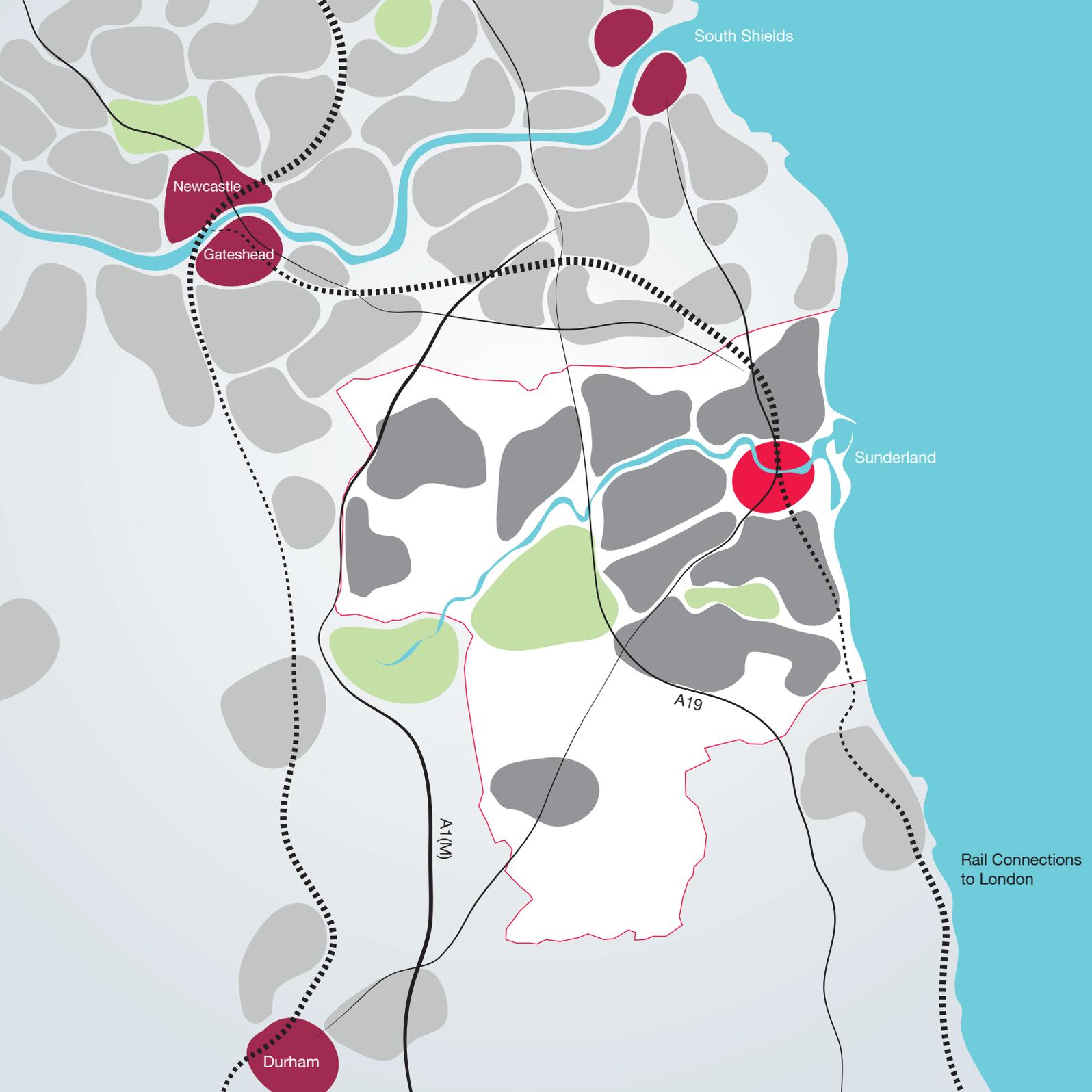


Sunderland

HOUSING INVESTMENT PROSPECTUS



MAKE
it Sunderland



South Shields

Newcastle

Gateshead

Sunderland

A19

A1(M)

Durham

Rail Connections to London

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Sunderland – open for development

Sunderland is a city undergoing transformation, with over £1.2 billion of investment planned ahead of 2025 set to create 20,000 new jobs, in line with a clear vision for the future.

