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1. Introduction

Background and objectives

1.1 This Strategic Housing Market Assessment (SHMA) for Northumberland National Park has been commissioned to provide an up-to-date evidence base to inform the development of the emerging Local Plan and other planning policies.

1.2 The SHMA 2017 satisfies the requirements of the National Planning Policy Framework (NPPF, March 2012) and Planning Practice Guidance, *Housing and economic development needs assessments* (last updated April 2016) which replace previous guidance including the DCLG *Strategic Housing Market Assessment Practice Guidance* (Version 2, 2007).

1.3 The SHMA 2017 also includes a review of the housing market and considers Objectively Assessed Housing Need (OAN) and Duty to Co-operate matters. The SHMA draws upon existing (secondary) data, material from household surveys and an online stakeholder questionnaire.

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 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 paragraph 50).
1.7 Paragraph 173 of the NPPF states 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.”

1.8 Moreover, the NPPF and the Localism Act 2011 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 Authority 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 the area, and the wider economic and housing market areas, including through the preparation of a Strategic Housing Market Assessment.

Planning Practice Guidance

1.9 Planning Practice Guidance, *Housing and economic development needs assessments* (last updated April 2016) provides guidance for local authorities in how to assess their housing and economic development needs.

1.10 With regards to housing need, the Guidance sets out:
- The approach to assessing need (paragraphs 1-7);
- Scope of assessments (paragraphs 8-13);
- Methodology: Assessing Housing Need (paragraphs 14-29); and
- Core outputs and monitoring (paragraphs 35-37).

1.11 The Guidance sets out that “the assessment of housing and economic development needs includes the Strategic Housing Market Assessment requirement as set out in the National Planning Policy Framework”¹. It explains that the primary objective of identifying need (for housing) is to identify the future quantity of housing needed, including a breakdown by type, tenure and size.²

1.12 The Guidance also states that “the assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development historic under-performance, ability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.”³

1.13 The Guidance 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

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¹ Paragraph: 001 Reference ID: 2a-001-20140306
² Paragraph: 002 Reference ID: 2a-002-20140306
³ Paragraph: 004 Reference ID: 2a-004-20140306
these specifically in order to create a detailed picture of local need. It states that is also important to recognise that there are ‘market segments’, i.e. not all housing types have the same appeal to different occupants. However, it notes that in some cases Housing Market Areas and Functional Economic Areas may be the same.4

1.14 The Guidance sets out that a Housing Market Area is “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 explains that it might be the case that housing market areas overlap and the extent of the Housing Market Areas identified will vary; many will in practice cut across various local planning authority administrative boundaries5.

1.15 This SHMA report signposts relevant paragraphs of the Guidance, where appropriate.

1.16 Technical Appendix D provides a checklist of how the SHMA satisfies the requirements of the National Planning Policy Framework and Planning Practice Guidance, Housing and economic development needs assessments.

Definitions

1.17 PPG Paragraph 2a-003 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.”

1.18 PPG Paragraph 2a-008 states that “[housing] needs should be assessed in relation to the relevant functional area i.e. Housing Market Area… Establishing the assessment area 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.”

1.19 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”6.

1.20 Definitions relating to affordable housing were 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.

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4 Paragraph: 008 Reference ID: 2a-008-20140306
5 Paragraph: 010 Reference ID: 2a-010-20140306
6 Planning Advisory Service Objectively Assessed Need and Housing Targets Technical Advice Note June 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.

1.21 Starter Homes are also considered in this SHMA although at the time of preparing this report they are not considered to be an element of affordable housing. The NPPF outlines the key characteristics of Starter Homes. They are to be well-designed and suitable for young first time buyers (between 23 and under 40 years of age). Starter Homes are also available to ex-Armed Forces personnel of any age. Starter Homes are not expected to be priced, after the discount, significantly more than the average price paid by a first time buyer. This means the discounted price should be no more than £250,000 outside London.

### Geography

1.22 Northumberland National Park is located in the North East of England, on the western side of the County of Northumberland (Map 1.1). The resident population of Northumberland National Park in 2015 was 1,951. The National Park is shown in Map 1.2.

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7 The government has issued consultation on proposals to change the NPPF relating to the definition of affordable housing tenure (Dec 2015).
8 National Planning Policy Framework, paragraph 002, Reference ID 55-002-20150318
9 2015 ONS mid-year population estimate: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/nationalparkmidyearpopulationestimatesexperimental
Map 1.1  Northumberland National Park locational context
Map 1.2  Northumberland National Park key settlements and transport routes
Research methodology

1.23 Regarding the overall methodological approach to assessing housing need, PPG Paragraph 2a-005 states that, “there is no one methodology approach or use of a particular dataset(s) that will provide a definitive assessment of development need. But the use of this standard methodology set out in this guidance is strongly recommended because it will ensure that the assessment findings are transparently prepared. Local planning authorities may consider departing from the methodology, but they should explain why their particular local circumstances have led them to adopt a different approach where this is the case. The assessment should be thorough but proportionate, building where possible on existing information sources outlined within the guidance”.

1.24 PPG Paragraph 2a-014 comments that, “Establishing future need for housing is not an exact science. No single approach will provide a definitive answer. Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance.”

1.25 To deliver the SHMA 2017, 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;
- A review of data obtained through the Household Survey 2012 which was undertaken by DCA on behalf of Northumberland County Council\(^{10}\). Based on postcodes within the National Park, 757 responses have been analysed to provide data within this report;
- A review of data obtained through the Housing Needs Survey 2016 which was undertaken by the Northumberland National Park Authority, with a total of 181 responses;
- A review of research by Edge Analytics\(^{11}\) to inform the calculation of objectively assessed housing need and the Housing Requirement over the Plan Period; and
- Consultation with key stakeholders.

1.26 Further information on the research methodology is presented at Appendix A. Please note that the most up to date information has been used where possible.

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\(^{10}\) Northumberland 2012 Housing Needs Survey, DCA

\(^{11}\) Northumberland National Park Demographic Forecasts July 2016
Report structure

1.27 The Northumberland National Park SHMA Report is structured as follows:

- Chapter 2 reviews the national and regional policy context within which the research needs to be positioned and also looks at case studies of similar rural National Park areas and their policy approach;
- Chapter 3 presents a review of the Northumberland National Park housing market and the local economy;
- Chapter 4 considers future housing need, including Objectively Assessed Housing Need and the need for different types of housing;
- Chapter 5 considers the needs of all types of housing, looking at dwelling mix and the needs of specific groups;
- Chapter 6 concludes the report with a summary of findings and a consideration of strategic issues.

1.28 The report includes technical appendices, which provide detailed material that underpins the core outputs of the SHMA. The technical appendix material includes:

- Research methodology (Appendix A);
- Policy review (Appendix B);
- Affordable housing need calculations (Appendix C);
- Stakeholder survey findings (Appendix D); and
- Conformity to NPPF and PPG checklist/data sources (Appendix E).
2. Policy and strategic review

National policy

2.1 The purpose of this chapter is to set out the policy and strategic context for housing delivery in Northumberland National Park.

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. The recent passing of the Housing and Planning Act 2016 has put in place the legislative structure for implementing some of the Government’s key policies, including Starter Homes, restrictions on lifetime tenancies and ‘Pay to Stay’.

2.4 The outcome of the EU referendum and subsequent leadership changes within Government are beginning to influence the further evolution of national planning and housing policies, including the publication in February 2017 of the Government’s Housing White Paper, Fixing our broken housing market.

2.5 A detailed national policy review is presented at Technical Appendix B.

Local strategic priorities

North East Local Enterprise Partnership and Combined Authority

2.6 The abolition of regional development agencies and the creation of local enterprise partnerships were announced as part of the June 2010 Government Budget. Local authorities and business leaders were invited to submit proposals to replace regional development agencies in their areas with Local Enterprise Partnerships (LEPs). In October 2010, 24 bids were announced, establishing LEPs aimed at overseeing economic growth and job-creation in their relevant areas. There are now 39 partnerships, set up to be the key bodies determining strategic economic priorities for their areas, driving economic growth and local job creation.

2.7 Northumberland County lies within the North East Local Enterprise Partnership, which also includes the local authority areas of Newcastle, Gateshead, North Tyneside, South Tyneside, Sunderland and Durham. The LEP is a public/private partnership that brings together the public sector and partners from business and higher education to ‘create growth’ across the area.

2.8 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.

2.9 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 for 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.

2.10 Alongside the creation of the North East LEP, the seven authorities have also created the North East Combined Authority, a 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.”

Northumberland National Park strategies and plans

2.11 The Northumberland National Park Authority has an adopted National Park Management Plan, which sets out the guiding principles, vision, objectives and actions for managing the National Park. The National Park Management Plan 2016-2021 was adopted on 16th March 2016, following a comprehensive review including extensive consultation and community engagement. Of particular relevance to the SHMA is Aim 4: Thriving Communities, and the following objectives:

**Objective 4.2.1 – To ensure a balanced range of housing that meets local needs.**

Means to achieve:

- Work with communities, partners, house-builders and registered providers to explore innovative housing solutions (including affordable housing) to meet identified needs; and
- Review planning policies to ensure that identified local housing and employment needs can be met without compromising the special qualities of the National Park.

**Objective 4.3.1 – There are more young adults and people of working age living in the National Park**

Means to achieve:

- Support the creation of affordable housing that meets the identified needs of young adults and working-age households in the National Park; and
• Work with Rural Growth Network partners to provide improved pathways to employment and vocational learning for young people.

2.12 The Northumberland National Park Authority is the statutory planning authority for the area of the National Park, determining planning applications and also preparing policy and guidance. In addition to the Management Plan, the National Park Authority is responsible for preparing, monitoring, implementing and reviewing its Local Plan, as required by NPPF. The **Northumberland National Park Core Strategy and Development Policies** was adopted in March 2009. This sets out policies to guide development, used in the determination of planning applications.

2.13 The National Park Authority is currently reviewing its Local Plan, and this SHMA forms part of the evidence base to inform the emerging policies. A draft strategic issues paper was published in February 2017.

**Planning for housing in rural areas**

2.14 This section considers different policy options and delivery models that have been used in other parts of England. It includes some case studies of housing delivery in remote rural areas, National Parks and other localities that face similar housing challenges.

**Community Land Trusts**

2.15 The 2008 Housing and Regeneration Act provided the legislative foundation for Community Land Trusts (CLTs) as an option for local communities to acquire and manage land to address a social, environmental or economic interest.

2.16 CLTs are a form of community-led asset ownership and management. They are local organisations set up by members of a local neighbourhood or community to develop and manage homes or other community enterprises, such as local services, shops, workplaces or food growing.

2.17 There are now over 225 CLTs in England and Wales and the sector has grown six-fold in the last six years. CLTs have developed over 700 permanently-affordable homes to-date and will have developed a further 3,000 by 2020.

2.18 CLTs have become established as an option to help meet local housing needs in some parts of England, both urban and rural. Particularly in small, rural communities where there are specific pressures and constraints, CLTs have become an established option for ‘grass-roots’ led housing projects to address local needs from a ‘bottom-up’ approach.

2.19 Although the model is flexible, and each CLT will be set up and run slightly differently, the overall CLT process involves:

a) Local people set up a CLT;

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b) The CLT becomes a landowner, either because land is gifted to them or because the community buy the piece of land;

c) Project construction, which may involve the community self-building the project custom-build developer or similar;

d) The CLT remains the long-term manager of the homes or assets.

2.20 CLTs are not legal bodies in themselves, but they are defined in law, and must:

- Be set up to benefit a defined community,
- Be not-for-private-profit (any surplus must be used to benefit the community),
- Be open for local people living and working in the community having the opportunity to join as members, and
- Be controlled by members of the CLT, usually through an elected board.

2.21 There are various sources of funding available to help CLTs, from conception through to delivery. These may include grants, loans and/or technical advice and assistance.

2.22 The Government provide funding for CLT projects, particularly via the Community Buildings and Housing Grant programme, which opened in April 2015 to help community groups produce a Community Right to Build order or a community-led planning application for housing. The programme is split into two stages:

i. Community Building Pre-Feasibility Grant – grants of up to £10,000 to assess project feasibility prior to submitting a planning application or Community Right to Build Order; and

ii. Community Buildings Project Support Grant – grants of up to £40,000 per project to help pay for expert help and other costs associated with pre-application costs.

2.23 The Government’s 2016 Budget (March 2016) set out that:

“The government will provide £60 million of the additional receipts from higher rates on additional residential properties to enable community-led housing developments, including through Community Land Trusts, in rural and coastal communities where the impact of second homes is particularly acute”14.

2.24 Some examples of CLTs and supporting organisations are set out below.

*Community Land Trusts in the Lake District National Park*

2.25 The CLT approach has successfully been adopted by several local community groups in Cumbria.

2.26 Originally incepted as Cumbria Village Homes in 1983, the Cumbria Rural Housing Trust (CRHT) worked for over 30 years, providing a voice for rural housing in Cumbria and supporting local communities with housing need surveys and since 2008 with CLTs to help meet local housing needs. CRHT

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14 HM Treasury, 2016 Budget, March 2016, para 1.127
ceased its activities at the end of March 2016, but other specialist consultants continue to provide project development and management services for communities interested in developing affordable homes via a CLT.

2.27 CLTs in Cumbria include Witherslack, Crosby Ravensworth, Keswick and Skelwith & Langdale. Each set up as an individual, community-based group (Keswick comprises three separate CLTs), the Cumbrian CLTs have together developed over 50 community-owned homes with more in the pipeline.

2.28 Keswick Community Housing Trust (KHLT) was set up after Keswick Churches Together consulted their community in 2009, identifying a shortage of affordable homes as a top local concern. In December 2013 the same group completed an affordable housing scheme called ‘The Hopes’ to be occupied by eleven local households (5 rented, 5 shared ownership and 1 local occupancy). The second scheme, ‘Banks Court’ involves four apartments within a former toilet block that was gifted to the CLT by Allerdale Borough Council. The third scheme has seen KCHT working alongside Impact Housing (housing association) on a new housing development at ‘Calvert Way’ in Keswick which includes a total of 55 houses, 22 of which will be owned and managed by the CLT themselves.

Wessex Community Land Trust Project

2.29 The Wessex Community Land Trust Project provides comprehensive support to CLTs at various stages of development throughout the three counties of Somerset, Dorset and Devon.

2.30 The Wessex CLT Project model leans heavily on a partnership approach, whereby CLTs work with housing associations.

2.31 The Wessex CLT Project has supported the development of over 100 homes across the three counties, with over 100 more in the pipeline. All of these homes have been built by the CLTs’ housing association partners on community-owned land.

2.32 These Wessex CLT Project provide a range of services including:

- Form of partnership,
- Business planning,
- Legal formats and documentation,
- Finance,
- Site identification and land acquisition,
- Planning issues,
- Development risks,
- Communication,
- Project Management,

15 http://wessexca.co.uk/wessex-clt-project/
• Training,
• Strategic advice,
• Problem Solving, and
• Lobbying.

