate housing and planning policies have a fundamental role to play in the delivery of thriving, inclusive and sustainable areas. These policies need to be underpinned with high quality data. This study has provided a wealth of up-to-date social, economic, demographic and housing data for Sunderland City.
- 9.34 This research has reflected upon the housing market attributes of Sunderland and interactions with other areas, notably County Durham. The report signposts future strategic challenges which include the ongoing delivery of new market and affordable housing to address need and support economic growth; diversifying the range of affordable tenures available to local residents; improving the condition and energy efficiency of existing stock; and addressing the requirements of older people and vulnerable groups.

Introduction to Technical Appendices

- Technical Appendix A: Research methodology
- Technical Appendix B: Housing need
- Technical Appendix C: Monitoring and updating

Technical Appendix A: Research Methodology

Overall approach

- A.1 A multi-method approach was adopted in order to prepare a robust and credible Strategic Housing Market Assessment for Sunderland Council:
- A review of relevant secondary data including the 2011 Census, house price data, private rental data, Housing Association CORE lettings data, CLG Statistics and housing register information;
 - The preparation of demographic and dwelling forecasts by Edge Analytics using POPGROUP modelling;
 - A sample survey of households across the Sunderland City Council. The Household Survey was undertaken in 2012 to initially prepare the SHMA 2012, with a total of 33,350 households contacted and 4,104 questionnaires returned. This household survey data has been used in this OAN and SHMA Update, but re-weighted to reflect the latest (2015) dwelling stock and household information. The 4,104 returned questionnaires represented a 12.3% response rate overall and the total number of questionnaires returned was well in excess of the 1,500 specified in former Government guidance;
 - An on-line survey of Key Stakeholders including Local Authority Housing and Planning representatives, Registered Providers, Estate Agents, Lettings Agents, Developers and Supporting People representatives; and
 - Interviews with Estate and Lettings Agents.

Baseline dwelling stock information and survey sample errors

- A.2 Table A1 summarises total dwelling stock and the number of households contacted by survey area, achieved response rates and sample errors. All response rates and accuracy levels are based on the Census 2011 as this was used as the core data when weighting the sub-area responses.

Table A1 Households surveyed, response rates and sample errors

Sub-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%

Source: Sunderland 2012 SHMA

Weighting and grossing

- A.3 In order to proceed with data analysis, it is critical that survey data is weighted to take into account non-response bias and grossed up to reflect the total number of households. Weighting for each survey area was based on:
- **tenure** (the proportion of affordable (social rented and intermediate tenure) and open market dwellings based on 2011 Census data;
 - **age of household reference person** based on the proportions of household reference people aged under 65 and 65 or over living in affordable and open market provision derived from the 2011 Census; and
 - **2015 baseline households** derived from Council Tax data (total dwellings minus vacant dwellings)
- A.4 Ultimately, the survey element of the assessment is sufficiently statistically robust to undertake detailed analysis and underpin core outputs of the study down to the survey areas presented in Table A1. Furthermore, the survey findings are enhanced and corroborated through analysis of secondary data and stakeholder consultation.

Online Key Stakeholder Survey

- A.5 An online survey of key stakeholders was undertaken. This took the form of an online questionnaire, which representatives from a range of stakeholder organisations were invited to complete.
- A.6 Responses were received from 25 separate individuals, drawn from:
- Local Authorities
 - Voluntary agencies,
 - Residents groups,
 - Registered Providers,
 - Planning consultants, and
 - Developers.
- A.7 The responses have been analysed, both quantitatively and qualitatively. They provide an invaluable view on the current housing market and related issues in Sunderland. The analysis is set out clearly within Chapter 5 of the SHMA Report.

Interviews with Estate and Letting Agents

- A.8 Five estate and letting agents were approached and face-to-face interviews were undertaken with four representative agents who operate in Sunderland and the surrounding area. Their views were sought on the local housing market and related issues, and an analysis of the findings has been incorporated within Chapter 5 of the SHMA Report.