Lying at the heart of the North East and within easy reach of Durham, South Tyneside, Gateshead, Newcastle and Teesside, our proud industrial heritage is creating the conditions for a thriving modern economy. 2016's renewed commitment

from Nissan has signalled a huge vote of confidence in the city and provides the ideal launch platform for our International Advanced Manufacturing Park – a project of national

significance creating up to 5,200 jobs in high tech industries.

This is supported by a real focus on culture, over 2,000 events are hosted annually across our six miles beautiful coastline, stunning green spaces and transforming city centre. We welcome

acts from Beyoncé to Coldplay alongside an International Airshow and, in 2018, Tall Ships.

As one of only three English cities on the coast, and with 57% green space, Sunderland has a lot to benefit its 275,000 residents but we recognise that this needs to be underpinned by a strong housing offer.

Through this prospectus, we are seeking to outline the opportunities for development of new homes in the city and the steps we're taking to support this in every way possible. We pride ourselves on being open for business and open for development and our past and current partnerships are testament to that.

From the market, we are looking for development partners big and small that share our vision and bring creativity and innovation to improving and diversifying the city's housing offer and delivering for residents, both existing and new. We feel that this collaborative approach can bring about new homes that will create a permanent, positive impact on the city.

Councillor Paul Watson,
Leader of Sunderland Council

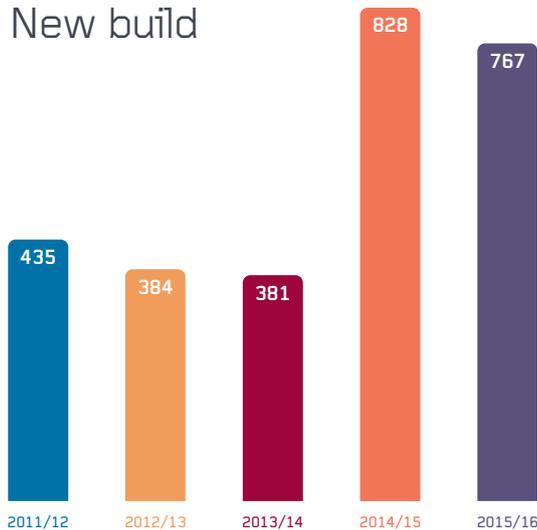


Building on our success

The housing market in Sunderland is buoyant. Builders are actively developing new homes in good numbers across the city. The council's policy of targeting land sales for housing, proactive market engagement and involvement in strategic joint ventures is now bringing excellent results.

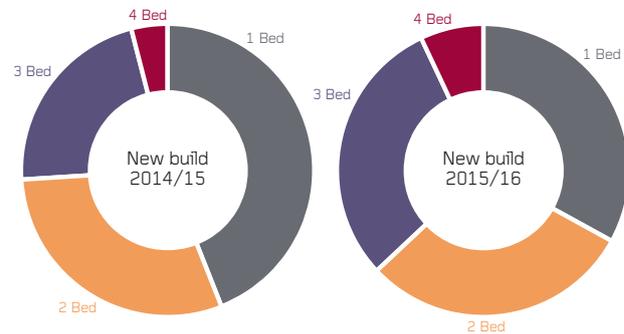
New build completions in Sunderland have increased dramatically over the last three years and the city is working hard to build on this success.

New build



In order to keep pace with economic growth, the city needs for this upward trajectory to continue and for more homes to meet demand.

In particular, the nature of housing development and the impact of national housing policy means that, the availability of larger family homes in the numbers required and lower land value generating units such as bungalows and new social rented properties needs to be addressed.



Progress has already been made in this area, with the market responding to strong sales in four-plus bedroom homes and significantly changing the dynamic of the offer in the city.



Welcoming communities, where people want to live

People like living in Sunderland

- 84% of the 26,000 households that moved over the last five years choose to stay in the city¹
- 81% of the 23,000 households intending to move in the next five years wish to remain in Sunderland²
- Over 5,000 households moved into Sunderland from across the UK in the year before the last Census³

And there are good reasons why over 250,000 people want to live in our communities:

- Sunderland's residents enjoy a good quality of life with personal wellbeing in the city ranked higher than other cities like Manchester, Liverpool, Newcastle and Birmingham⁴
- The city is ranked in the top 5% of local authorities for quality of the living environment⁵
- Alongside our vibrant University, the city's record on education is good and improving. Over 90% of our primary schools are rated good/