**Cornwall Community Land Trust Project**

2.33 Cornwall Community Land Trust Limited (Cornwall CLT) was established in April 2006, as a result of the Community Land Trust Project. Cornwall CLT was registered as an independent Industrial and Provident Society with charitable rules in 2007.

2.34 Cornwall CLT delivers affordable homes for local need, including affordable sale, rental and shared ownership tenures. It also provides the following range of services:\(^{16}\):

• Technical assistance and advice for community groups through the national CLT Fund;
• Technical assistance and advice direct to community groups on a consultancy basis;
• Development agency services for properly constituted local community groups, and also small housing associations; and
• Advice and assistance on providing other community assets.

2.35 Cornwall CLT has delivered over 150 homes, with over 150 more in the pipeline. Many of the homes have been delivered in partnership with Cornwall Rural Housing Association and Cornwall Council. Some schemes have been constructed by local developers, and others through self-build.

**Glendale Gateway Trust, Wooler**

2.36 Closer to home, the Glendale Gateway Trust exists to support the community of Glendale in rural Northumberland.

2.37 Set up in 1996, the Trust has acquired a variety of identities in response to different opportunities during its history: charitable trust, community development organisation, community land trust, social enterprise and registered social housing provider.

2.38 The Trust manages a community and business centre, some commercial units on Wooler High Street, Wooler Youth Hostel with Shepherds Huts and 18 affordable housing properties\(^ {17}\).

2.39 The most recent housing schemes (five apartments in the Wheatshead building and four apartments in Roddam Dene House) were both developed with Homes and Communities Agency (HCA) empty properties funding. Glendale Gateway Trust own and manage the units, which are let at affordable rent.

\(^ {16}\) http://www.cornwallclt.org/what-we-do-at-cornwall-clt.html
\(^ {17}\) http://www.wooler.org.uk/glendale-gateway-trust
Neighbourhood planning

2.40 Under the provisions of the Localism Act 2011, the Neighbourhood Planning Regulations 2012 came into force on 6th April 2012 and provide the legislative basis for local communities to prepare their own planning policies and site allocations. Once approved, these ‘neighbourhood plans’ become part of the development plan for an area, and a material consideration in the determination of planning applications.

St Ives, Cornwall

2.41 Whilst St Ives is a small town in Cornwall, rather than a remote or deep rural area, it is an interesting case study in the context of this SHMA because of the issue of second homes. Second homes have had a significant impact on the local housing market in St Ives, particularly in terms of house price affordability for local people. In response, neighbourhood planning powers have been used to include a policy dealing with this issue within the town’s neighbourhood development plan.

2.42 The St Ives Area Neighbourhood Development Plan was passed at referendum by an 83% majority on 5th May 2016, with a voter turnout of 47.2%. Despite a subsequent challenge to the decision, the High Court refused an application for judicial review in November 2016 and the St Ives Area Neighbourhood Development Plan is now used for decision-making in the Plan area of St Ives Parish.

2.43 Policy H2 of the St Ives Area Neighbourhood Development Plan states:

“H2 Principal Residence Requirement

Due to the impact upon the local housing market of the continued uncontrolled growth of dwellings used for holiday accommodation (as second or holiday homes) new open market housing, excluding replacement dwellings, will only be supported where there is a restriction to ensure its occupancy as a Principal Residence…”

2.44 The Town Council stated that 25% of properties in 2011 were second homes, a 67% increase from 2001. This rapid rise in the number of second has fuelled house-price rise and caused the area to become increasingly unaffordable to local people. It is in response to this situation that this policy has been included within the Neighbourhood Development Plan, requiring that new-build housing developments will only be granted planning permission if they are reserved for people who live in the St Ives and surrounding area full-time.

2.45 Critics of the measure believe that it could increase the demand for existing houses (which do not fall under the policy), forcing further rises in house prices. However, it is an example of where local communities are actively using their new neighbourhood planning powers to help in the provision of housing that prioritises local needs.
Self-Build Housing

2.46 The Coalition Government made clear in its 2011 Housing Strategy for England, *Laying the Foundations*, that it wished to unlock the growth potential of the custom homes market and double its size over the next decade. It defined the main critical barriers to custom build as access to suitable plots to build on; access to development finance to enable the purchase of land and start of construction; and the hurdles that many custom builders face when they engage with the regulatory regimes that govern the development process.

2.47 The National Planning Policy Framework (NPPF) of 2012 set out 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. The Self-Build and Custom Housebuilding Act 2015 and subsequent Self-Build and Custom Housebuilding (Register) Regulations 2016 require authorities to maintain a register of those who have expressed an interest in buying serviced plots. Local authorities are under a duty to have regard to these registers in carrying out their planning function.

*St Just-in Roseland, Cornwall, Community Self Build Housing*

2.48 This community self-build project was initiated by two local brothers who could not afford to buy a house in their local community area. Along with four other locally-born people, they formed a local group to see if they could pursue a self-build project that was cost-effective.

2.49 The group negotiated with a local farmer to buy a field on the edge of the village, and although not allocated for housing development they gained the support of the local parish council.

2.50 The District Council was concerned that the group might build the homes and then sell them on, so they wanted to structure the project so that the homes could only be sold to someone local who is in need of affordable housing. The Council therefore decided to buy the field from the farmer, set the site up as a Community Land Trust (CLT), and form a board of trustees to oversee the site and draw up the basic rules. The CLT then transferred the freehold of the individual plots to each of the six families involved.

2.51 The site had a variety of physical constraints and the group encountered resistance from neighbours. In addition, professional costs (architects, engineers and legal fees) were significant. However, the skills and experience of the six members of the group meant that the build costs were low (in terms of labour), with the net result that each home cost around £100,000-110,000 in total.

Concluding comments

2.52 The previous Coalition Government established its housing and planning priorities within the context of local decision making and accountability, reduced

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18 National Planning Policy Framework, paragraph 021, Reference ID 2a-021-20150326
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. This direction of policy has continued under David Cameron’s Conservative Government, with the implementation of further legislative measures to promote home ownership, reduce welfare spending and control immigration under measures such as the Housing and Planning Act 2016.

2.53 The new Conservative Government leadership under Theresa May has signalled a moderated policy approach during the current Parliament (2016-17), with a broader perspective on housing tenure options and an increased emphasis on neighbourhood planning. Policies such as neighbourhood plans, the allocation of funding for community-led housing and increased rights for self-building have a particular relevance for rural areas.

2.54 The recent publication of the Housing White Paper Fixing our broken housing market (February 2017) reaffirms the Government’s commitment to increase the supply of housing, including a commitment to amend the NPPF in relation to housing land supply and the proposed introduction of a new ‘housing delivery test’ for authorities.

2.55 The importance of having robust and up-to-date information to help inform decision making at local authority level is evermore essential. In the context of future uncertainties, particularly relating to the economic climate post-referendum, this SHMA provides the National Park Authority with an excellent range of material to inform policy decisions.
3. Housing market and economic review

Introduction

3.1 The purpose of this chapter is to explore the housing market dynamics of Northumberland National Park, focusing on: demographic and household patterns; economic characteristics; current stock profile and tenure; and housing need.

3.2 A range of secondary data will be used in this analysis, supplemented with primary data available from the recent Needs Survey (2016) and housing need information from the Housing Register.

Key market drivers

3.3 Essentially, there are three key primary drivers influencing the current (and future) housing market: demographic, economic and dwelling stock characteristics, as summarised in Table 3.1.

<table>
<thead>
<tr>
<th>Table 3.1 Primary market drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary Driver</strong></td>
</tr>
<tr>
<td>Demography</td>
</tr>
<tr>
<td>Economy</td>
</tr>
<tr>
<td>Housing stock and aspirations</td>
</tr>
</tbody>
</table>

3.4 In summary, the following demographic drivers will influence the operation of the Northumberland National Park area:

- A static population in terms of size, with a projected population of 2,041 in 2037 compared with 2,025 in 2016\(^{19} \);

- The number of people of retirement age (women aged 60+ or men aged 65+) is projected to increase by 62.6% (394 additional people) between 2016 and 2037;

- The overall proportion of people aged 60/65 and over is projected to increase from almost one-third (31.1%) in 2016 to a half (50.1%) in 2037;

- The 2011 Census indicates that the following range of household groups live in Northumberland National Park: couples under 65 (no children)

\(^{19}\) According to ONS 2014-based sub-national population projections
(33.8%); couples with dependent children (18.9%); singles under 65 (15.2%); couples over 65 (10.3%); singles 65 and over (8.5%); couples and lone parents with adult children (7.5%); lone parents with dependent children (1.6%) and other household types (4.2%).

3.5 The following economic drivers underpin the operation of the housing market in Northumberland National Park:

- 73.0% of Household Reference People are economically active and are in employment according to the 2011 Census, a further 16.6% are retired, 3.6% are students, 2.1% are unemployed, 1.6% are long-term sick/disabled and 3.1% are other economically inactive;
- In terms of commuting patterns, 2011 Census data indicates that 50% of Northumberland National Park residents in employment work in Northumberland National Park and a further 30% work elsewhere in Northumberland20; and
- In terms of income, the Household Survey 2012 found that 14.9% of households have an income of under £10,000 per annum, 34.7% between £10,000 and £25,000, 21.8% between £25,000 and £45,000, and 28.7% over £45,000.

3.6 In terms of dwelling stock, across Northumberland National Park, data from the 2011 Census reveals that:

- 97.6% of dwellings are houses or bungalows (of these 59.7% are detached, 23.6% semi-detached and 14.3% terraced) and 2.1% are flats, maisonettes or apartments and 0.3% caravan or mobile accommodation;
- There is an average of 3.1 bedrooms per household;
- 58.4% of occupied properties are owner-occupied (35.0% owned outright and 23.4% owned with a mortgage), 35.3% are private rented or living rent-free and 6.2% are affordable (rented from a social landlord or shared ownership).

3.7 The characteristics of the dwelling stock and profile of the National Park are explored further in the following section.

Current dwelling stock profile

3.8 The 2011 Census reported a total of 1,085 dwellings and 871 households within the National Park. The 2011 Census reported a total population of 1,993 people living with the National Park. When compared with the number of households, this implies an average household size of 2.3 persons.

3.9 2016 Council Tax data indicated a total of 1,062 dwellings within the National Park.

3.10 This report assumes there are:

- 1,085 dwellings; and

---

20 Northumberland National Park Demographic Forecasts (Edge, July 2016), Figure 8 based on 2011 Census data
• 871 households in the National Park

3.11 The Housing Needs Survey 2016 asked whether respondents’ properties were their main residence, a second home or a holiday home. 93.2% stated main residence, 5.1% second home and 1.7% holiday home. As a National Park with many unique and attractive qualities, the impact of tourism on the housing market is another factor to be considered in developing a policy approach for the future.

Property size and type

3.12 Table 3.2 reviews the profile of occupied dwelling stock by size and type across Northumberland National Park. Overall, the vast majority (97.6%) of properties are houses or bungalows, of which 59.7% are detached, 23.6% semi-detached and 14.3% terraced. 2.1% are flats, maisonettes or apartments and 0.3% are caravans or mobile accommodation.

<table>
<thead>
<tr>
<th>Dwelling type</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detached house/bungalow</td>
<td>648</td>
<td>59.7</td>
</tr>
<tr>
<td>Semi-detached house/bungalow</td>
<td>256</td>
<td>23.6</td>
</tr>
<tr>
<td>Terraced house/bungalow</td>
<td>155</td>
<td>14.3</td>
</tr>
<tr>
<td>Flat/maisonette/apartment/mobile home</td>
<td>26</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,085</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: 2011 Census

3.13 The Housing Needs Survey 2016 found that 42.0% of respondents lived in a detached dwelling, 18.2% on a farm, 14.8% in a semi-detached home, 10.2% in a terraced dwelling, 11.9% in a bungalow and 2.8% in another form of accommodation including cottage, barn conversion and purpose-build wheelchair accessible bungalow.

3.14 The 2012 Household Survey found that 4.1% of dwellings have one bedroom, 24.1% have two bedrooms, 51.1% have three bedrooms and 20.7% have four or more bedrooms. Overall, 71.8% of dwellings have three or more bedrooms and 28.2% have one or two bedrooms.

Property tenure

3.15 The tenure profile of Northumberland National Park is summarised in Figure 3.1. Overall, based on the 2011 Census, 58.4% of occupied dwellings are owner-occupied, 35.3% are private rented (including living rent free or tied accommodation) and 6.2% are affordable accommodation (mainly social rented).

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21 One bedroom includes studios/bedsits
3.16 The Household Survey 2012 found that 53.7% of respondents were owner occupiers, 38.9% rented their property privately and 7.4% rented from a social landlord.

Tenure characteristics

Owner-occupied market

3.17 According to the 2011 Census, 58.4% of households across Northumberland National Park (509 households) are owner occupiers. 35.0% of all households (305) own outright and 23.4% of all households (204) have a mortgage or loan.

3.18 Figure 3.2 shows how median house prices across the National Park have changed over the period 2005 to 2016.

3.19 Between 2005 and 2011, median prices in Northumberland National Park were consistently higher than the median prices for the North East region, Northumberland County and England. However, since 2012 there has been a more fluctuating trend in the median house prices within the National Park.

---

22 Of respondents to the 2016 Housing Needs Survey 2016, 69.5% of respondents were owner occupiers, 28.6% rent privately and 1.7% rent from a housing association.
typically being below the national average but usually higher than the median house prices for the county and region23.

3.20 Overall, median house prices in the National Park have increased slightly, from £190,000 in 2005 to £192,500 in 2016.

3.21 Table 3.3 compares median house price change in Northumberland National Park with Northumberland County, the North East and England over the period 2005 to 2016. This indicates that price change in the National Park has been below that of most of the neighbouring districts, with a median house price change of +1.3% compared with +16.7% across Northumberland as a whole and +11.1% across the North East region.

<table>
<thead>
<tr>
<th>Location</th>
<th>Median price by year (£)</th>
<th>% change 2005-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2016</td>
</tr>
<tr>
<td>England</td>
<td>£157,500</td>
<td>£210,000</td>
</tr>
<tr>
<td>Northumberland</td>
<td>£120,000</td>
<td>£140,000</td>
</tr>
<tr>
<td>North East</td>
<td>£108,000</td>
<td>£120,000</td>
</tr>
<tr>
<td><strong>Northumberland National Park</strong></td>
<td><strong>£190,000</strong></td>
<td><strong>£192,500</strong></td>
</tr>
</tbody>
</table>

Source: Data produced by Land Registry © Crown copyright 2017

3.22 Lower quartile prices have dropped slightly during the period (Table 3.4), from £159,000 in 2005 to £150,000 during 2016, a decrease of -5.7%. This said, lower quartile prices have tended to track above those in the county, region and England as a whole.