Technical Appendix B: Housing need calculations

Summary of contents

Stage 1: Current housing need (gross backlog)

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

Stage 2: Future housing need (gross annual estimate)

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

Stage 3: Affordable housing supply

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

Stage 4: Estimate of annual housing need

- Step 4.1 Total backlog need
- Step 4.2 Quota to reduce over 5 years (2)
- Step 4.3 Annual backlog reduction
- Step 4.4 Newly-arising need
- Step 4.5 Total annual affordable need
- Step 4.6 Annual social rented capacity
- Step 4.7 Net Annual Shortfall

Introduction

- 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 City 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 District and sub-area level. In summary, the model reviews in a step-wise process:
- Stage 1: Current housing need (gross backlog)
 - Stage 2: Future housing need
 - Stage 3: Affordable housing supply
 - Stage 4: Estimate of annual housing need
- 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 City. 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 B2 summarises the data by sub-area.

Table B1 CLG Needs Assessment Summary for Sunderland City			
Step	Stage and Step description	Calculation	Sunderland Total
Stage 1: CURRENT NEED			
1.1	Homeless households and those in temporary accommodation	Annual requirement	466
1.2	Overcrowding and concealed households	Current need	5212
1.3	Other groups	Current need	9518
1.4	Total current housing need (gross)	Total no. of households with one or more needs	14949
1.4A	TOTAL cannot afford open market (buying or renting)	Total	9602
Stage 2: FUTURE NEED			
2.1	New household formation (Gross per year)	1.74% of total households	2115
2.2	% of new households requiring affordable housing	Total cannot afford overall	51%
2.2	Number of new households requiring affordable housing	Number cannot afford	41
2.3	Existing households falling into need	Annual requirement	1146
2.4	TOTAL newly-arising housing need (gross each year)	2.2 + 2.3	1188
Stage 3: AFFORDABLE HOUSING SUPPLY			
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	4458
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	0
3.3	Committed supply of new affordable units	Annual	163
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	4621
3.6	Annual supply of social re-lets (net)	Annual Supply (3yr ave)	1521
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply (3yr ave)	48
3.8	Annual supply of affordable housing	3.6+3.7	1569
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED			
4.1	Total backlog need	1.4A-3.5	4981
4.2	Quota to reduce over 1 year		20%
4.3	Annual backlog reduction	Annual requirement	996
4.4	Newly-arising need	2.4	1188
4.5	Total annual affordable need	4.3+4.4	2184
4.6	Annual social rented capacity	3.8	1569
4.7	NET ANNUAL SHORTFALL (4.5-4.6)	NET	615

Source 2012 Household Survey; RP Core Lettings and Sales data

IMPORTANT NOTES: The basic model reviews overall requirements and excludes new supply as timescales for delivery and types/sizes to be built are often subject to change. However, the potential impact of new supply on overall net requirements is discussed further in **Para B.32**.

Data presented in the table may be subject to rounding errors

Table B2 CLG Needs Assessment Summary by planning policy area

Step	Stage and Step description	Calculation	Delivery Area					
			Sunderland	Sunderland North	Sunderland South	Sunderland Central	Washington	Coalfield
		Total HHs>>	24422	51096	1309	23871	20857	
Stage 1: CURRENT NEED								
1.1	Homeless households and those in temporary accommodation	Annual requirement	466	0	401	0	31	34
1.2	Overcrowding and concealed households	Current need	5212	1028	2145	106	1063	870
1.3	Other groups	Current need	9518	1698	4762	253	1600	1205
1.4	Total current housing need (gross)	Total no. of households with one or more needs	14949	2726	7062	359	2693	2109
	A % cannot afford OM prices/rents	60.2% overall		66.50%	62.90%	100.00%	62.80%	61.50%
	B. Total cannot afford OM prices/rents		9602	1812	4441	359	1692	1298
Stage 2: FUTURE NEED								
2.1	New household formation (Gross per year)	1.74%	2115	425	889	23	415	363
2.2	% of new households requiring affordable housing	51% overall		77.30%	49.60%	51.00%	32.50%	63.30%
2.2	Number of new households requiring affordable housing		1146	328	441	12	135	230
2.3	Existing households falling into need	Annual requirement	41	3	5	4	18	11
2.4	Total newly-arising housing need (gross each year)	2.2 + 2.3	1188	331	446	16	153	241
Stage 3: AFFORDABLE HOUSING SUPPLY								
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	4458	864	2079	41	1002	472
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	0					
3.3	Committed supply of new affordable units		163	30	79	9	10	35
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	4621	894	2158	50	1012	507
3.6	Annual supply of social re-lets (net)	Annual Supply (3 yr ave)	1521	293	474	181	295	278
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply	48	6	17	5	2	18
3.8	Annual supply of affordable housing	3.6+3.7	1569	299	491	186	297	296
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED								
4.1	Total backlog need	1.4-3.5	5144	918	2283	309	680	791
4.2	Quota to reduce over 5 years (20%)		20%					
4.3	Annual backlog reduction	Annual requirement	1029	184	457	62	136	158
4.4	Newly-arising need	2.4	1188	331	446	16	153	241
4.5	Total annual affordable need	4.3+4.4	2217	515	903	78	289	399
4.6	Annual affordable capacity	3.8	1569	299	491	185	298	296
4.7	Net annual shortfall	Net	615	216	412	-108	-9	104