¹ Strategic Housing Market Assessment Update 2016 page 43

² Strategic Housing Market Assessment Update 2016 page 46

³ Strategic Housing Market Assessment Update 2016 page 42

⁴ Personal Wellbeing in the UK; local authority update, 2015 to 2016 Study Office of National Statistics

⁵ The English Index of Multiple Deprivation 2016



outstanding by Ofsted and attainment within the city's secondary schools continues to rise

- Sunderland has below the national median level of crimes against people and property⁶

⁶ The English Index of Multiple Deprivation 2016



- Our health provision is officially rated as 'good'⁷ and Sunderland is a vanguard authority for the new care models scheme, leading the way in developing a better healthcare service
- The city is well connected – we have easy direct Metro, road and rail links to Durham, Tyneside, Teesside and Scotland. There are direct trains to London daily, reaching the capital within 3½ hours

- With major cultural assets, like the largest theatre for over 130 miles, the Northern Gallery for Contemporary Art, the National Glass Centre and the Sunderland Museum & Winter Gardens there's a vibrant and diverse offer for everyone
- The city's leisure offer is extensive and varied, including two high quality beach resorts, vast open spaces, a ski slope, the only 50m pool in the North East, nine modern leisure centres, a Premier League football club, a cinema, many music venues, restaurants and bars





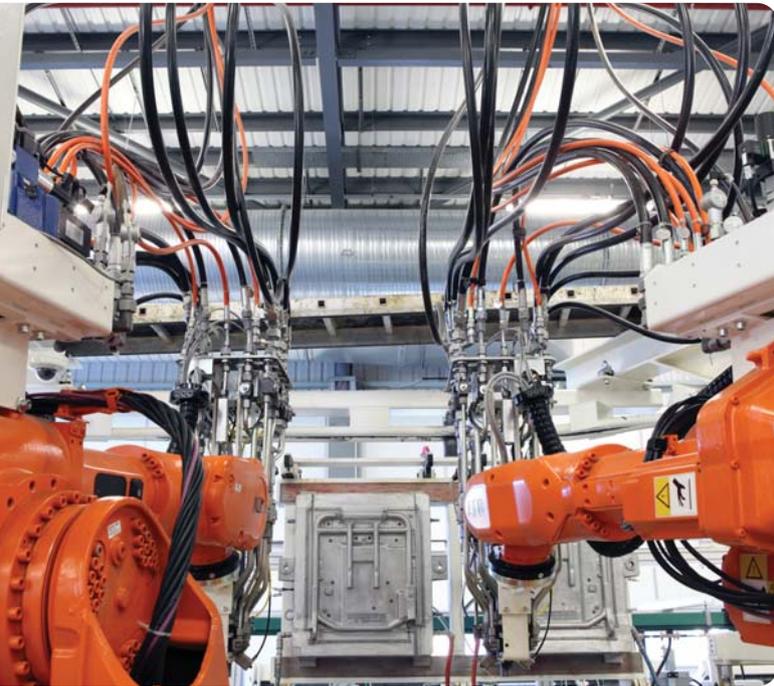
This is only the beginning

To accommodate our growing numbers of visitors, a new Holiday Inn will open in the £8million Keel Square development, alongside the recently opened Hilton Garden Hotel and new City Centre Premier Inn.

Our bid to be the UK's City of Culture in 2021 offers yet another exciting opportunity for

residents, businesses and developers. This will be boosted by the Music, Arts and Cultural Quarter project (MACQ), which will focus on an important section of the city centre. MACQ will restore the Edwardian heart of the city to its former glory, providing an enhanced cultural experience and a key element of our City of Culture bid.

Sunderland – a strong and growing economy



Sunderland has a strong track record of attracting investment and growth directly into the city as well as benefitting from being ideally placed in terms of the wider regional economy. During the past five years, inward investment has brought 9,450 jobs and £1.4 billion of capital investment to Sunderland.

The manufacturing sector here is burgeoning, centred around Nissan and its growing supply chain (including companies like Lear, Calsonic Kansei and Unipres), pockets of production extend along the A19 and A1 corridors, employing 21,000 people regionally and producing over 500,000 vehicles a year; 80% for export.

The announcement from Nissan in November 2016 that new models will be produced at its Sunderland plant was a huge boost for the planned International Advanced Manufacturing Park (IAMP).