<table>
<thead>
<tr>
<th>Location</th>
<th>Median price by year (£)</th>
<th>% change 2005-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2016</td>
</tr>
<tr>
<td>England</td>
<td>£113,000</td>
<td>£145,000</td>
</tr>
<tr>
<td>Northumberland</td>
<td>£80,500</td>
<td>£94,950</td>
</tr>
<tr>
<td>North East</td>
<td>£74,950</td>
<td>£79,950</td>
</tr>
<tr>
<td><strong>Northumberland National Park</strong></td>
<td><strong>£159,000</strong></td>
<td><strong>£150,000</strong></td>
</tr>
</tbody>
</table>

Source: Data produced by Land Registry © Crown copyright 2017

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23 Low numbers of transactions can result in more fluctuating trends, therefore house price and rental data is treated with caution.
Figure 3.2 Median house price trends 2005 to 2016: Northumberland National Park, Northumberland County, the North East and England

Source: Data produced by Land Registry © Crown copyright 2017
3.23 In terms of relative affordability (Table 3.5), Northumberland National Park is considerably more expensive than the rest of the County or the North East average, with an income of £52,200 required to purchase house at median price. This compares with £57,000 for England as a whole.

<table>
<thead>
<tr>
<th>District</th>
<th>Lower Quartile House Price 2016</th>
<th>Median House Price 2016</th>
<th>Income required for Lower Quartile</th>
<th>Income required for median</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>£145,000</td>
<td>£210,000</td>
<td>£39,300</td>
<td>£57,000</td>
</tr>
<tr>
<td>Northumberland NP</td>
<td>£150,000</td>
<td>£192,500</td>
<td>£40,700</td>
<td>£52,200</td>
</tr>
<tr>
<td>Northumberland</td>
<td>£94,950</td>
<td>£140,000</td>
<td>£25,700</td>
<td>£38,000</td>
</tr>
<tr>
<td>North East</td>
<td>£79,950</td>
<td>£120,000</td>
<td>£21,700</td>
<td>£32,500</td>
</tr>
</tbody>
</table>

Source: Data produced by Land Registry © Crown copyright 2017

3.24 When compared with household income data obtained from the Household Survey 2012, 66.2% of households living in the Northumberland National Park could not afford to buy a lower quartile priced property and 75.1% could not afford a median priced property.

3.25 A full summary of the stakeholder survey is included at Appendix D. However, there was a general view expressed that house price affordability is a problem within the National Park. Although house prices have been relatively static in recent years, they remain high compared with surrounding area and access to mortgage finance has become more restricted. Combined with typically low incomes, this makes owner-occupation in the open market unachievable for many local households.

Private rented sector

3.26 The Government’s Housing Strategy (November 2011)\(^{24}\), set out the Government’s plans to boost housing supply. It recognised an increasingly important role for the private rented sector, both in meeting people’s housing needs and in supporting economic growth by enabling people to move to take up jobs elsewhere and to respond to changing circumstances.

3.27 The private rented sector in England is growing; the Census figures for 2011 confirmed that the sector now totals 16.8%, an increase from 8.8% in 2001. Increasing house prices pre-2007 and the struggling sales market when the down turn came are both factors that have underpinned the growth of the rental market for both ‘active choice’ renters and ‘frustrated would-be’ homeowners. Tenure reform and less accessible social rented housing are also likely to be an increasing factor to the growth in the private rented sector and the sector clearly now plays a vital role in meeting housing needs as well as providing an alternative to homeownership.

\(^{24}\) Laying The Foundations; A Housing Strategy for England, 2011
3.28 Local authorities have an important role in ensuring that the private rented sector meets both these requirements. Balancing good quality supply with demand will help to stabilise rents and encouraging good quality management will improve the reputation of the sector and encourage longer term lets and lower turnover. However, this is a challenging task where existing partners need to be encouraged to participate and new partners and investors need to be identified.

3.29 The private rented sector accommodates around 35.3% (308) of households across Northumberland National Park; 245 are privately rented and 63 live rent free or in tied accommodation.

3.30 In terms of the cost of renting, Tables 3.6 and 3.7 set out the comparative median and lower quartile rents for the National Park, County, region and England as a whole. This indicates that 2016 median (£537 pcm) and lower quartile (£438 pcm) rental prices are more expensive within the National Park than in the County as a whole or the North East region.

3.31 Comparing the rental price in 2016 with that in 2010 indicates that there has been a drop in median and lower quartile rental prices in the National Park during the period. This compares with a slightly lower drop in prices in Northumberland as a whole and static rental prices across the region, while rental prices have risen across the UK.

<table>
<thead>
<tr>
<th>Location</th>
<th>Median price by year (£)</th>
<th>% change 2010-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2016</td>
</tr>
<tr>
<td>England</td>
<td>£893</td>
<td>£1,101</td>
</tr>
<tr>
<td>North East</td>
<td>£498</td>
<td>£498</td>
</tr>
<tr>
<td>Northumberland</td>
<td>£472</td>
<td>£451</td>
</tr>
<tr>
<td><strong>Northumberland National Park</strong></td>
<td>£572</td>
<td>£537</td>
</tr>
</tbody>
</table>

Source: Zoopla price per dwelling 2017

<table>
<thead>
<tr>
<th>Location</th>
<th>Lower quartile price by year (£)</th>
<th>% change 2010-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2016</td>
</tr>
<tr>
<td>England</td>
<td>£598</td>
<td>£650</td>
</tr>
<tr>
<td>North East</td>
<td>£425</td>
<td>£425</td>
</tr>
<tr>
<td>Northumberland</td>
<td>£399</td>
<td>£394</td>
</tr>
<tr>
<td><strong>Northumberland National Park</strong></td>
<td>£546</td>
<td>£438</td>
</tr>
</tbody>
</table>

Source: Zoopla price per dwelling 2017

3.32 The stakeholder survey asked respondents for the views on the private rented sector in the Northumberland National Park. With high house prices relative to income and limited affordable housing stock available, there was a clear view that in many cases households enter the PRS because they have no other
tenure choice. Some stakeholders raised concerns regarding tenure security, quality of accommodation and energy efficiency.

Affordable sector

3.33 The 2011 Census reports that there are around 54 households who live in an affordable accommodation across Northumberland National Park, accounting for 6.2% of all occupied dwellings. Of these, 51 household rent from a social landlord and 3 live in shared ownership accommodation.

3.34 The stakeholder survey included some registered providers and housing associations who work within Northumberland. Their portfolios include flats and houses. The general view of stakeholders was that ‘Decent Home’ targets are being achieved in the area. Two stakeholders identified that their organisation is developing new affordable housing (although this may not be in the National Park). Their development projects include affordable rent, rent-to-buy and shared ownership products. They identified that affordable home ownership options are typically being bought by lower income households.

3.35 In terms of key messages for the SHMA relating to affordable housing, stakeholders made the following points:

- Identification of where there is need, and what tenure, type and size of housing is required;
- More three-bedroom properties are needed for young people and to encourage families within the area; and
- Consideration of affordable housing options for older people, also including the tenure, type and size.

3.36 Some of the stakeholders responding to the survey are also involved in the provision of specialist accommodation. Additional feedback is set out in Appendix D.

Commuting and migration

3.37 The 2011 Census provides an analysis of travel to work patterns and the extent to which residents in Northumberland National Park travel to other areas together with details of how many people commute into Northumberland National Park for work.

3.38 The 2011 Census identified 1,049 workers aged 16-74 years living in Northumberland National Park and 825 workers (16-74 years) working within the National Park. This imbalance indicates a net out-commute of workers, at a ratio of 1.27\(^{25}\).

3.39 Table 3.8 presents this data and indicates that 50% of employed people who live in Northumberland National Park work in Northumberland National Park; a further 30% work elsewhere in Northumberland. Of the 625 people working

\(^{25}\) Northumberland National Park Demographic Forecasts (Edge, July 2016), Table 3 based on 2011 Census data
within the National Park, 63% also live in the National Park and 23% commute from the rest of the County.

### Table 3.8  Northumberland National Park 2011 Census commuting flows

<table>
<thead>
<tr>
<th>Where do people who live in Northumberland National Park work?</th>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live</td>
<td>Work</td>
<td></td>
</tr>
<tr>
<td>Northumberland National Park</td>
<td>Northumberland National Park</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Rest of Northumberland</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>Elsewhere in UK, offshore or abroad</td>
<td>20%</td>
</tr>
<tr>
<td>Total workers = 1,049</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Where to people who work in Northumberland National Park live?</th>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live</td>
<td>Work</td>
<td></td>
</tr>
<tr>
<td>Northumberland National Park</td>
<td>Northumberland National Park</td>
<td>63%</td>
</tr>
<tr>
<td>Rest of Northumberland</td>
<td></td>
<td>23%</td>
</tr>
<tr>
<td>Elsewhere</td>
<td></td>
<td>14%</td>
</tr>
<tr>
<td>Total jobs = 825</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Source Edge 2016 (Figure 8) based on 2011 Census

---

3.40 The Housing Needs Survey 2016 found that 54.6% of employed residents in the National Park work within the National Park. The Household Survey 2012 found that 69.4% of residents living in the National Park work within the County and 13.2% from home, resulting in 82.6% working within Northumberland County in total. These trends reflect those identified by the 2011 Census.

3.41 In terms of migration, the Housing Needs Survey 2016 found that 7.9% of respondents had lived at the current address for less than one year; a further 20.3% for one to five years; 40.7% for six to twenty years; and 31.1% for over 20 years (including 2.3% who said all of their life).

3.42 The Household Survey 2012 found that 80.4% of residents in the National Park who had lived in their current home for less than a year had previously lived within Northumberland, while 19.6% had moved from elsewhere in the UK.

3.43 The most popular reasons for moving to their current home mentioned in the Housing Needs Survey 2016 were location (mentioned by 50.0% of respondents), better quality of life (47.4%), employment (26.9%) and close to family/friends (18.6%).

### Households planning to move

3.44 The Household Survey 2012 asked residents whether they were planning to move house within the next five years. 90 households stated that they planned to move within the next five years, plus 19 newly-forming households.

---

26 Northumberland National Park Demographic Forecasts (Edge, July 2016), Figure 8 based on 2011 Census data
3.45 Of those planning to move, all stated that they planned to move within Northumberland County.

3.46 Of existing households planning to move, 64.3% planned to move within two years, and 35.8% planned to move between 3 and 5 years. Of newly-forming households, 47.1% planned to move within one year and 52.9% between 3 and 5 years.

3.47 In terms of their tenure requirements, 76.2% of existing households planning to move stated that they would move in the open market, of which 21.6% stated owner occupation and 54.6% private rented. 23.8% stated they would move into affordable accommodation (all stated Council rented).

3.48 Relating to housing requirements, 54.6% of moving households stated that they required a detached house, 35.8% a bungalow and 9.6% a semi-detached house. The majority require two bedrooms (78.4%), with 21.6% stating they require three bedrooms.

3.49 The Housing Needs Survey 2016 also asked respondents whether they or part of their household plan to move home in the next five years; 20.6% stated yes. 26.5% planned to move within 12 months, 47.1% in between one and three years and 26.5% in between three and five years. In terms of household types requiring housing, the Survey identified the following groups: a single adult (29.4%), an adult couple (23.5%), elderly person(s) (20.6%), families with children (17.6%) and disabled people/special needs (5.9%).

3.50 Stated reasons why their current home is unsuitable included too big (31.0%), too small (30.7%), need to live independently (17.2%) and too expensive (13.8%). Favoured types of housing were detached homes (36.1%), bungalows (30.6%), semi-detached homes (25.0%) and farms (13.9%). 72.9% of moving households said that they require two or three bedrooms; 13.5% require one bedroom and 13.5% require four or more bedrooms.

Current households in need

3.51 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.’

3.52 The SHMA has used a range of secondary data to provide the robust and transparent evidence base required to assess housing need across Northumberland National Park. This is presented in detail in Appendix C of this report and follows CLG modelling guidance.

3.53 Across Northumberland National Park, the latest Housing Registers report 29 households requiring affordable housing of whom 5 are concealed households.

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27 DCLG Estimating housing need (2010) and previous Government Guidance (DCLG Planning Policy Statement 3)
Relative affordability of housing options

3.54 The relative cost of alternative housing options across Northumberland National Park is explored in Table 3.9. This includes affordable and market rent options, owner occupation and intermediate tenure options, as well as Starter Homes. Table 3.10 also shows the income required for alternative tenure options to be affordable. Assumptions underpinning these calculations are presented in Table 3.11.

3.55 This analysis indicates that for open market housing, the minimum income required is £21,024 (for lower quartile or entry-level renting) and £38,571 (for lower quartile or entry-level house prices).

<table>
<thead>
<tr>
<th>Tenure option</th>
<th>Cost / Price (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Rent (average)</td>
<td>£374</td>
</tr>
<tr>
<td>Affordable Rent (80% of average private rent)</td>
<td>£430</td>
</tr>
<tr>
<td>Market Rent - Lower Quartile</td>
<td>£438</td>
</tr>
<tr>
<td>Market Rent – Median</td>
<td>£537</td>
</tr>
<tr>
<td>Market Sale - Lower Quartile</td>
<td>£150,000</td>
</tr>
<tr>
<td>Market Sale – Median</td>
<td>£192,500</td>
</tr>
<tr>
<td>Market Sale - Average</td>
<td>£215,591</td>
</tr>
<tr>
<td>Starter Home</td>
<td>£154,000</td>
</tr>
<tr>
<td>Shared ownership (50%)</td>
<td>£96,250</td>
</tr>
<tr>
<td>Shared ownership (25%)</td>
<td>£48,125</td>
</tr>
<tr>
<td>Help to buy</td>
<td>£192,500</td>
</tr>
</tbody>
</table>

Source: Data produced by Land Registry © Crown copyright 2017, Zoopla, CLG

<table>
<thead>
<tr>
<th>Tenure option</th>
<th>Income required (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Rent (average)</td>
<td>£17,936</td>
</tr>
<tr>
<td>Affordable Rent (80% of average private rent)</td>
<td>£20,621</td>
</tr>
<tr>
<td>Market Rent - Lower Quartile</td>
<td>£21,024</td>
</tr>
<tr>
<td>Market Rent – Median</td>
<td>£25,776</td>
</tr>
<tr>
<td>Market Sale - Lower Quartile</td>
<td>£38,571</td>
</tr>
<tr>
<td>Market Sale – Median</td>
<td>£49,500</td>
</tr>
<tr>
<td>Market Sale - Average</td>
<td>£55,438</td>
</tr>
<tr>
<td>Starter Home</td>
<td>£39,600</td>
</tr>
<tr>
<td>Shared ownership (50%)</td>
<td>£37,258</td>
</tr>
<tr>
<td>Shared ownership (25%)</td>
<td>£30,864</td>
</tr>
<tr>
<td>Help to buy</td>
<td>£27,500</td>
</tr>
</tbody>
</table>

Source: Data produced by Land Registry © Crown copyright 2017, Zoopla, CLG
Table 3.11 Assumptions in assessing income required for alternative tenure options