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 B3.

Table B3 Summary of current housing need across Sunderland City		
Category	Factor	Sunderland Total
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	509
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	2261
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	5212
	N4 Too difficult to maintain	3,078
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	606
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	3,712
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	236
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	1246
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	1372
Total no. households in need (with one or more housing need)		14,949
Total Households		121,555
% households in need		12.3%

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

Source: 2012 Household Survey (rebased to 2015)

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 2014/15³⁰ indicate that a total of 1,243 decisions were made on households declaring themselves as homeless across Sunderland (Table B4). Of these households, 81 were classified as homeless and in priority need. Over the five years 2010/11 to 2014/15, an annual average of 656 decisions has been made across Sunderland and an average of 124 households each year has been declared as homeless and in priority need.

Table B4 Homeless decisions and acceptances 2010/11 to 2014/15		
Year	Decisions made	Accepted as homeless
2010/11	225	168
2011/12	109	82
2012/13	306	125
2013/14	1395	166
2014/15	1243	81
Total	3278	622
Annual Average	655.6	124.4

Source: CLG Homelessness Statistics

- B.7 The household survey identified a total of 466 households who were either under threat of homelessness or were living in temporary accommodation across Sunderland City. 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.
- B.9 Analysis identifies 5,212 households who are currently living in overcrowded accommodation or are concealed households and are intending on moving in the next five years.

Step 1.3 Other groups

- B.10 Table B3 identified a series of households who were in housing need for other reasons including the property is too expensive, difficult to maintain, household

³⁰ CLG Homeless Statistics Table 784: Local authorities' action under the homelessness provisions of the Housing Acts

containing people with mobility impairment/special need, lacking amenities, disrepair and harassment.

- B.11 A total of 9,518 households across Sunderland City were identified to be experiencing one or more of these needs factors and intending to move in the next five years. This figure is taken as the five year backlog of need from other groups.

Step 1.4 Total current housing need summary

- B.12 Having established the scale of need in Steps 1.1, 1.2 and 1.3, total current housing need from existing households across Sunderland before any analysis of the ability of households to afford open market solutions is 14,949. Note that a household may be included in more than one step of the analysis and so the sum of steps 1.1 1.2 and 1.3 is greater than the 14,949 figure.
- B.13 The extent to which these households could afford open market prices is then considered. An 'affordability threshold' of households is calculated which takes into account household income, equity and savings. The household income component of the affordability threshold is based on 3.5 x gross annual income of the respondent and partner (if applicable).
- B.14 The affordability threshold was then tested against lower quartile property prices and the cost of privately renting. Lower quartile prices at sub-area for 2014 were derived using Land Registry address-level data (Table B5).

Table B5 Lower quartile house prices by sub-area (2014)

Sub-Area	Lower quartile price (£)
Coalfield Communities	£72,500
Inner Urban Area	£59,950
Northern Coastal	£105,000
Northern Suburbs	£61,000
Southern Suburbs	£83,000
Washington	£85,000
Total	£75,000

- B.15 Information on private sector rents was based on lettings reported by Zoopla during 2014 (Table B6). The cost of letting a property according to the number of bedrooms required by a household was factored into affordability testing.