The IAMP is a 100-hectare site adjacent to Nissan, and is expected to create more than 5,200 new jobs from 2018. South Tyneside and Sunderland Councils are working in partnership to deliver the joint-development, which is expected to attract businesses in the automotive, energy, low carbon, logistics and offshore manufacturing fields, who will no doubt feel at home in the same city as Rolls Royce and BAE Systems.

And our economy extends way beyond the automotive and advanced manufacturing sector. Sunderland plays host to wide range of companies from Nike and Berghaus, to EDF and Npower. Our software sector is a particular success story – with 220 companies and annual revenues of



£48million securing 1,400 highly skilled jobs in locations including our flagship £10million Sunderland Software Centre. It's no wonder that Sunderland was chosen as home to one of only four Digital Catapult Centres nationally.

We are well positioned to grow too. Our diverse economy has 84 overseas-owned companies originating in 20 different countries, employing more than 26,000 people. This offers a robust foundation for adjusting to Britain's evolving place in the world economy.

All of this is underpinned by a strong focus on infrastructure, with work now well underway on The Sunderland Strategic Transport Corridor which will link the IAMP on the A19 with the city centre and Port of Sunderland. The Corridor



includes the 'New Wear Crossing', a £117.6million new road bridge across the River Wear. A striking, iconic design that will become a city and regional landmark, it will open in Spring 2018.

Our '3, 6, 9 vision' captures the city's transformation. It is a document that plays to our historic strengths but looks forward in creating an economic blueprint for a city rightly claiming its place on the global economic stage.



Sunderland's housing market

Sunderland offers a diverse housing market and is one of the most attractive in terms of price in the region⁸. Whilst a massive 91% of residents are satisfied with their current accommodation⁹, our goal is to extend our housing offer across all price points and tenures to improve conditions for the remaining 9% of residents, most markedly in the private rented tenure and in the inner city and northern suburbs.

The city has an extensive register of local authority land which is approved for disposal to enable the opportunities, such as those outlined below, to be realised. The council will also work closely with other government landholders in the area to secure the release of further land for development.

A large housing market with the capacity to grow

Sunderland already accommodates over 275,000 people. This is augmented by a substantial daily inflow of over 40,000 people who could be attracted by good quality housing and shorter commutes. In addition, around 3,000 students graduate from the University each year, creating a niche market of young, qualified individuals who could take advantage of the emerging offers in our transforming city centre and beyond.

A substantial new housing requirement

The council through its Local Plan is undertaking an objective assessment of its future housing requirements for the city. We will be planning to deliver sufficient homes to meet Sunderland's growth ambitions and the needs of the community.

A highly affordable market attractive for homeowners and investors

Sunderland offers great value for money for homeowners and investors, with median priced housing being particularly attractive compared with most locations in the region.

⁸ See Strategic Housing Market Assessment Update 2016 page 40

⁹ Private Housing Stock Condition Survey 2014



An inflow of new economically active households

Projections suggest that the city's population will rise from 275,000 to 287,700¹⁰ by 2037. New residents will continue to move to Sunderland due to the employment offer and the city's central location within the region.

Experian has estimated the Sunderland employment base will grow substantially in the coming decades.

The Economic Leadership Board's 3,6,9 Vision expects £1.28 billion of public and private investment to be made in the city to support

economic growth and to deliver in excess of 20,000 new jobs.

A demand for larger family homes

We know that we are losing families to our neighbouring authorities because of a lack of choice, particularly in terms of three plus bedroom homes. The council's top priority is to increase the number of quality family homes available within the city in order to meet the needs of all of our existing families and those moving into Sunderland to take up employment opportunities.

¹⁰ The Office of National Statistics (ONS) Sub-National Population Projections 2014



A growing sector for older people's housing

Sunderland has recently been very successful in developing extra care housing, alongside other accommodation solutions for older people. In partnership with developers, financiers and care providers, the city has constructed 761 excellent new extra care properties across the city since 2008.

This demonstrates our capability to address the significant growth in older people that the city will experience in the future. Local estate agents indicate that there is already a mismatch between the needs of older residents and the current housing stock available.

Specialist housing to meet community need

We have a range of investment and development opportunities that will be of interest to specialist niche developers specifically in the care sector.

Opportunities for small and medium sized house builders

We are particularly keen to see Sunderland's small and medium sized house builders carry out developments across the city.