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Tenure price assumptions</th>
<th>Affordability assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social rent</td>
<td>Prevailing prices</td>
<td>Affordability 25% of income</td>
</tr>
<tr>
<td>Affordable rent</td>
<td>80% of average market rent</td>
<td>Affordability 25% of income</td>
</tr>
<tr>
<td>Market Rent - lower quartile</td>
<td>Prevailing prices</td>
<td>Affordability 25% of income</td>
</tr>
<tr>
<td>Market Rent - median</td>
<td>Prevailing prices</td>
<td>Affordability 25% of income</td>
</tr>
<tr>
<td>Market Rent - average</td>
<td>Prevailing prices</td>
<td>Affordability 25% of income</td>
</tr>
<tr>
<td>Market Sale - lower quartile</td>
<td>Prevailing prices</td>
<td>90% LTV, 3.5x income</td>
</tr>
<tr>
<td>Market Sale – median</td>
<td>Prevailing prices</td>
<td>90% LTV, 3.5x income</td>
</tr>
<tr>
<td>Market Sale - average</td>
<td>Prevailing prices</td>
<td>90% LTV, 3.5x income</td>
</tr>
<tr>
<td>Starter Home</td>
<td>20% discount on full value (assumed to be median), 10% deposit on discounted portion, remainder mortgage based on 3.5x income</td>
<td>90% LTV, 3.5x income</td>
</tr>
<tr>
<td>Shared ownership (50%)</td>
<td>Total price based on median price and 50% ownership. Mortgage based on 40%. 10% deposit required, annual service change £395, Annual rent based on 2.75% of remaining equity</td>
<td>90% LTV, 3.5x income for equity and 25% of income for rental element</td>
</tr>
<tr>
<td>Shared ownership (25%)</td>
<td>Total price based on median price and 25% ownership. Mortgage based on 20%. 5% deposit required, annual service change £395, Annual rent based on 2.75% of remaining equity</td>
<td>90% LTV, 3.5x income for equity and 25% of income for rental element</td>
</tr>
<tr>
<td>Help to buy</td>
<td>Total price based on median price. Mortgage based on 75% equity. 20% loan and deposit of 5%. Loan fee of 1.75% in year 6 of outstanding equity loan increasing annually from yr7 at RPI+1%</td>
<td>70% LTV, 3.5x income</td>
</tr>
</tbody>
</table>

Household income and relative affordability of alternative tenures

3.56 Figure 3.3 compares incomes required for alternative tenures in Northumberland National Park alongside prevailing lower quartile and median earnings (based on county-wide incomes data). This demonstrates that single earner households on lower quartile incomes can only afford social rents based on income alone. Single-earner median earners have slightly more options available, including affordable rent and entry-level (lower quartile) renting, although Help to Buy and entry-level house prices (lower quartile) are still unaffordable.

3.57 Further analysis of the requirement for affordable housing is presented in Chapter 4.
Figure 3.3  Affordability of alternative tenures relative to earnings – Northumberland National Park

Source: Data produced by Land Registry © Crown copyright 2017; CLG, Zoopla; ASHE (2015) income data for Northumberland County
Economic review

3.58 This section examines the economic activity in the Northumberland National park in relation to jobs, unemployment and industry.

3.59 73.0% of Household Reference People are economically active and are in employment according to the 2011 Census. This is higher than the average across all the National Parks (64%)\(^28\). A further 16.6% are retired, 3.6% are students, 2.1% are unemployed, 1.6% are long-term sick/disabled and 3.1% are other economically inactive.

Figure 3.4 Economic activity

![Economic Activity Graph](graphic)

Source: Census 2011

3.60 Census 2001 data revealed that around 38.0% of Northumberland National Park residents work from home and the 2007 Housing Needs Survey confirmed this with around 30% of residents stating they work regularly from home\(^29\).

3.61 40.9% of residents in employment work in professional or managerial occupations according to Census 2011 data. A further 25.7% work in skilled occupations, 12.0% work in elementary occupations, 6.7% work in administrative/secretarial occupations, 5.6% work in the caring/leisure industry, 4.9% work as process / plant and machine operatives and 4.4% work in sales and customer service occupations.

3.62 The main industry in the Northumberland National Park is agriculture, forestry and fishing with 21.8% of households working within that industry. However,

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\(^{28}\) The state of the National Park report 2015 (Northumberland National Park Authority)

\(^{29}\) Northumberland National Park Local Development Framework 2009
this has declined since the 2001 Census (28.0%; -6.2%)\textsuperscript{30}. 9.7% work in the accommodation and food service industry, compared with 7.5% in 2001, which shows the importance and growth of tourism in the National Park\textsuperscript{31}.

3.63 The following graph shows the full breakdown of the industry sectors within the Northumberland National Park.

![Industry sectors graph](image)

Source: Census 2011

3.64 Around 29.0% of residents in the Northumberland National Park aged over 16 have a level 1 or level 2 qualification. 47.1% hold a level 3 or level 4 qualification. 16.4% have no qualifications but this is lower than the average for the National Parks (20.0%) and England (23%)\textsuperscript{32}. 4.1% hold ‘other’ qualifications and 3.2% are on apprenticeship schemes.

3.65 Around 83.0% of the Northumberland National Park residents describe themselves as being in good health, which is higher than the average for the National parks and England (81.0%). Around 15% of residents have a health issue that limits their day to day activities but this is lower than the National Parks and National average of 19% and 18% respectively.\textsuperscript{33}

3.66 With reference to incomes in the Northumberland National Park, the 2007 Housing Needs Survey suggested that there were a wide range of net

\textsuperscript{30} The state of the National Park report 2015 (Northumberland National Park Authority)
\textsuperscript{31} The state of the National Park report 2015 (Northumberland National Park Authority)
\textsuperscript{32} The state of the National Park report 2015 (Northumberland National Park Authority)
\textsuperscript{33} The state of the National Park report 2015 (Northumberland National Park Authority)
household income within the National park. Around 50% of households earn less than £1,300 per month and over a quarter receive more than £2,137 per month. This is compared with an average income per month in 2005 of £1,798 in the North East and £2,028 for England\textsuperscript{34}.

3.67 The 2012 housing needs survey for Northumberland suggests that 14.9% of National Park heads of households earn less than £10,000. 56.5% earn between £10,000 and £45,000, 18.2% earn between £45,000 and £100,000 and 10.4% earn over £100,000 per annum\textsuperscript{35}.

\textsuperscript{34} Northumberland National Park Local Development Framework 2009
\textsuperscript{35} Northumberland Housing Needs Survey 2012
4. Future housing need

Introduction

4.1 PPG Paragraph 2a-019 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 suggests 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).’

4.2 This chapter explores market signals, past trends in delivery, Objectively Assessed Need (OAN) and the need for all types of housing.

Market signals

4.3 PPG Paragraph 2a-020 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.’

4.4 In line with PPG Paragraph 2a-019, Table 4.1 considers a range of housing market signals for Northumberland National Park. These include house prices, rents, affordability and overcrowding. These are compared with Northumberland County, the North East and England. Given the relatively low number of households in the National Park, trends over time are difficult to establish given data availability and low numbers of property transactions (sales and rental). Table 4.1 therefore presents a comparative snapshot summary of market signals based on the latest (mainly 2016) data.

Price indicators

4.5 In terms of price/transaction indicators, a key message from the analysis is that lower quartile and median house prices are notably higher for the National Park compared with Northumberland County and the North East, with median prices 23.3% higher than for the County.

4.6 Using resident earnings for Northumberland County, two house price to earnings ratios are presented in Table 4.1: a House Price Ratio (HPR) which considers median price to median earnings; and a Rental Affordability Ratio (RAR) which considers lower quartile prices to lower quartile rents. The HPR in the National Park is higher than all comparative geographies, and the RAR is higher than the County and region but lower than the national rate.
Quantity indicators

4.7 In terms of quantity indicators, overall vacancy rates (i.e. the difference between dwellings and households) is around 20% across the National Park as this takes into account second homes and holiday homes. The comparative statistic for Northumberland is 6.4% and just over 4% for the North East and England.

4.8 The proportion of households on the Housing Register is low in comparison with other comparator areas.
### Table 4.1 Housing market signals

<table>
<thead>
<tr>
<th>Price/transaction indicators</th>
<th>Northumberland National Park</th>
<th>Northumberland County</th>
<th>North East</th>
<th>England</th>
<th>Base Date</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Quartile House Prices</td>
<td>£150,000</td>
<td>£94,950</td>
<td>£79,950</td>
<td>£145,000</td>
<td>2016</td>
<td>Land Registry Price Paid</td>
</tr>
<tr>
<td>Median House Prices</td>
<td>£195,200</td>
<td>£140,000</td>
<td>£120,000</td>
<td>£210,000</td>
<td>2016</td>
<td>Land Registry Price Paid</td>
</tr>
<tr>
<td>Lower Quartile Rents (per calendar month)</td>
<td>£438</td>
<td>£394</td>
<td>£425</td>
<td>£650</td>
<td>2016</td>
<td>Zoopla</td>
</tr>
<tr>
<td>Median Rents (per calendar month)</td>
<td>£537</td>
<td>£451</td>
<td>£498</td>
<td>£1,101</td>
<td>2016</td>
<td>Zoopla</td>
</tr>
<tr>
<td>House Price Ratio (Median Price to Median Earnings)</td>
<td>7.8</td>
<td>5.6</td>
<td>4.8</td>
<td>7.5</td>
<td>2016 (2015 earnings data)</td>
<td>Land Registry Price Paid and ONS Annual Survey of Hours and Earnings</td>
</tr>
<tr>
<td>Rental Affordability Ratio (Lower quartile rents to lower quartile earnings)</td>
<td>29.2</td>
<td>26.2</td>
<td>27.7</td>
<td>39.6</td>
<td>2016 (2015 earnings data)</td>
<td>Zoopla and ONS Annual Survey of Hours and Earnings</td>
</tr>
</tbody>
</table>

### Quantity indicators

<table>
<thead>
<tr>
<th>Quantity indicators</th>
<th>Northumberland National Park</th>
<th>Northumberland County</th>
<th>North East</th>
<th>England</th>
<th>Base Date</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total dwelling stock</td>
<td>1,085</td>
<td>148,008</td>
<td>1,178,269</td>
<td>22,976,066</td>
<td>2011</td>
<td>2011 Census</td>
</tr>
<tr>
<td>Total vacant dwellings</td>
<td>214</td>
<td>9,509</td>
<td>49,259</td>
<td>980,729</td>
<td>2011</td>
<td>2011 Census</td>
</tr>
<tr>
<td>Total vacancy rate</td>
<td>19.7</td>
<td>6.4</td>
<td>4.2</td>
<td>4.3</td>
<td>2011</td>
<td>2011 Census</td>
</tr>
<tr>
<td>Overcrowding</td>
<td>2.0</td>
<td>2.9</td>
<td>4.6</td>
<td></td>
<td>2011</td>
<td>2011 Census</td>
</tr>
<tr>
<td>No. of households on the housing register (at 1st April)</td>
<td>29</td>
<td>8,367</td>
<td>54,240</td>
<td>1,183,779</td>
<td>2016 (2017 NP)</td>
<td>DCLG Housing Register Data</td>
</tr>
<tr>
<td>Rate per 1,000 households</td>
<td>33.3</td>
<td>60.4</td>
<td>48.0</td>
<td>53.8</td>
<td>2016 (2017 NP)</td>
<td></td>
</tr>
</tbody>
</table>

Sources: As stated in table
Past trends in housing delivery

4.9 PPG Paragraph 2a-19 refers to the rate of development as a market signal.

4.10 Table 4.2 sets out actual dwelling completions in the National Park during the period 2002/03 to 2014/15. In total during this 13-year period there were 62 completed dwelling units, which equates to an average of 4.8 dwellings per year.

4.11 There has been an overall decline in numbers of completions during the period, however. In the eight years 2002/03 to 2009/10 there were an average of 6.5 dwelling completions per year; this compares with an annual average of 2 dwelling completions in the five years 2010/11 to 2014/15.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of completions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>4</td>
</tr>
<tr>
<td>2003/04</td>
<td>4</td>
</tr>
<tr>
<td>2004/05</td>
<td>4</td>
</tr>
<tr>
<td>2005/06</td>
<td>12</td>
</tr>
<tr>
<td>2006/07</td>
<td>7</td>
</tr>
<tr>
<td>2007/08</td>
<td>9</td>
</tr>
<tr>
<td>2008/09</td>
<td>5</td>
</tr>
<tr>
<td>2009/10</td>
<td>7</td>
</tr>
<tr>
<td>2010/11</td>
<td>3</td>
</tr>
<tr>
<td>2011/12</td>
<td>4</td>
</tr>
<tr>
<td>2012/13</td>
<td>1</td>
</tr>
<tr>
<td>2013/14</td>
<td>1</td>
</tr>
<tr>
<td>2014/15</td>
<td>1</td>
</tr>
<tr>
<td><strong>13-year Total</strong></td>
<td><strong>62 completions during period</strong></td>
</tr>
<tr>
<td><strong>13-year Average</strong></td>
<td><strong>4.8 completions per year</strong></td>
</tr>
</tbody>
</table>

Source: Northumberland National Park Authority 2016

Objectively Assessed Housing Need

4.12 The National Planning Policy Framework requires that LPAs identify Objectively Assessed Housing Need (OAN) 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.

4.13 The purpose of this chapter is to draw together the evidence in this SHMA and the Edge Analytics Demographic Forecasts (July 2016) to establish the Objectively Assessed Housing Need for the National Park over the Plan Period 2017-2037. The chapter is structured in accordance with the approach set out
in PPG and also considers further guidance which supports PPG, namely the Planning Advisory Service Objectively Assessed Need and Housing Targets Technical Advice Note, Second Edition, July 2015; and the Local Plan Experts Group report Local Plans: report to the Communities Secretary and the Minister of Housing and Planning, March 2016.

4.14 The analysis of OAN draws upon demographic analysis prepared by Edge Analytics\(^36\). They have produced a range of scenarios using the latest demographic statistics considering:

- The latest 2014-based population and household projections for the National Park; and
- Alternative migration impacts/assumptions.

4.15 In order to establish Objectively Assessed Need, PPG recommends a logical progression of steps which also provides a general structure for this chapter:

- Establishing the Housing Market Area;
- Make use of DCLG household projections as the starting point estimating the OAN;
- Consider sensitivity testing specific to local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates;
- Take account of employment trends;
- Take account of market signals;
- Consider an increase in the total housing figures where it could help deliver the total number of affordable homes.

### Housing Market Area

4.16 PPG Paragraph 2a-010 states a requirement to establish the relevant functional area to assess needs. As the National Park has a statutorily defined boundary, the OAN needs to be considered in this context and any figures derived for this geographical area. The National Park is one of the most sparsely populated areas of the country and exhibits close interactions with the ‘gateway’ settlements of Wooler, Haltwhistle, Bellingham and Rothbury.

4.17 Given the statutorily defined boundary of the National Park, it is an appropriate Housing Market Area for planning purposes.

### Demographic starting point

4.18 PPG Paragraph 2a-015 states that plan makers should make use of the household projections published by DCLG as the starting point estimate of housing need. The latest official population and household projections (2014-based) have been used in accordance with PPG Paragraph 2a-016. Over the

\(^{36}\) Northumberland National Park Demographic Forecasts July 2016
2017-2037 Plan Period, the 2014-based household projection model suggests an increase of 114 households, approximately 7 each year.

### Adjusting the projections

#### 4.19
The PPG recommends adjustments be 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

#### 4.20
Whilst the official 2014-based ONS population and DCLG household projections will 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).