Table B6 Private rental prices by sub-area	
Sub-Area	Lower quartile rent (£)
Coalfield Communities	408
Inner Urban Area	409
Northern Coastal	473
Northern Suburbs	422
Southern Suburbs	441
Washington	452
Total	412

Source: Zoopla

- B.16 Using evidence from the household survey, the extent to which households identified in Steps 1.1, 1.2 and 1.3 could afford open market prices has been assessed. Overall, a total of 9,602 existing households in need wanted to move to offset their need and could not afford open market solutions.

Step 2.1 New household formation (gross per year)

- B.17 The needs analysis assumes a 1.74% gross household formation rate of 2,115 each year. This is based on the latest three year average national rate reported in the English Housing Survey over the period 2010/11 to 2012/13.

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

- B.18 Analysis of lower quartile market prices relative to the income/savings of households who have formed in the past five years suggests that 51% could not afford lower quartile house prices or private sector rents.
- B.19 Therefore, the total number of newly-forming households who could not afford open market prices or rents across Sunderland City is calculated to be 1,146 each year.

Step 2.3 Existing households expected to fall into need

- B.20 An estimate of the number of existing households falling into need each year has been established by drawing upon the RP lettings data. This suggests that over the three year period 2010/11, 2011/12 and 2012/13, an annual average of 41 households moved into the social rented sector because they had fallen into housing need and were homeless.

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

- B.21 Total newly arising need is calculated to be 1,188 households each year across Sunderland City.

Stage 3: Affordable housing supply

- B.22 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.23 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 need³¹.
- B.24 A total of 4,458 households are current occupiers of affordable housing in need (Table C1). Although the movement of these households within affordable housing will have a nil effect in terms of housing need (i.e. they already live in affordable housing), the types of property they would 'free up' if they moved is considered in modelling.

Step 3.2 Surplus stock

- B.25 A proportion of vacant properties are needed to allow households to move within housing stock. Across the social rented sector, this proportion is generally recognised as being 2%. Stock above this proportion is usually assumed to be surplus stock. Modelling assumes no surplus social rented stock across Sunderland City.

Step 3.3 Committed supply of new affordable units

- B.26 The model assumes an annual supply of 163 affordable dwellings based on recent delivery. This has been broken down by sub-area and using data from CORE lettings it is possible to estimate the likely size and designation of new affordable dwellings by considering the size of newbuild dwellings becoming available for occupancy during 2010/11, 2011/12 and 2012/13.

Step 3.4 Units to be taken out of management

- B.27 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.28 It is assumed that there are 4621 (affordable) rented dwellings available over the five year period arising from households moving within the stock and from newbuild.

³¹ Strategic Housing Market Assessment Guidance (CLG, August 2007)

Step 3.6 Annual supply of social re-lets

B.29 The CLG model considers the annual supply of social re-lets. Address-level RP CORE lettings data has been analysed for the years 2010/11 and 2012/13³². 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 City and households moving within the social rented stock; and
- **Include** households who moved from within Sunderland City into social renting from another tenure; newly-forming households originating in Sunderland City and moving in social renting; and households moving from specialist/supporting housing from within Sunderland City into affordable housing.

Analysis suggests that there is an annual average of 1,521 social/affordable rented dwellings let to new tenants i.e. households originating in Sunderland City who either moved into social renting from another tenure, were newly-forming households, or who moved from supported/specialist accommodation.

B.30 Modelling therefore assumes an annual capacity of **1,521** dwellings for new tenants across Sunderland City. Table B7 illustrates how the annual capacity figure is broken down by sub-area, designation (general needs and older person) and property size.

Step 3.7 Annual supply of intermediate re-lets/sales

B.31 Table B8 presents a summary of the average supply of 145 intermediate tenure dwellings which have either been sold or re-let over the three year period 2010/11, 2011/12 and 2012/13 as recorded in CORE Sales data. Modelling assumes an annual supply of 48 intermediate tenure dwellings.