To help this key part of the construction industry, the council has established an online portal to enable people to register interest in self-build and is in the process of setting up a small scale site register to highlight the opportunities for this kind of development across the city. We will also look to bring forward a number of design and build contract opportunities for small and medium sized builders from 2017, as part of the development of our own sites.





Executive housing offer

In addition to the general lack of suitable larger family homes in the city, Sunderland also has strong demand for higher quality larger family homes. Almost 20% of Sunderland's working population are employed in the top two best remunerated occupational groups¹¹. Our 2015 household survey¹² revealed some of the higher income households intending to move in the next

five years believed there will be insufficient detached houses with three or more bedrooms, and bungalows to meet their needs. This indicates that there is a market for the right type of executive homes in the city.

We have already successfully developed executive housing but we're keen to continue to improve this element of the housing offer in the city.

¹¹ DCLG Live Table 253a.

¹² SHMA 2016 Household Survey

Affordable housing

Providing housing for families in need will remain an important component of our approach. The council has a net imbalance of affordable homes for sale and for rent. The Local Plan will set a affordable homes target and require development to contribute towards the affordable housing stock.

Whilst affordability of housing in the city is generally good, many of those on low to middle incomes are in need of suitable accommodation to move into as families grow. Overall, we feel a split of around 80% affordable rent and 20% intermediate tenure would satisfy these needs.

The role for good quality market renting

The market rented sector has doubled in the last ten years and is continuing to grow. Although the sector is currently focussed on lower priced housing and student solutions, market renting is likely to have a major role in underpinning the growth in employment generated though the economic strategy and developments such as the International Advanced Manufacturing Park.

In particular, there will be opportunities for good quality temporary accommodation for staff and suppliers. Such opportunities promise good returns on investment.



Graduate and Creative SME Market

Almost 3,000 students graduate each year in Sunderland. The council and the University of Sunderland have identified a real shortage of properties suitable for new graduates and those wishing to start up small creative businesses from home.

The first buildings dedicated to this use have just been released by Northern Capital Group in High Street East in the City Centre – Bodlewell House and Quayside House.

The apartments will be advertised on a price per bedroom basis, to help those starting or developing their careers in Sunderland to live in an affordable community (rent is set at £60 per bedroom per week), with the option to use a bedroom as an office/work space, as required.



BOUTIQUE
HOTEL

cream

Gallery Gallery

SEABURN

Great places to develop

A track record for delivery in partnership

Sunderland has an enviable track record for housing development. In 2015-2016, 895 homes were completed; the highest number of private housing completions in Tyne and Wear¹³.

This is in no small part thanks to our ambition and focus on partnership working, perhaps best demonstrated by our local asset-backed vehicle, Siglion. Siglion was established by Sunderland City Council in partnership with Carillion and Igloo Regeneration in 2014.

The first three of the partnerships' developments will inject a new dynamic into the market, building 200 homes at the city centre Vaux site, 279 at the seafront and 750 at the Chapelgarth site to the South. These sites are by no means the answer to the city's housing needs in their entirety; however they provide a significant step forward and do offer considerable opportunities for third party developers.

In the social housing space, we pride ourselves on a number of close working relationships with landlords, perhaps most notably with Gentoo. Having taken ownership of the council's housing stock in 2001, Gentoo has overseen a huge programme of modernisation alongside significant regeneration projects through mixed tenure

developments. Our partnership continues to strengthen as we look for new and innovative approaches to meet elements of demand in the city.

A wide range of successful development settings

Sunderland comprises a wealth of places where housing development can succeed. Our areas of character range from the urban, such as the central Riverside, Sunnyside, Farringdon Row or Washington to the suburban fringes; from the coastal resorts of Roker and Seaburn to the rural towns and villages to the south and west of the city.

These are sustainable communities rooted in their own unique heritages, with the services and amenities necessary for a successful future; modern schools, employment opportunities, relaxing green spaces, a range of vibrant cultural offers and varied shopping.

In addition, Sunderland's affordable homes requirement is currently set at 10% of any overall development, which is among the lowest in the country.

¹³ DCLG Live Table 253a.

Excellent development sites

It's about having the right sites in the right places to meet Sunderland's housing needs and enable the market to deliver new homes is key to our ambitions. The Strategic Housing Land Availability Assessment (SHLAA) identifies a pipeline of land for housing development. The council is committed to reviewing the SHLAA annually to demonstrate to the market a schedule of suitable land for housing.