#### 4.21
In line with the PPG, Edge Analytics have developed an official 'benchmark' scenario, with household growth assessed using household headship rate assumptions from the 2014-based CLG household projection model. For comparison with this official benchmark, a scenario using 2012-based projections has been provided along with a series of 'alternative trend' scenarios have been developed which alterative migration assumptions.

#### 4.22
The following alternative demographic trend scenarios have been developed by Edge Analytics:

- **PG-Short Term** which derives migration assumptions from a six-year period to 2014 (the latest year for which sub-district population statistics are available);
- **PG-Long Term** which derives migration assumptions from a 13-year period prior to 2014 (i.e. from 2001);
- Natural change in which migration inputs are removed, providing an estimate of dwelling growth driven solely by natural change (the balance between births and deaths);
- Zero population growth in which population of the National Park remains fixed at its 2014 value (i.e. 2,016) which provides an indication of the migration and dwelling growth impact of a stable population, given Northumberland’s ageing demographic profile.

#### 4.23
A dwelling growth scenario has also been produced, in which population growth 2014/15 to 2036/37 is determined by the annual growth in the number of dwellings which is assumed to be 5 dwellings each year based on average annual completions 2002/3 to 2014/15.

#### 4.24
In all scenarios, household growth has been estimated using household headship rates and communal establishment assumptions from the latest 2014-based DLG household projections, scaled for consistency with 2011 census household totals for the Northumberland National Park area.
Table 4.3  
Northumberland National Park: annual dwelling requirements over period 2017-37

<table>
<thead>
<tr>
<th>Scenario</th>
<th>National Park</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. SNPP-2014</td>
<td>7</td>
</tr>
<tr>
<td>B. Dwelling growth</td>
<td>5</td>
</tr>
<tr>
<td>C. Zero population growth</td>
<td>4</td>
</tr>
<tr>
<td>D. PG-Long Term</td>
<td>2</td>
</tr>
<tr>
<td>E. Natural Change</td>
<td>-3</td>
</tr>
<tr>
<td>F. PG-Short Term</td>
<td>-3</td>
</tr>
</tbody>
</table>

Note: Assumes a fixed 17% vacancy rate and 2014-based headship rates

4.25 Having reviewed the latest demographic and household projections and considered alternative assumptions relating to migration in line with PPG, it is recommended that:

I. The baseline dwelling requirement is 7 based on the latest (2014-based) projections which accords with PPG Paragraph 2a-016.

II. That adjustments are considered to reflect alternative assumptions in relation to the underlying demographic projections and household formation rates of the local area which accords with PPG paragraph 2a-017. This requires a consideration of migration assumptions and alternative headship rates.

III. Regarding migration assumptions, both suggest lower dwelling requirements and therefore no adjustment is recommended.

IV. Regarding alternative headships rates, PAS guidance recommends that the latest rates are used. It is therefore recommended that the latest HH-14 headship rates are used to inform the OAN calculation. Even if alternative headship rates were assumed, such as a return to previous higher levels, the impact on dwelling numbers would be negligible.

V. In summary, an analysis of ‘alternative assumptions in relation to the underlying demographic projections and household formation rates’ of the local area results in a recommendation of a demographic need for 7 dwellings each year over the Plan Period 2017-2037.

Employment Trends

4.26 PPG paragraph 2a-018 states that “plan makers should make an assessment of the likely change in job numbers 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”. Overall, analysis needs to consider the likely change in the number of jobs in an area along with the size and structure of the labour force.
4.27 Given the small population base and interactions between the National Park and other areas of Northumberland and beyond, it would be a challenge to derive accurate employment trend data.

VI. A further adjustment is not required to take account of employment trends. However, changes in economic activity should be monitored by the National Park Planning Authority

Market signals and past trends in delivery

4.28 This report has considered signals relating to price and quantity and compared Northumberland National Park with neighbouring areas, the region and England. Given the small population base and small number of property transactions and housing delivery:

VII. It is not recommended that the OAN is adjusted upwards to take account of market signals relating to affordability;

VIII. No adjustment is recommended to take account of past delivery.

Affordable need and housing provision targets

4.29 PPG Paragraph 2a-029 advises on how housing needs assessments should take account of affordable housing need: ‘the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing-led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes’.

4.30 The analysis of housing need suggests there is an annual imbalance of 2 affordable dwellings each year and 40 over the plan period. However, this is not a target for delivery but expresses the overall need from the Housing Register compared with current supply of affordable housing. In reality, households in need who cannot access the market can pay proportionately more for their housing above suggested affordable thresholds, people can share dwellings to reduce housing costs, and the private rented sector can accommodate households in need.

4.31 PAS37 guidance provides helpful guidance in interpreting affordable need in the context of Objectively Assessed Need. Paragraph 9.6 states ‘in practical terms, there is no arithmetical way of combining the two calculations set out in PPG to produce a joined-up assessment of overall housing need’. We cannot add together the calculated OAN and the calculated affordable need, because they overlap: the OAN of course covers both affordable and market housing, but we cannot measure these components separately, because demographic projections – which are the starting point for the OAN – do not distinguish between different sectors of the housing market. Para 9.7 continues ‘In

summary, it seems logically clear that affordable need, as defined and measured in paragraphs 22-29 of the PPG, cannot be a component of the OAN. The OAN does have an affordable component – which cannot be measured separately but will normally be much smaller than the affordable need discussed at paragraphs 22-30. When paragraph 47 of the NPPF says that plans should meet in full ‘the need for market and affordable housing’, it is referring to that component rather than the separately calculated affordable need.

4.32 In summary:
IX. No further adjustment is necessary to take account of additional affordable housing delivery.

Objectively Assessed Housing Need

4.33 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.

4.34 The challenge for the Authority is to deliver an appropriate and proportionate level of dwelling growth that supports economic growth and carefully takes into account the current demographic profile of the County.

4.35 It is proposed that the Objectively Assessed Housing Need for the Northumberland National Park over the Plan Period 2017-2037 is established from a baseline of 7 (using the latest 2014-based SNPP), with no further adjustments to take account of longer-term migration or headship rates.

4.36 Given the house price to income ratios evident in the National Park, it is recommended that there is a 20% uplift to the basic demographic requirement to take account of market signals relating to affordability. This increases the OAN by 1 dwelling each year.

4.37 In conclusion, the Objectively Assessed Need figure for the Northumberland National Park is 8 each year (a baseline of 7, no long-term migration adjustment or headship rate adjustment but an uplift of 1 to take account of affordability market signals). This figure takes account of the need to deliver more affordable and market housing and will also support economic growth. The full objectively assessed dwelling need over the Plan Period 2017-2037 (20 years) is for up to 160 dwellings.

From an OAN to a housing requirement

4.38 Having established an up to date OAN, it is necessary to translate this into a growth target for the purposes of future plan-making. This is referred to as the ‘Housing Requirement’. The Housing Requirement should, in normal
circumstances, reflect the objectively assessed need but can be adjusted either upwards or downwards. An OAN could be adjusted downwards due to development constraints or upwards to support economic or other growth ambitions. The OAN is in effect a ‘policy off’ need for housing over the plan period. Once policy considerations have been applied to the OAN figure, the result is a ‘policy on’ figure for the Housing Requirement. The Housing Requirement figure will be the target against which housing supply will normally be measured. As there are a series of physical and environmental constraints, the Housing Requirement should be considered carefully. Furthermore, there are no strategic sites for development and all new housing has been developed on windfall sites. It is therefore recommended that an OAN of up to 8 dwellings each year is acknowledged.
5. The need for all types of housing

Introduction

5.1 PPG Paragraph 2a-021 considers how the needs for all types of housing should be addressed. The SHMA has evidenced the range of market and affordable housing requirements across the National Park area. The PPG also suggests planning authorities consider the need for certain types of housing and the needs of different groups, including the private rented sector, people wishing to build their own homes, family housing, housing for older people, households with specific needs and student housing.

5.2 This chapter begins with an analysis of the mix of dwellings by type and size over the Plan Period and then considers affordable housing need as a component of future dwelling requirements.

Overall dwelling mix

5.3 NPPF paragraph 159 states that local authorities 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.

5.4 Having reflected upon the Objectively Assessed Need for housing and Housing Requirement, this section considers the overall dwelling mix which is appropriate for consideration by the Authority.

5.5 It is likely that the actual scale of delivery will be limited to windfall development, with no allocated sites in the National Park. With this in mind, findings from the recent 2016 housing needs survey have been considered to establish an appropriate mix of dwellings.

5.6 The study found that of households (existing and newly-forming) planning to move:

- 53% would like a house (mainly detached and semi-detached);
- 23% would like a bungalows;
- 11% would like a farm;
- 9% would like other property types; and
- 4% would like a flat.

5.7 Regarding property size:

- 13.5% require one bedroom;
- 40.5% require two bedrooms;
- 32.4% require three bedrooms; and
- 13.6% require four or more bedrooms.
Affordable housing requirements

5.8 An analysis of the Housing Register as at February 2017 maintained by Northumberland County Council identifies the following:

- A total of 29 households on the list for affordable housing in the National Park (of whom 5 are concealed households);
- 86% state a need for a one or two bedroom property, with the full breakdown of need as follows:
  - 16 needing a 1no. bedroom,
  - 9 needing a 2no. bedroom,
  - 3 needing 3no. bedroom and
  - 1 needing a 4no. bedroom dwelling.

5.9 A detailed analysis of the following factors determines the extent to which there is a shortfall of affordable housing:

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

5.10 The needs assessment model advocated by the CLG has been used and a detailed analysis of each stage of the model is presented in Appendix C.

5.11 Analysis identifies an annual shortfall of 2 affordable dwellings each year or 40 over the plan period 2017-2037. Table 5.1 summarises the net shortfall by number of bedrooms over the plan period.

<table>
<thead>
<tr>
<th>Table 5.1</th>
<th>Net affordable housing imbalance over the plan period 2017-2037</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Northumberland National Park</td>
<td>22</td>
</tr>
</tbody>
</table>

5.12 There was strong support for the development of affordable housing reported in the 2016 Housing Needs Survey, with 82.9% of respondents in favour of a small development of affordable homes for local people.
Affordable housing tenure split

5.13 Determining an appropriate tenure split for housing has been traditionally based on the incomes and tenure aspirations of existing households in need and newly forming households. This is used to determine an appropriate split between rented and intermediate tenure dwellings. However, the increasing emphasis of Government policy to build affordable homes for sale through intermediate tenure options and the Starter Homes initiative, coupled with housing associations having to fund schemes for rent without subsidy, is expected to have a major impact on the scale and range of affordable housing to be delivered.

5.14 Recent studies by arc4 have evidenced tenure splits in the range 55%-78% for rented and 23%-45% for intermediate tenure based on household preferences and the relative affordability of intermediate tenure options derived from household surveys. Additionally, the 2012 Household Survey found that, whilst young people aspire to live independently, they typically have no savings and limited budgets so cannot immediately afford to buy a home of their own. The challenges of affordability may continue to affect these young households and their ability to make their housing choices within the area of the National Park and neighbouring settlements.

5.15 For Northumberland National Park, it is recommended that a tenure split is established within these ranges and confirmed through economic viability work and discussions with developers and Registered Providers to determine an overall tenure split. Additionally, tenure splits should take account of the range of affordable tenures considered in the 2017 White Paper that includes Starter Homes.

Conclusions on dwelling mix

5.16 Regarding dwelling mix, data have been presented on need for market and affordable housing. This can be brought together to establish an overall dwelling mix over the plan period (Table 5.2). This analysis assumes an overall housing requirement of 160 dwellings over the Plan Period (based on the delivery of 8 dwellings each year). It also assumes an overall requirement for 40 affordable and 120 market dwellings that establishes a 75% market and 25% affordable tenure split.

5.17 The analysis indicates that 61.8% of new dwellings should be smaller 1 and 2 bedroom properties, 26.8% three bedroom properties and 11.5% four bedroom properties.
### Table 5.2  Suggested dwelling mix by market and affordable dwellings over the Plan Period 2017-2037

<table>
<thead>
<tr>
<th>Overall dwelling size mix</th>
<th>Market (%)</th>
<th>Affordable (%)</th>
<th>Overall (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bed</td>
<td>13.5</td>
<td>55.0</td>
<td>23.9</td>
</tr>
<tr>
<td>2 Beds</td>
<td>40.5</td>
<td>30.0</td>
<td>37.9</td>
</tr>
<tr>
<td>3 Beds</td>
<td>32.4</td>
<td>10.0</td>
<td>26.8</td>
</tr>
<tr>
<td>4 Beds</td>
<td>13.6</td>
<td>5.0</td>
<td>11.5</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Base</td>
<td>120</td>
<td>40</td>
<td>160</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall dwelling size mix</th>
<th>Market (No.)</th>
<th>Affordable (No.)</th>
<th>Overall (No.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bed</td>
<td>16</td>
<td>22</td>
<td>38</td>
</tr>
<tr>
<td>2 Beds</td>
<td>49</td>
<td>12</td>
<td>61</td>
</tr>
<tr>
<td>3 Beds</td>
<td>39</td>
<td>4</td>
<td>43</td>
</tr>
<tr>
<td>4 Beds</td>
<td>16</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>40</td>
<td>160</td>
</tr>
</tbody>
</table>

Source: Housing Register; 2016 Housing Needs Survey

### The private rented sector

5.18 The role and dynamics of the private rented sector were discussed in Chapter 3. We have seen that the private rented sector represents around 35.3% of the housing stock in the National Park (2011 Census data). Private rental costs are relatively expensive when compared to Northumberland County and the region (based on Zoopla data). The role of the private sector – and its potential – is therefore an important consideration in looking at policy and management options for housing in the National Park.

### People wishing to build their own homes

5.19 As referred to in Chapter 2, the Self-Build and Custom Housebuilding Act 2015 and subsequent Self-Build and Custom Housebuilding (Register) Regulations 2016 require authorities to maintain a register of those who have expressed an interest in buying serviced plots. Local authorities are under a duty to have regard to these registers in carrying out their planning function.

5.20 The Housing Needs Survey 2016 asked respondents whether they or someone in their household would ever consider self or custom build as a potential housing option. Of the 48 respondents who answered this question, 54.6% stated yes. The National Park maintains a register which is available on the website[^38].

[^38]: [http://www.northumberlandnationalpark.org.uk/about/planning/policy-guidance/self-build-and-custom-housebuilding-register/]
Family housing

5.21 According to the 2011 Census, 29.5% of households living within the National Park include children. 22.0% include dependent children and 7.5% include non-dependent (adult) children.

5.22 The Housing Needs Survey 2016 asked respondents what types of housing they think are needed in the National Park. The most popular responses were affordable housing for local people (58.6%), housing for people who work in the area (39.1%), housing for young people (34.3%) and housing for families (28.4%).

5.23 Overall, a range of dwelling types and sizes need to be considered to support the requirements for families. The long-term sustainable planning for communities within the National Park will require ensuring the provision of family housing. The findings of the online stakeholder survey support this.