³² Note that data for 2011/12 has been excluded as it is suggesting only 578 lettings

Designation	Number of Bedrooms	Sunderland North	Sunderland South	Sunderland Central	Washington	Coalfield	Total
General Needs	1	83	182	64	83	76	488
	2	149	190	77	107	124	646
	3	45	62	26	79	54	265
	4	1	5	2	7	2	17
	5	1	0	1	1	0	3
	6	0	0	0	0	0	0
Older People	1	7	21	4	8	15	55
	2	9	13	6	9	7	43
	3	0	2	0	1	1	3
	4	0	0	0	0	0	0
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
TOTAL		293	474	181	295	278	1521

Source: RP CORE data annual average 2010/11 2011/12 and 2012/13

Designation	Number of Bedrooms	Sunderland North	Sunderland South	Sunderland Central	Washington	Coalfield	Total
General Needs	1	0	1	5	1	0	7
	2	5	29	7	4	18	63
	3	12	18	2	2	30	64
	4	2	3	0	0	5	10
	5	0	1	0	0	0	1
	6	0	0	0	0	0	0
Older People	1	0	0	0	0	0	0
	2	0	0	0	0	0	0
	3	0	0	0	0	0	0
	4	0	0	0	0	0	0
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
TOTAL		19	52	14	7	53	145

Source: RP CORE Sales data annual average 2010/11, 2011/12 and 2012/13

Summary of Stage 3

- B.32 Overall, the model assumes an existing affordable supply of 4,621 and an annual supply of 1,521 social (affordable) lettings and an annual supply of 48 intermediate tenure lettings/sales.

Stage 4: Estimate of annual housing need

Overview

- B.33 Analysis has carefully considered how housing need is arising within Sunderland City 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.34 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 imbalance of 615 dwellings. This includes an allowance of 163 affordable newbuild dwellings built on an annual basis.
- B.35 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 sub-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.36 Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall.

Step 4.1 Total backlog need

- B.37 Step 4.1 is the total backlog need which is derived from the number of households in Step 1.4A minus total affordable housing stock available (Step 3.5). The total backlog need is 4,981.

Steps 4.2 to 4.6

- B.38 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.39 Step 4.3 is the annual backlog reduction based on Step 4.2 (966 each year).
- B.40 Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need (1,188 each year).
- B.41 Step 4.5 is the total annual affordable need based on Steps 4.3 and 4.4 (2,184 each year).

- B.42 Step 4.6 is the annual social rented/intermediate tenure capacity based on Step 3.8 (1,569 each year).

Total net imbalance

- B.43 Table B9 summarises the overall annual net affordable housing requirements for Sunderland City by sub-area, designation (general needs and older person) and property size.

Table B9 Net annual affordable housing imbalance by sub-area, property size and designation 2014/15 to 2018/19

Sub-area	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Sunderland North	84	116	15	215
Sunderland South	289	47	76	412
Sunderland Central	-98	2	-11	-107
Washington	40	-66	17	-9
Coalfield	87	31	-14	104
Total	402	130	83	615

Sources: 2015 Household Survey; RSL CORE Lettings and Sales

Tenure and dwelling type profile of affordable dwellings

- B.44 Affordable housing includes social rented, affordable rented and intermediate tenure dwellings. New affordable development by Registered Providers will be affordable rented (with rents of up to 80% of 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.45 Households were asked to state tenure preferences. Table B10 summarises the preferences of both existing households in need and newly forming households by tenure. Overall, this gives a tenure split of around 80% social/affordable rented and 20% intermediate tenure across Sunderland City.

Table B10 Affordable tenure preferences

Tenure	Existing households in need (%)	Newly-forming households (%)	Total (%)
Social/Affordable Rented	87.5	72.2	79.3
Intermediate	12.5	27.8	20.7
Total	100	100	100
<i>Base (annual requirement)</i>	996	1146	2142

Source: 2012 Household Survey (rebased to 2015)

- B.46 An analysis of the ability of existing households in need and newly-forming households to afford intermediate tenure is summarised in Table B11. Analysis suggests that intermediate tenure options are affordable to existing and newly-forming households in affordable housing need, with 37.4% able to afford a property priced at up to £80,000 and 17.4% able to afford a property priced at up to £120,000.