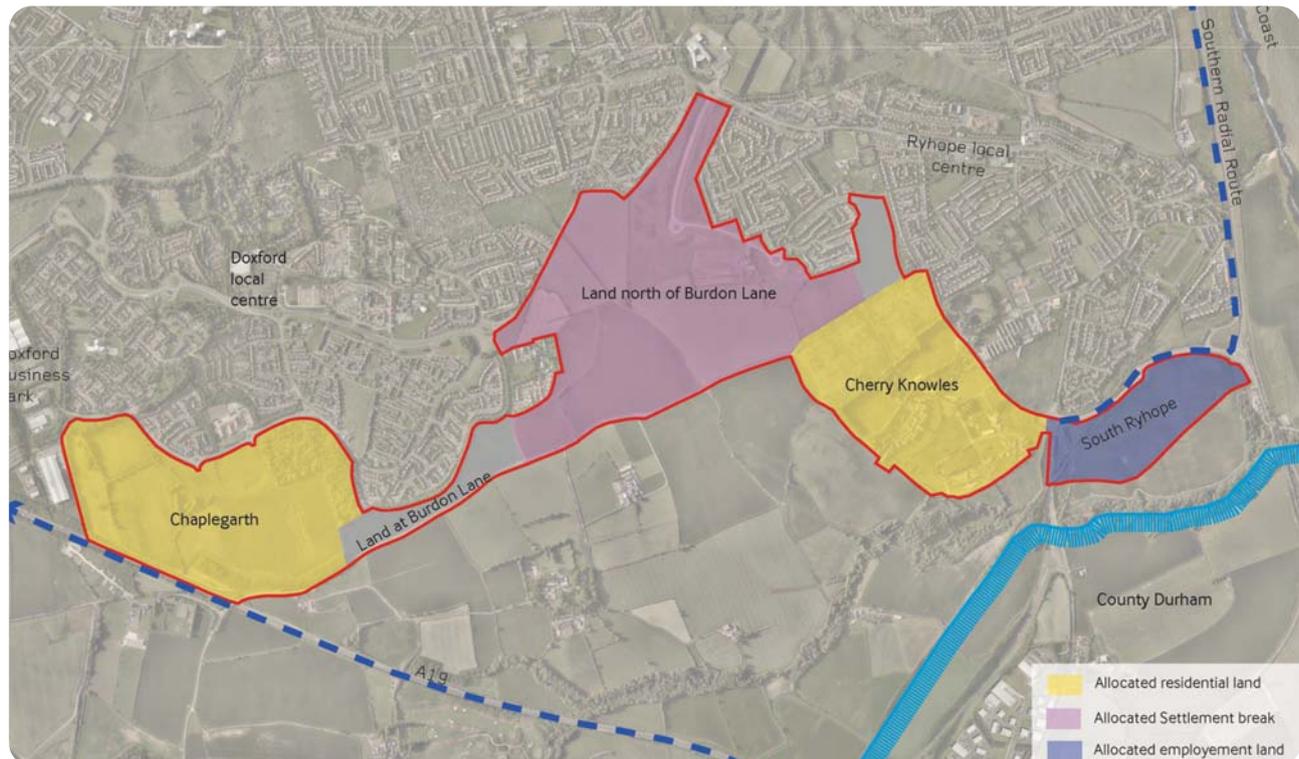
Key sites now available

Some of the key sites already available for large scale development include:

South Sunderland Growth Area

Comprising 227 hectares of land in Ryhope and Doxford Park, this new growth area will provide the location for up to 3,000 homes across four sites and provide much needed executive and larger family homes. Development of this area will assist in diversifying the city's housing stock and improving housing choice.

Imaginative and high quality development both in terms of housing design and materials is being sought that captures the spirit of innovation.



Self build and custom build plots or housing, in tune with people specific housing requirements, will be supported to assist individuals and communities who want to build their own homes in this attractive and desirable location.

It is of paramount importance that this site is not just a significant housing extension but is a truly sustainable community with adequate social infrastructure to aid social interaction and create a healthy, inclusive and thriving place.