Older people

5.24 A major strategic challenge for the Authority is to ensure a range of appropriate housing provision, adaptation and support for the area’s older population. PPG Paragraph 2a-021 states that ‘the need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over accounts for over half of new households’.

5.25 The number of people across Northumberland National Park aged 65 or over is projected to increase from 629 in 2016 to 1,023 by 2037 (a 62.6% increase) according to ONS 2014-based population projections.

5.26 2011 Census data identified that 18.8% of households across Northumberland National Park comprise of singles or couples aged 65 years or over.

5.27 In terms of the entire population, the 2011 Census found that 18.2% of residents in the National Park are aged 65 years+. A further 38.7% are aged between 45 and 64 years, however.

5.28 The Housing Needs Survey 2016 asked respondents if they have any elderly relatives who may need to move closer to you within the next five years. 17.9% said yes. The following forms of accommodation were identified as possible options: living with the respondent if the home could be extended/adapted (37.9%); living with the respondent (existing home adequate) (17.2%); Council-owned sheltered housing (13.8%); residential care home or nursing home (13.8%); privately owned sheltered housing (10.3%) and extra care housing (10.3%).

5.29 The following provides a guide to the forms of accommodation that are typically available in the UK:

- **Sheltered housing:** Schemes / properties are included where some form of scheme manager (warden) service is provided on site on a regular basis but where no registered personal care is provided. A regularly visiting scheme manager service may qualify as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to be included in sheltered statistics. In most cases schemes will also include...
traditional shared facilities - a residents’ lounge and possibly laundry and garden.

- **Enhanced sheltered housing**: Schemes / properties are included where service provision is higher than for sheltered housing but below extra care level. Typically there may be 24/7 staffing cover, at least one daily meal will be provided and there may be additional shared facilities.

- **Extra care housing**: Schemes / properties are included where care (registered personal care) is available on site 24/7.

- **Residential care**: Where a care homes is registered with Care Quality Commission to provide residential (personal) care only, all beds are allocated to residential care.

- **Nursing care**: Where a care homes is registered with Care Quality Commission to provide nursing care all beds are allocated to nursing care, although in practice not all residents might be in need of or receiving nursing care.

5.30 arc4 has undertaken SHMAs across a wide range of local authority areas across England. Where primary research has included questions regarding older people’s housing options, these tend to show that the majority of older people (generally upwards of 65%) want to stay in their own homes with help and support when needed.

5.31 It is important that local authorities continue to diversify the range of older persons’ housing provision to meet the varied needs of their residents. Additionally, providing a wider range of older persons’ accommodation has the potential to free-up larger family accommodation. In the context of the Northumberland National Park, factors such as accessibility will need to be considered in terms of the appropriateness and viability of providing housing for older people. The stakeholder survey highlighted the importance of considering the needs of older households within the National Park.

**Black, Asian and Minority Ethnic households**

5.32 The 2011 Census reports that 97.1% of residents are White British and the next largest ethnic group is White Other (1.8%) followed by Asian/Asian British (0.3%) and Mixed/Multiple Ethnic White and Black Caribbean (0.3%).

5.33 The 2011 Census identified no households where the Household Reference Person stated Gypsy and Traveller ethnicity and there are no Gypsy and Traveller sites in the National Park.
6. Conclusion: policy and strategic issues

6.1 This document has been prepared to equip the Authority 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 National Planning Policy Framework (March 2012) and Planning Practice Guidance (last updated April 2016).

6.2 The SHMA will help the Authority 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 considering current market demand relative to supply; and also identifies a continued affordable housing imbalance across Northumberland National Park.

6.3 This concluding chapter summarises key messages from the research findings, structured around a commentary on the current and future housing markets; the interactions of Northumberland National Park with other areas; and relates findings to key local strategic issues.

The current housing market

6.4 This study provides up to date information on the housing stock in Northumberland National Park and its underlying drivers. Some of the key messages from Chapter 3 are now presented.

6.5 In terms of dwelling stock, across Northumberland National Park, data from the 2011 Census reveals that:

- 97.6% of dwellings are houses or bungalows (of these 59.7% are detached, 23.6% semi-detached and 14.3% terraced) and 2.1% are flats, maisonettes or apartments and 0.3% caravan or mobile accommodation;
- There is an average of 3.1 bedrooms per household; and
- 58.4% of occupied properties are owner-occupied (35.0% owned outright and 23.4% owned with a mortgage), 35.3% are private rented or living rent-free and 6.2% are affordable (rented from a social landlord or shared ownership).

6.6 Only 6.2% of households live in affordable housing and mainly rent from a social housing landlord. There is an ongoing need for affordable housing and this has been evidenced through stakeholder views and the annual imbalance (shortfall) of 2 affordable dwellings each year or 40 over the plan period 2017-2037.

6.7 The Housing Register for Northumberland National Park suggests at least 24 existing households are in housing need (2.8% of all households) with a further 5 newly-forming households resulting in a total of 29 households on the register.
Market signals review

6.8 Chapter 4 reviewed a range of market signals relating to price and quantity and compared these with comparator areas. This evidenced in particular that house prices in the National Park are notably higher than those across Northumberland.

Objectively assessed housing need and Housing Requirement

6.9 Chapter 4 considered Objectively Assessed Housing Need (OAN). In accordance with PPG and PAS guidance, the Objectively Assessed Housing Need for Northumberland National Park over the Plan Period 2017-2037 is established from a baseline of 7 dwellings (2014-based SNPP), with no further adjustments to take account of longer-term migration or headship rates to take account of market signals relating to affordability. This increases the OAN by 1 dwelling each year.

6.10 The Objectively Assessed Need figure is for 8 dwellings each year. This figure takes account of the need to deliver more affordable and market housing and will also support economic growth. The full objectively assessed dwelling need over the Plan Period 2017-2037 (20 years) is for up to 160 dwellings.

6.11 Having established an up to date OAN, it is necessary to translate this into a Housing Requirement for the purposes of future plan-making. As there are a series of physical and environmental constraints, the Housing Requirement should be considered carefully. Furthermore, there are no strategic sites for development and all new housing has been developed on windfall sites. It is therefore recommended that an OAN of up to 8 dwellings each year is acknowledged.

The need for all types of housing

6.12 Chapter 5 built on the assessment of Objectively Assessed Housing Need to establish an appropriate mix of housing required across Northumberland National Park over the Plan Period. It also presented affordable housing need calculations and tenure split. The chapter then considered needs from different groups.

6.13 Analysis of affordable housing requirements evidenced an overall imbalance (shortfall) of 40 affordable dwellings over the Plan Period 2017-2037 and an imbalance (shortfall) of 2 dwellings each year, with most of this need 61.8% for 1 and 2 bedroom dwellings and 38.2% for 3 or more bedroom dwellings.

6.14 It is recommended that an affordable housing tenure split is further explored through economic viability work, enhanced data collection on income, savings and tenure choice, and discussions with developers and Registered Providers to determine the overall potential for such a tenure split in the light of emerging Government policy.

6.15 The level of demand for self/custom build should be monitored closely and it is expected that this may contribute a small amount to new dwelling stock.
6.16 A major strategic challenge is to ensure a range of appropriate housing provision, adaptation and support for the area’s older population. The number of people across Northumberland National Park area aged 65 or over is projected to increase from 629 in 2016 to 1,023 by 2037 (a 62.6% increase). Studies by arc4 elsewhere show that the majority of older people (generally upwards of 65%) want to stay in their own homes with help and support when needed. However, it is important to diversify the range of older persons’ housing provision.

6.17 In summary, key drivers in determining the tenure and type of future development include:

- The need to continue development to reflect the housing choices of residents, taking into account the changing demographic profile of Northumberland National Park;
- 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;
- The economic viability of delivering affordable housing on sites across Northumberland National Park.

Policy responses

Context

6.18 Delivering on all the objectives and aspirations identified by this research will be challenging. There is a limited amount of stock to start with and until at least the medium term, there will be very limited sums of public subsidy available. Given such finite resources, there are tensions inherent in trying to address the needs of young people and families whilst at the same time meeting the housing needs of older people. Accordingly, it will be essential that the Authority develops a very clear understanding of how it is going to deliver and manage its competing objectives.

Process

6.19 We recommend that the Authority draw up a Management Approach Statement which would provide a succinct statement of precisely how the Authority intends to meet competing residents’ needs, as well as prioritise between them. This should serve as a guide for residents and stakeholders for a number of years. The following recommendations refer to the relevant objectives in the Management Plan.
Objective 4.2.1 – To ensure a balanced range of housing that meets local needs.

a) Encouraging new supply

6.20 We recommend that the Authority convene a meeting with developers and landowners and public stakeholders (including the HCA) to discuss how new supply can be achieved. This could include identifying what measures would be needed to enhance supply (including possible changes to Government policy). This could be linked to discussions around stalled sites and publication of progress on the SHLAA revision.

6.21 This approach would be consistent with the government’s aspiration to help small and medium-sized builders to grow through the Home Building Fund and supporting development on small sites. A discussion with local builders might be used to develop a pilot approach for the Fund tailored to the Park’s circumstances.

6.22 If not already included in the SHLAA revision, the potential for encouraging the conversion of disused farm buildings could be explored with local National Farmers Union representatives.

b) Bringing Empty Homes/Buildings back into use

6.23 It is recommended that the Authority takes account of the Empty Homes Strategy operated by Northumberland County Council.

6.24 The Scottish Government regards reusing empty homes as key to its rural strategy. It is recommended that the authority commission research (perhaps with other NPAs) into the feasibility of establishing an Empty Homes/Buildings Loan Fund.

c) Understanding the implications of Second Homes

6.25 The Housing Needs Survey 2016 identified 5.1% of homes were second homes and 1.7% holiday homes. Given the Park’s attractiveness, research into the number of second homes and holiday homes within the Park would be useful to provide an accurate picture of how this is changing communities and the housing market. This would facilitate future policy making.

d) Providing more housing suitable for older people

6.26 The authority could explore the potential for the development of rightsizing properties that facilitate older residents moving into accommodation that would provide a closer match to their needs. This would have the added advantage of freeing up accommodation for families.

6.27 As a default position, the Authority should consider adopting lifetime homes for all new developments to increase the number of homes suitable for older people.
6.28  As most older people would prefer to remain in their homes and social services’ resources will be less available, the Authority could (with other authorities) conduct research on the potential for an ethical equity release product that frees resources from capital values to fund adaptation, care and support.

Objective 4.3.1 – increasing young adults and residents of working age

a) Encouraging innovation

6.29  To facilitate innovation, we recommend that the Authority consider holding a competition to identify viable new approaches for development that meet its objectives. This would include the potential for developing Live/Work units that combined accommodation with workspace for start-up or small scale businesses. This could be co-funded with the Rural Growth Network.

b) Offer for former service personnel

6.30  Given the proximity of Otterburn Camp, the Authority could explore with either the MOD, or the Beacon facility there, the possibility for current or recent former service personnel to undertake voluntary work improving empty property in the Park.

6.31  If suitable property were available, a self-rebuild/custom re-build sweat equity product could be designed for appropriate former service personnel. This sits well with the latest White Paper and LPAs’ wider Armed Forces Community Covenant responsibilities.

NPPF requirements

6.32  Paragraph 159 of the NPPF states that Local Planning Authorities should have a clear understanding of housing needs in their area. The material in this SHMA provides an evidence base to inform strategic decision making.

6.33  The SHMA has:

- 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

6.34  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 Northumberland National Park.
6.35 This research has reflected upon the housing market attributes of Northumberland National Park. 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; and addressing the requirements of older people and vulnerable groups.
Introduction to Technical Appendices

- Technical Appendix A: Research methodology
- Technical Appendix B: Policy review
- Technical Appendix C: Housing need calculations
- Technical Appendix D: Stakeholder survey
- Technical Appendix E: National Planning Policy Framework and National Planning Practice Guidance Checklist
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 Northumberland National Park 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;
- A review of data obtained through the Household Survey 2012 which was undertaken by DCA on behalf of Northumberland County Council. Based on postcodes within the National Park, 757 responses have been analysed to provide data within this report;
- A review of data obtained through the Housing Needs Survey 2016 which was undertaken by the Northumberland National Park Authority, with a total of 181 responses;
- A review of research by Edge Analytics to inform the calculation of objectively assessed housing need and the Housing Requirement over the Plan Period; and
- Consultation with stakeholders.

A.2 PPG Paragraph 2a-009 comments that, 'No single source of information on needs will be comprehensive in identifying the appropriate assessment area; careful consideration should be given to the appropriateness of each source of information and how they relate to one another. For example, for housing, where there are issues of affordability or low demand, house price or rental level analyses will be particularly important in identifying the assessment area. Where there are relatively high or volatile rates of household movement, migration data will be particularly important. Plan makers will need to consider the usefulness of each source of information and approach for their purposes. Local planning authorities can use a combination of approaches where necessary'.

Online stakeholder survey

A.3 An online survey of stakeholders was undertaken. This took the form of an online questionnaire, which representatives from a range of stakeholder organisations were invited to complete.

A.4 A total of six separate responses to the stakeholder consultation were obtained from representatives from the County Council, housing associations, a property management company and a community organisation.

A.5 The responses have been analysed. They provide an invaluable view on the current housing market and related issues in Northumberland National Park.
The findings are set out in Technical Appendix D and referred to within the main report where relevant.
Technical Appendix B: Policy review

B.1 The purpose of this Appendix is to set out the national policy agenda of relevance to this housing needs assessment.

Introduction

B.2 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.

B.3 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.

B.4 Since the election of a majority Conservative Government in May 2015 further welfare reforms were accompanied by policies seeking to increase the rate of housebuilding and promoting home ownership as the tenure of choice. The Housing and Planning Act was passed in May 2016, setting out the legislative framework for the flagship Starter Homes scheme and including provisions relating to other aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.

B.5 However, the European Union Referendum of 23rd June 2016 and subsequent changes in Government leadership are beginning to impact emerging policy. ‘Brexit’ discussions have created uncertainty regarding economic issues and the new Conservative Party leadership have signalled some changes in policy direction in their Autumn Statement and the Housing White Paper (February 2017).

Legislative and policy background

B.6 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 a 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 abolition 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.

B.7 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.

B.8 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 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.

B.9 The measures set out 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.

B.10 The National Housing Strategy acknowledges the importance of social housing and the need for more affordable housing. However, the document reaffirms the programme of reforming 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’[^39]. The private rented sector is considered to

The document sets out an intention to support the growth of the private rented sector through innovation and investment, to meet continuing demand for rental properties.

B.11 The National Housing Strategy reaffirms the commitment to bringing empty homes back into use, using the New Homes Bonus as an incentive. It also sets 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.

B.12 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.’

B.13 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 (#6) and promoting healthy communities (#8). The Framework also introduces new definitions of affordable housing covering social rented housing, affordable rented housing and intermediate housing.

B.14 The NPPF is to be read alongside other national planning policies on Waste, Travellers, Planning for Schools Development, Sustainable Drainage Systems, Parking and Starter Homes. National Planning Practice Guidance (NPPG) on a range of more detailed topics has been revised and updated and made available through an online system since March 2014. NPPG 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.