Table B11 Ability of existing households in need and newly-forming households requiring affordable housing to afford intermediate tenure dwellings

Price	% could afford		
	Existing households in need	Newly-forming households	Total
Up to £60,000	46.3	54.6	50.7
up to £80,000	30.6	43.4	37.4
up to £100,000	24.5	40.5	33.1
Up to £120,000	19.6	15.5	17.4
<i>Base</i>	996	1146	2142

Source: 2012 Household Survey (rebased to 2015)

- B.47 There is scope for expansion of the intermediate tenure market in Sunderland City. 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.48 Table B12 considers the range of affordable property types households would consider, based on the aspirations of existing households in need and newly-forming households requiring affordable accommodation. Analysis of property type preferences suggests that, primarily, delivery of houses is a priority (with 59% stating an expectation of moving to a house), followed by bungalows (21.4%) and flats (19.7%).

Table B12 Property type preferences

Type preferences	Existing (%)	Newly-forming (%)	Total (%)
House	43.6	72.3	59.0
Flat	23.3	16.5	19.7
Bungalow	33.0	11.2	21.4
Total	100.0	100.0	100.0
<i>Base</i>	996	1146	2142

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 (rebased to 2015)

Technical Appendix C: Monitoring and updating

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

Introduction

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

Updating of baseline housing needs and affordable housing requirements

- C.2 A baseline assessment of housing need across Sunderland has been derived from the household survey. This information should be taken as a baseline from which annual reviews of key aspects of the model proceed. It is recommended that the baseline information has a shelf-life of three to five years (with a recommended refresh of household information after 2018/19 through primary surveying).
- C.3 Key elements of the needs assessment model can be readily updated on an annual basis to reflect:
- changes in house prices and rental costs;
 - capacity of the social rented sector;
 - availability of intermediate tenure housing.

Changes in house prices and rental costs

- C.4 It is recommended that the annual purchase of address-level house prices to complement the existing dataset continues. This will result in an annual refresh of house price data by survey area and provide an indication of changing lower quartile prices. In turn, these can be applied to **Step 1.4** of the needs assessment model which considers the extent to which households in need can afford open market prices. As part of this analysis, updated information on private rented sector rents needs to be secured. Several websites can provide a snapshot of private rents and help inform this element of the update.
- C.5 Lower quartile prices and private sector rents should also be compared with the income profile of newly-forming households at **Step 2.2** of the needs assessment model.

Capacity of the social rented sector

- C.6 The capacity of the social rented sector needs to be reviewed annually using RP CORE lettings data (**Step 3.6**).
- C.7 A dataset has been prepared for RP CORE data for 2010/11, 2011/12 and 2012/13 as part of this research. This includes some additional variables identifying the characteristics of households (by designation i.e. under 65 or over 65) and previous housing circumstances (from out of area, previously social renter, previously other tenure and from supported/specialist accommodation). The capacity of the social rented sector is based on the number of lettings to households from within the Local Authority District who were previously living in (non social rented or intermediate) tenure.

Availability of intermediate tenure housing

- C.8 CORE Sales data can identify the availability of intermediate tenure housing (**Step 3.7**). Data has been assembled for 2010/11, 2011/12 and 2012/13.

Annual adjustments to affordable requirements

- C.9 Datasets can be provided from which annual reviews of affordable requirements can proceed. This will point to any adjustment in net requirements by survey area, designation and property size.

Updating of contextual information

- C.10 This report has presented a range of contextual information relating to the economy, demography (including population projections and migration) and dwelling stock. This information should be updated where possible and in particular progression with economic growth and diversification should be carefully monitored.

Reflections on the general strategic context and emerging issues

- C.11 As part of its strategic housing function, all LAs need to understand the general strategic housing market context and respond to emerging issues. Given the dynamic nature of housing markets, the Central and Local Government policy agenda and bidding for resources, any update of housing needs must be positioned within a wider strategic context.
- C.12 Ongoing stakeholder consultation and engagement with local communities is also vital to maintain up-to-date intelligence on housing market issues.

Concluding comments

- C.13 It is vital that mechanisms are in place to derive robust, credible and defensible estimates of housing need and affordable requirements across Sunderland City. We believe that this study provides a robust evidence base which has the capacity to be updated.

- C.14 Having established a baseline position on affordable housing and advice on open market provision to reflect aspirations, it is essential that housing market activity is regularly monitored. This is highly relevant given current housing market uncertainty. A range of methods have been suggested to ensure that housing need and affordability modelling is revised on an annual basis. Annual reviews should also take into account the changing strategic context and impact on housing market activity.