In this respect, new facilities will be provided that complement those already present in the nearby neighbourhoods, this is likely to comprise a new primary school, a local centre, community/cultural facilities, open space, woodlands, cycleways and footpaths and the completion of the Ryhope Doxford Link Road.

A rural hinterland – Hetton and Houghton

With more than 30% of our green space, the south of the city has a rural hinterland, which includes the Georgian settlements of Hetton, Houghton and Newbottle.

This area, which borders County Durham, includes country parks, a nature reserve and riverside woodland, as well as two golf courses.

It is designated to provide a significant number of new homes over the next decade. The Philadelphia Lane site will be the location for a major housing development for over 500 homes.



City Centre

There is a regeneration buzz around the city centre, stretching from the new Sunderland College campus at Holmeside to the Music, Arts and Cultural Quarter and Keel Square, and eastwards to Sunnyside.

On the edge of the city centre, sites such as the former Vaux Brewery, together with Farringdon Row and Sunnyside Central Area, can provide over 500 quality homes within the backdrop of the Wear Gorge, quality public realm and the historic central core of Sunderland.

Vaux, a new central business district in the heart of Sunderland city centre, will provide a mixed use site with commercial office building, residential, hotel, leisure and retail elements.



Seaburn

To the north of the city, in the popular coastal areas of Fulwell and Seaburn, further sites are becoming available. These include the Seaburn Amusements site, which is located at the heart of the award-winning seafront, overlooking Seaburn promenade and beach.

Other major sites are emerging along the riverfront, including the former Groves site, which will help to form the backdrop to the New Wear Crossing.

Washington

Washington is another of the greener parts of Sunderland, being centrally served by the bustling Galleries shopping centre, lying on the doorstep of Nissan and the high quality landscape along the River Wear corridor.

Site provision in Washington is being reviewed and presently includes the former Usworth College site with the potential to deliver 200 homes.

Riverside Homes

The next phase of the Sunderland Strategic Transport Corridor scheme will offer some prime sites for riverside development in the city. The city envisages using these sites to provide contemporary urban living spaces, bringing something new to the Sunderland housing market.



Our key commitments to help Sunderland develop

Central to our ambition of being a city 'open for development' are six commitments.

A champion for housing

To demonstrate our political commitment for more and better housing, the council has identified a housing champion – Cabinet member for Health, Housing and Adult Services, Graeme Miller.

Councillor Miller is focused on realising the potential for housing investment and growth in the city and is supported by a dedicated Housing Board which meets monthly and represents all relevant key council services related to housing e.g. planning and regeneration, property, infrastructure and supported/specialist housing. This governance is geared towards a programme of action, engagement and effective planning.

Accelerating the council's land release programme

We are committed to a programme of identifying and de-risking sites, through the issue of detailed and concise briefs, providing developers with greater certainty of the planning and infrastructure requirements of council-owned development sites.

Alongside this sits an accelerated programme of releases, bringing more sites to the market than ever before to further facilitate housing development in the city and achieve our housing targets.

The council intends to identify more of its developable sites for housing in the near future. The Local Plan will allocate a number of strategic housing sites to demonstrate certainty to the market.

Selected by Government for the pilot brownfield register, we have already published a register of 15 brownfield sites which total 31.39 hectares, available with in principle planning permission for housing development¹⁴.

Pre-application

As a result of feedback from the market, we now offer a pre-application service designed to ensure close working relationships have practical benefits for developers and the council as planning authority.

¹⁴ See <http://www.sunderland.gov.uk/index.aspx?articleid=8460> for further details.

A single point of initial contact

We have introduced a new central contact point specifically for housing development queries. All development queries will be handled and managed centrally to ensure speed and continuity of response.

Adapting to the new housing market

The nation's housing market is being transformed, both by the macro-economy and government policies, such as the drive for home ownership. To keep Sunderland ahead of such changes, we will continue to explore with developers new approaches to solving the challenges of house building, such as opening up greenfield sites, sharing risk, joint ventures and discounts for key homebuyers.

What next?

We understand the housing market is constantly evolving, and we're keen to work closely with the market to ensure we fully understand how that can and should work for our city. There are practical plans in place to open up that conversation, including an Annual Development Summit and Housing Forum which will seek to improve our links with potential development partners and further strengthen our offer.

Our ultimate aim of improving and diversifying the housing offer in the city can only be achieved in partnership. If you feel you can bring something to that partnership, we'd encourage you to get in touch.

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