B.15 Following the election of a majority Conservative Government in May 2015, the Government’s Summer Budget 2015 was presented to Parliament by the then-Chancellor George Osborne in July 2015. The Budget set out proposed reforms

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40 Laying the Foundations: A Housing Strategy for England (Nov 2011), page 33 Summary
41 National Planning Policy Framework (November 2012), para. 14
42 http://planningguidance.communities.gov.uk/
43 http://planningguidance.communities.gov.uk/
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; training requirements for those on Universal Credit aged 18 to 21; the removal of automatic entitlement to Housing Benefit for those on Universal Credit aged 18 to 21; and the removal of the Family Premium element of Housing Benefit for new claims from April 2016. Alongside these welfare cuts, it was 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.

B.16 Alongside the Summer 2015 Budget 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.

B.17 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.

B.18 The *Spending Review and Autumn Statement 2015* of November 2015 continued these policy themes:

- Plans to extend the ‘Local Housing Allowance’ to social landlords so that the Housing Benefit paid to tenants living in housing association properties will be capped at the LHA rate;

- A new ‘Help to Buy Shared Ownership’ scheme, removing 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’ – an 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’ to be built over the following five years;
• From 1st April 2016 an extra 3% in stamp duty to be levied on people purchasing additional properties such as buy-to-let properties or second homes;
• Right to Buy extension to housing association tenants;
• £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;
• 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; and
• A commitment to extra funding for targeted homelessness intervention.

B.19 In December 2015, DCLG published a Consultation on proposed changes to national planning policy, which was open for consultation until February 2016. This consultation sought 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.

B.20 The publication of a revised NPPF document has been delayed during 2016 and is still awaited.

B.21 The Cities and Local Government Devolution Act 2016 received Royal Assent on 28th January 2016. This Act makes provision for the election of mayors for the areas of, and for conferring additional functions on, combined authorities established under Part 6 of the Local Democracy, Economic Development and Construction Act 2009. It makes provision about local authority governance and functions; to confer power to establish, and to make provision about, sub-national transport bodies; and for connected purposes. This Act is central to the Government’s devolution plans for England, facilitating its vision of a ‘Northern Powerhouse’.

B.22 The Welfare Reform and Work Act 2016 received Royal Assent on 16th March 2016. The Act makes 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. Secondary legislation (Social Housing Rents Regulations, March 2016) sets out that the 1% cut to social housing rents will not apply to households with an income of £60,000 or more.

B.23 On 16th March 2016, the Budget 2016 was announced. This continued the policy emphasis of promoting home ownership and facilitating first-time buyers to enter the market. A new ‘Lifetime ISA’ was announced, extending the principle of the Help to Buy ISA by incentivising saving for under-40s. Of
relevance to the private rented sector were stamp duty increases for institutional investors and the withholding of capital gains reductions from companies investing in residential property. In seeking to deliver more homes for ownership, announcements were made of further planning reforms; releasing public land for development; and a £1.2 billion Starter Homes Fund for brownfield remediation. The anticipated ‘duty to prevent’ homelessness was not announced, but instead the Chancellor committed £115 million to preventing and reducing rough sleeping.

B.24 A Technical consultation on Starter Homes regulations was announced on 23rd March 2016. This sought views on the framework to be established in the forthcoming regulations, including the restrictions that should be placed on Starter Homes, how age eligibility criteria should work, what threshold (size of site/development) should apply, what the percentage requirement should be, whether exemptions should apply and whether off-site payments should be acceptable. The consultation document set out that, in terms of the period within which Starter Homes should not be sold at full market value, the DCLG does not support a period of longer than 8 years. The paper proposes that the requirement to provide 20% of dwellings as Starter Homes should apply to sites of 10 dwellings or more (or 0.5 hectares). Secondary legislation relating to Starter Homes is still awaited from Parliament.

B.25 The Housing and Planning Act 2016 received Royal Assent on 12th May 2016 after a range of oppositions and amendments by both the House of Lords and the House of Commons. The Act sets out the legislative framework for the Government’s flagship Starter Homes scheme and includes provisions relating to other important aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.

Emerging policy and legislation

B.26 Announced in the Queen’s Speech (May 2016), the Neighbourhood Planning Bill 2016-17 was laid before Parliament on 7th September 2016. With the objective of speeding up the delivery of new homes, relevant clauses of the Bill include strengthening neighbourhood planning, limiting the use of pre-commencement planning conditions, the planning register and reform of compulsory purchase. The Bill has been subject to amendments, including proposed changes to the Local Plan process to allow the Secretary of State to intervene and invite County Councils to prepare or revise Local Plans where districts have not delivered and to allow the preparation of joint Local Plans where there are cross-boundary issues between two or more local authorities. This follows the recommendations of the Local Plans Expert Group (LPEG) report of March 2016. The Bill has been through the House of Lords, who have returned it to the Commons with amendments.

B.27 The Autumn Statement (2016) was announced on 23rd November by Chancellor Philip Hammond. With an important focus on housing, the

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44 Local Plans Expert Group, Local Plans: Report to the Communities Secretary and to the Minister of Housing and Planning, March 2016
Statement has revealed some key changes in policy direction from the Cameron/Osborne era. Provisions include:

- £1.4 billion of extra cash to build 40,000 affordable homes, with a relaxation of restrictions on grant funding;
- £2.3 billion Housing Infrastructure Fund to pave the way for up to 100,000 new homes to be built in areas of high demand;
- £3.15 billion of the Affordable Homes Programme will be given to London to deliver 90,000 homes;
- New regional pilots of the Right to Buy extension, allowing more than 3,000 tenants to buy their properties;
- £1.7 billion to pilot ‘accelerated construction’ on public sector land;
- Letting agents in the private rented sector to be banned from charging fees; and
- Confirmation that compulsory Pay to Stay will not be implemented for councils.

B.28 In keeping with various statements and comments made by Sajid Javid (Communities Secretary) and Gavin Barwell (Housing Minister) during Autumn 2016, the Autumn Statement indicates a clear shift in Government policy, away from an exclusive focus on homeownership and towards boosting overall housing supply. A removal of grant-funding restrictions will allow housing associations to increase the delivery of sub-market rented housing, including affordable rented, shared ownership and rent-to-buy homes.

B.29 The Autumn Statement announced a second pilot scheme for the extension of Right to Buy. Lasting five years, these ‘large-scale’

B.30 Regional Right to Buy pilots will expand on the five pilots launched in November 2015, allowing 3,000 tenants to purchase their homes from housing associations. A £250 million fund has been set aside to finance these pilots up to 2021.

B.31 Many of the ‘flagship’ housing policies of the Conservative Manifesto have their legislative basis in the provisions of the Housing and Planning Act 2016, but require further secondary legislation. Their implementation is subject to the ongoing evolution of housing policy under the new Government leadership and are subject to significant delay and/or amendment:

- The extension of Right to Buy to housing association tenants has been delayed. Guidelines for the Voluntary Right to Buy programme now have no fixed publication date. In addition, the new pilot scheme announced as part of the Autumn Statement is interpreted to signal a significant delay to the full roll-out of the Right to Buy extension;
- Detailed regulations relating to the higher value asset levy, which was intended to fund the building of new homes to replace those sold through the extension of Right to Buy, have been delayed. These were expected to be published in draft form by July 2016. Whilst the levy was expected to commence in April 2017, the lack of statutory consultation will result in a delay to implementation; and
Similarly, compulsory Pay to Stay was originally scheduled to be implemented in April 2017, but Gavin Barwell (Housing Minister) announced in November 2016 that this scheme will no longer be compulsory for councils.

The **Housing White Paper, Fixing our broken housing market**, was published in February 2017. The White Paper proposes a number of changes to reshape the approach to housebuilding and increase housing supply. These changes are centred around the following four areas:

- **Planning for the right homes in the right places**, by making it simpler for local authorities to put Local Plans in place and keep them up-to-date, ensuring sufficient land is allocated to meet housing needs and building upon neighbourhood planning to ensure communities have control over development in their area. The White Paper aims to make more land available for homes by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium sized sites, allowing rural communities to grow and making it easier to build new settlements. It reaffirms that the existing protections for the Green Belt remain unchanged and emphasises that authorities should only make exceptional amendments to Green Belt boundaries.

- **Building homes faster**, by increasing certainty around housing numbers, aligning new infrastructure with housing, supporting developers to build more quickly and improving transparency. White Paper proposals include amending the NPPF to give local authorities the opportunity to have their housing land supply agreed on an annual basis and fixed for a one-year period, in order to create more certainty about when an adequate land supply exists. Authorities taking advantage of this would have to provide a 10% larger buffer on their five-year land supply. In addition, the White Paper suggests changing the NPPF to introduce a housing delivery test for local authorities. If delivery falls below specified thresholds extra land would be added onto the five-year land supply as well as further thresholds which would allow the presumption in favour of sustainable development to apply automatically.

- **Diversifying the market**, by establishing a new Accelerated Construction Programme, supporting more Build to Rent developments, supporting housing associations to build more housing and boosting innovation. The White Paper proposes ensuring that the public sector plays its part by encouraging more building by councils and reforming the Homes and Communities Agency.

- **Helping people** through Help to Buy, Right to Buy, the Shared Ownership and Affordable Homes Programme (SOAHP), the new Lifetime ISA, amendments to Starter Homes requirements and the announcement of a new statutory duty on planning to meet the needs of older and disabled people.

**Overview of housing policy themes**

B.33 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.’\textsuperscript{45}

B.34 Therefore 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**

B.35 In line with successive governments, the Conservative Government has continued to seek an increase in the rate of housebuilding. Ongoing reform of the planning system and removing complex regulations are intended to speed up delivery. The policy focus of the Cameron/Osborne era was increasingly towards home ownership, with a shift away from traditional social rented affordable housing to Starter Homes.

B.36 A national Starter Homes exception site planning policy was launched 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.”\textsuperscript{46} Sites where these homes were delivered were to be exempt from affordable housing requirements and the Community Infrastructure Levy (CIL).

B.37 In January 2016, the Prime Minister announced\textsuperscript{47} 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 including Northstowe (Cambridgeshire), Daedalus Waterfront (Hampshire), Old Oak Common (London), Connaught Barracks (Kent) and Lower Graylingwell (Chichester).

B.38 A range of financial incentives to encourage new housing development have been implemented. Since early 2016, a £1.2 billion Starter Homes Fund has been announced\textsuperscript{48}, designed to prepare brownfield sites for at least 30,000 homes, along with £6.3 million of Housing Zones funding\textsuperscript{49} for the 20 Housing Zones designated in March 2015.

B.39 Other projects to help finance housing development include:

- Get Britain Building programme,
- Builders Finance Fund,
- New Homes Bonus,
- Build to Rent Fund, and the
- Community Right to Build.

B.40 To increase the supply of affordable rented homes the previous Government introduced the affordable rent model\(^{50}\), aimed at giving providers greater flexibility on rents and use of assets, whilst at the same time providing affordable housing for people in need.

B.41 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.

Improving the quality of rented housing

B.42 The Government have implemented a number of actions to improve the quality and quantity of properties for rent.

**Social rented housing**

B.43 Between 2010-2015 a series of social housing reforms were 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.

B.44 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. From 7\(^{th}\) November 2016, the overall benefit cap has been cut to £20,000 (or £23,000 in London), with implications for households living in both social and private rented sectors.

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\(^{50}\) Allows Registered Providers to charge no more than 80% of local market rent for affordable housing.
B.45 The Autumn Statement 2015 set out a policy of capping housing benefit at Local Housing Allowance (LHA) levels. A range of concerns were expressed in relation to this proposal, particularly the impact the policy would have on supported housing. As a result, implementation has been delayed (originally planned for April 2016). In November 2016, Lord Freud (Work and Pensions Minister) announced that the cap for general needs accommodation will now be stalled until 2019. However, it will now apply to all tenants on Universal Credit, rather than just those who start new tenancies (the previous policy).

B.46 Along with the plans to cap benefits at LHA levels, the 1% rent cut for social renters that was announced as part of the Summer 2015 Budget has significant implications for new affordable housing development. Due to financial uncertainties, many housing associations have put development plans on hold or scaled back their building programmes.

B.47 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 led the Government immediately pledging to bring in changes to reverse this decision. Deregulatory provisions were included within the Housing and Planning Act 2016; however, secondary legislation to implement these changes is yet to be issued and is expected early in 2017. Once these changes come into force it is anticipated that the Government will ask ONS to carry out a new review.

Private rented housing

B.48 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 in recent years have included:

- 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;
- The Housing and Planning Act 2016 includes provisions to tackle ‘rogue landlords’ and create a central database of rogue landlords and property agents;
- £4.1 million funding allocated to 23 local authority areas to tackle rogue landlords and £2.6 million to tackle ‘beds in sheds’; and
- 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

B.49 The primacy of home ownership remains central to the Government’s housing policy approach. A number of measures promote homeownership\(^{51}\), including:

- **Starter Homes**, a major element of the Housing and Planning Act 2016, 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. However, the cost for the developer of providing the 20% discount may be met in lieu of delivering affordable housing on these sites. Draft regulations have been consulted upon but finalised legislation is still awaited.

- **Help to Buy**, which includes several current products\(^{52}\):
  - 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.

- **Discounted Sales**, where councils and housing associations build new homes for sale and sell some at a 25-50% discount. There are a number of criteria, including some set locally by the relevant council and housing associations who run the scheme. Buyers 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.

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\(^{51}\) https://www.ownyourhome.gov.uk/

\(^{52}\) https://www.helpetobuy.gov.uk/
• 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, with eleven authorities announced as Right to Build ‘vanguards’ in September 2014. The Self-Build and Custom Housebuilding Act 2015 and subsequent Self-Build and Custom Housebuilding (Register) Regulations 2016 require authorities to maintain a register of those who have expressed an interest in buying serviced plots. Local authorities are under a duty to have regard to these registers in carrying out their planning function.

• The March 2016 Budget included plans for a new ‘Lifetime ISA’. Available to individuals aged under 40 in April 2017, the Government propose to add £1 for every £4 saved, to be used to buy homes worth up to £450,000 or for retirement funds. The proposals have been criticised for causing confusion between ISAs and pensions, but the scheme is intended to facilitate younger households saving, either towards a house purchase or their pension.

Housing for older and vulnerable people

B.50 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.

B.51 In addition, the Care Act introduces a cap on care costs, whereby people will be responsible for their own care costs up to a capital limit of £72,000. This may have an impact on the provision of supported housing.

B.52 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.

B.53 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.
A further allocation of £84.2 million announced in March 2016 is intended to provide a further 2,000 homes.

- Supported housing has been exempted from the 1% rent cuts and potential exemption from the LHA cap is also being considered by Government, although wider welfare and funding reforms have already had a significant 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.

B.54 Other projects of relevance to housing include the previous 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.

B.55 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. Launched in February 2016, the NHS’s Healthy New Towns initiative seeks to deliver 76,000 new homes on 10 sites throughout the UK.

B.56 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.

B.57 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.

B.58 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.

B.59 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 Fund, 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.

B.60 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’\(^{53}\). 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.

B.61 The March 2016 Budget included a commitment of £100 million to build accommodation for rough sleepers; £10 million to fund new ways to prevent and reduce rough sleeping; and a £5 million increase to funding for the Rough Sleeping Social Impact Bond. However, Ministers the imposition on local authorities of a new legal ‘duty to prevent’ was not included in the March Budget as expected.

B.62 The Conservative MP Bob Blackman tabled the Homelessness Reduction Bill in September 2017. It proposed the introduction of new duties on councils, including requiring them to provide emergency accommodation for 56 days for people with a local connection but not in priority need. Following negotiations, a new version of the Bill was published in October 2016. This does not include the above clause, which was considered would place too much pressure on local authorities and would be too costly. The central thrust of the Bill remains, however, which is to place duties on councils to take steps to prevent homelessness The Bill has been backed by Government and has progressed to its third reading in the House of Lords (23rd March 2017).

**National housing reviews**

B.63 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.

B.64 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.

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• 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.

B.65 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.
Technical Appendix C: Affordable housing need calculations

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- 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

C.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’. 2017 Housing Register and secondary data provide a robust range of information to quantify housing need in Northumberland National Park and the extent to which additional affordable housing is required.

C.2 Housing needs analysis and affordable housing modelling has been prepared in accordance PPG Paragraph 2a-22 and involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable stock.

C.3 The model used to derive affordable need is based on the CLG model advocated in former SHMA guidance. Analysis has been carried out at delivery and county level and in summary the needs assessment 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

C.4 Table C1 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 the National park. 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 C1: CLG Needs Assessment Summary for the Northumberland National Park

<table>
<thead>
<tr>
<th>Step</th>
<th>Stage and Step description</th>
<th>Calculation</th>
<th>Northumberland National park</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stage 1: CURRENT NEED</strong></td>
<td>1.1 Homeless households and those in temporary accommodation</td>
<td>Annual requirement</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>1.2 Overcrowding and concealed households</td>
<td>Current need</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.3 Other groups</td>
<td>Current need</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.4 Total current housing need (gross)</td>
<td>Total no. households with one or more needs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A. % cannot afford open market (buying or renting)</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>A. TOTAL cannot afford open market (buying or renting)</td>
<td>Total</td>
<td>24</td>
</tr>
<tr>
<td><strong>Stage 2: FUTURE NEED</strong></td>
<td>2.1 New household formation (Gross per year)</td>
<td>Based on national formation rate of 1.688%</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>2.2 Number of new households requiring affordable housing</td>
<td>%</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>2.3 Existing households falling into need</td>
<td>Annual requirement</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2.4 TOTAL newly-arising housing need (gross each year)</td>
<td>2.2 + 2.3</td>
<td>5</td>
</tr>
<tr>
<td><strong>Stage 3: AFFORDABLE HOUSING SUPPLY</strong></td>
<td>3.1 Affordable dwellings occupied by households in need</td>
<td>(based on 1.4)</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>3.2 Surplus stock</td>
<td>Vacancy rate &lt;2% so no surplus stock assumed</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>3.3 Committed supply of new affordable units</td>
<td>Annual</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>3.4 Units to be taken out of management</td>
<td>None assumed</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>3.5 Total affordable housing stock available</td>
<td>3.1+3.2+3.3-3.4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>3.6 Annual supply of social re-lets (net)</td>
<td>Annual Supply (3yr ave)</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels</td>
<td>Annual Supply (3yr ave)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>3.8 Annual supply of affordable housing</td>
<td>3.6+3.7</td>
<td>7</td>
</tr>
<tr>
<td><strong>Stage 4: ESTIMATE OF ANNUAL HOUSING NEED</strong></td>
<td>4.1 Total backlog need</td>
<td>1.4A-3.5</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>4.2 Quota to reduce over 5 years</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.3 Annual backlog reduction</td>
<td>Annual requirement</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>4.4 Newly-arising need</td>
<td>2.4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>4.5 Total annual affordable need</td>
<td>4.3+4.4</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>4.6 Annual social rented capacity</td>
<td>3.8</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>4.7 NET ANNUAL SHORTFALL (4.5-4.6)</td>
<td>NET</td>
<td>2</td>
</tr>
</tbody>
</table>

Source 2017 Housing Register; RP Core Lettings and Sales data
Stage 1: Current need (Unmet gross need)

C.5 A working definition of housing need is ‘the quantity of housing required for households who are unable to access suitable housing without financial assistance’. PPG Paragraph 2a-23 identifies the following types of household to be considered in housing need:

- Homeless households or insecure tenure;
- Households where there is a mismatch between the housing needed and the actual dwelling;
- Households containing people with social or physical impairment or other specific needs living in unsuitable dwellings;
- Households that lack basic facilities;
- Households containing people with particular social needs which cannot be resolved expect through a move.

C.6 Table C2 summaries the range of housing need in Northumberland likely to be expressed by households on the Housing Register. The specific numbers of households with particular needs is not available.

<table>
<thead>
<tr>
<th>Table C2 Park</th>
<th>Summary of current housing need across the Northumberland National Park</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Factor</td>
</tr>
<tr>
<td>Homeless households or with insecure tenure</td>
<td>N1 Under notice, real threat of notice or lease coming to an end</td>
</tr>
<tr>
<td></td>
<td>N2 Too expensive, and in receipt of housing benefit or in arrears due to expense</td>
</tr>
<tr>
<td>Mismatch of housing need and dwellings</td>
<td>N3 Overcrowded according to the ‘bedroom standard’ model</td>
</tr>
<tr>
<td></td>
<td>N4 Too difficult to maintain</td>
</tr>
<tr>
<td></td>
<td>N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household</td>
</tr>
<tr>
<td>Social/physical impairment</td>
<td>N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation</td>
</tr>
<tr>
<td>Dwelling amenities and condition</td>
<td>N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit</td>
</tr>
<tr>
<td></td>
<td>N8 Subject to major disrepair or unfitness and household does not have resource to make fit</td>
</tr>
<tr>
<td>Social needs</td>
<td>N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move</td>
</tr>
<tr>
<td>Total no. households in need (with one or more housing need)</td>
<td>24</td>
</tr>
<tr>
<td>Total Households</td>
<td>871</td>
</tr>
<tr>
<td>% households in need</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

Note: A household may have more than one housing need.
Step 1.4  Total current housing need summary

C.7  The total current housing need from existing households across the Northumberland National Park before any analysis of the ability of households to afford open market solutions is 24.

C.8  The extent to which these households could afford open market prices is then considered. As there is no income data available from the Housing Registers, it is assumed that all of the existing households in need cannot afford open market prices or rents.

Stage 2: Future housing need

Step 2.1  New household formation (gross per year)

C.9  PPG Paragraph 2a-25 states that 'projections of affordable housing need will need to take into account new household formation, the proportion of new households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need'.

C.10  The scale of household formation is based on the latest national gross formation rate of 1.688% as reported in the English Housing Survey over the period 2011/12 to 2013/14. This results in an annual formation of 15 households each year across the National Park.

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

C.11  There are a total of 5 newly-forming households (represented as households living with family and friends) on the Housing Register and this is taken as the number unable to buy or rent on the open market.

Step 2.3  Existing households expected to fall into need

C.12  No existing households are assumed to fall into need each year. The housing register is showing a relatively low number of applicants and it is likely that the number of existing households falling into need and becoming homeless (the usual method employed by arc4 to assess this step) is very low.

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

C.13  Total newly arising need is calculated to be 5 households each year across the National Park.
Stage 3: Affordable housing supply

C.14 PPG Paragraph 2a-26 suggests that ‘there will be a current supply of housing stock that can be used to accommodate households in affordable housing need as well as future supply.’ The needs modelling takes account of the number of affordable dwellings that are going to be vacated by current occupiers that are fit to use by other households, 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

C.15 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 need.54

C.16 A total of 4 households are current occupiers of affordable housing and are in need. 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

C.17 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 the National Park.

Step 3.3 Committed supply of new affordable units

C.18 Additional dwellings coming forward with help to reduce the annual affordable imbalance. Given the uncertainty regarding the future delivery of affordable housing, the model currently assumes no additional supply of affordable units.

Step 3.4 Units to be taken out of management

C.19 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

C.20 It is assumed that there are 4 social (affordable) rented dwellings available over the five year period arising from households moving within the stock.

54 Strategic Housing Market Assessment Guidance (CLG, August 2007)
Step 3.6 Annual supply of social re-lets

C.21 PPG Paragraph 2a-27 states that ‘plan makers should calculate the level of likely future affordable housing supply taking into account future annual supply of social housing re-lets (net), calculated on the basis of past trends (generally the average number of re-lets over the previous three years should be taken as the predicted annual levels), and the future supply of intermediate affordable housing.’

C.22 Over the 5 year period March 2012 to March 2017, a total of 33 properties became available for occupancy through the bidding process (21 houses and 12 bungalows). This indicates an annual average of 7 dwellings each year are available for households in need. However, it should be noted that in the last 5 years there were less than 5 applicants from within the National Park making bids on available properties. Of properties available, there were 83 bids on the bungalows (6.9 bids per property) and 110 bids on the houses (5.2 bids per property), with an overall total of 5.8 bids per property.

C.23 Modelling therefore assumes an annual capacity of 7 dwellings for new tenants across the National Park.

Step 3.7 Annual supply of intermediate re-lets/sales

C.24 There were no intermediate sales or relets over the period March 2012 to March 2017.

Summary of Stage 3

C.25 Overall, the model assumes an existing affordable supply of 4 and an annual supply of 7 social (affordable) lettings and 0 intermediate tenure lettings/sales.

Stage 4: Estimate of annual housing need

Overview

C.26 Analysis has carefully considered how housing need is arising within Northumberland 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.

C.27 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 (shortfall) of 2 dwellings each year or 10 dwellings over the next 5 years. It is recommended that the shortfall of 2 dwellings each year is taken as the annual shortfall over the 20 year plan period 2017 to 2037 and results in a plan period need for 40 additional affordable dwellings.

C.28 PPG Paragraph 2a-28 which asks plan makers to ‘look at the house size in the current stock and assess whether these match current and future needs’.
Based on the requirements of households on the Housing Register, Table C3 summarizes the likely need for affordable dwellings by bedroom size over the plan period.

<table>
<thead>
<tr>
<th>No. bedrooms</th>
<th>Housing Register need</th>
<th>% of housing register need</th>
<th>Applied to 40 plan period shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>16</td>
<td>55.2</td>
<td>22</td>
</tr>
<tr>
<td>2</td>
<td>9</td>
<td>31.0</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>10.3</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>3.4</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.0</td>
<td>40</td>
</tr>
</tbody>
</table>

C.29 Analysis therefore provides 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.

C.30 Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall. This includes the conversion of total need into annual flows in accordance with PPG Paragraph 2a-29.

**Step 4.1 Total backlog need**

C.31 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 20.

**Steps 4.2 to 4.6**

C.32 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).

C.33 Step 4.3 is the annual backlog reduction based on Step 4.2 (4 each year).

C.34 Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need (5 each year).

C.35 Step 4.5 is the total annual affordable need based on Steps 4.3 and 4.4 (9 each year).

C.36 Step 4.6 is the annual social rented/intermediate tenure capacity based on Step 3.8 (7 each year).
Total net imbalance

C.37 The annual net imbalance is therefore 2 affordable dwellings each year. Assuming this figure is applied across the plan period 2017-37, a total of 40 affordable dwellings are needed this 20 year period (Table C4).

<table>
<thead>
<tr>
<th>Table C4</th>
<th>Net affordable housing imbalance over the plan period 2017-2037</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Northumberland National Park</td>
<td>22</td>
</tr>
</tbody>
</table>

Sources: 2012 Household Survey rebased on 2015; RP CORE Lettings and Sales

Tenure and dwelling type profile of affordable dwellings

C.38 Regarding affordable tenures, the National Park should liaise with Registered Providers and private developers to establish an appropriate affordable tenure mix to include affordable rented and intermediate tenure dwellings (including starter homes).

C.39 Regarding dwelling type, evidence from bidding activity would suggest a mix of houses and bungalows is appropriate for the National Park.
Technical Appendix D: Stakeholder survey

Introduction

G.1 Stakeholders were invited to participate in a survey aimed at identifying a range of information, including establishing the key perceived housing market issues in Northumberland National Park. Stakeholders were asked to respond to any of the questions within the survey that they felt related to their area of knowledge or experience. A total of six separate responses to the stakeholder consultation were obtained from representatives from the County Council, housing associations, a property management company and a community organisation. Respondents were asked to answer only the questions that they felt were relevant to their knowledge and experience. This is a qualitative summary of the views expressed by stakeholders responding to the online survey.

Priorities

G.2 Stakeholders were asked to rank a range of housing priorities as high, medium or low, their responses are summarised in Table D1.

<table>
<thead>
<tr>
<th>Proposed priorities</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building homes to buy on the open market (5)</td>
<td>0%</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Building affordable homes to rent (5)</td>
<td>0%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Building affordable homes to buy (shared ownership, shared equity) (5)</td>
<td>20%</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Building executive homes (6)</td>
<td>25%</td>
<td>75%</td>
<td>0%</td>
</tr>
<tr>
<td>Building properties designed for older people (6)</td>
<td>17%</td>
<td>17%</td>
<td>67%</td>
</tr>
<tr>
<td>Building properties designed for people with specialist needs (5)</td>
<td>20%</td>
<td>20%</td>
<td>60%</td>
</tr>
<tr>
<td>Improving the quality of existing stock (6)</td>
<td>0%</td>
<td>33%</td>
<td>67%</td>
</tr>
</tbody>
</table>

Source: 2017 Stakeholder Survey

G.3 Building properties designed for older people, building affordable homes to rent, improving the quality of existing stock and building properties designed for
people with specialist needs were ranked as the highest priorities by stakeholders.

G.4 Building homes to buy on the open market and building affordable homes to buy (shared ownership, shared equity, etc) were generally considered to be medium to high priority.

G.5 Building executive homes was not considered to be a high priority by any of the stakeholders, but it was overall considered to be a medium priority.

G.6 Stakeholders gave a range of reasons for identifying these priorities, including:

- There is an ageing population but a shortage of housing for older people. This accommodation needs to be in the right location with appropriate services and facilities to enable people to live independently within their local communities for as long as possible;

- There are concerns regarding housing conditions (with many houses below decent homes standards) and fuel poverty in rural properties;

- Local salary levels tend to be low so there is a demand for rental housing;

- More homes are needed to enable local people to continue to live and work within the National Park and increase the populations so that villages are more sustainable in the long-term.

G.7 Asked what other key priorities there are in the National Park, stakeholders identified the following, in addition to those above:

- The provision of specialist housing options to support independent living for people with learning disability, dementia and schemes for younger people;

- The provision of family homes with more than two bedrooms to support younger households;

- Improved infrastructure, including schools and buses for remote areas;

- Improved energy-efficiency; and

- Using existing buildings for housing, including converting farm buildings to residential use.

The current and future housing market in the National Park and housing market drivers

G.8 Stakeholders were asked to identify what they perceive to be the main drivers of housing demand in the National Park. Drivers identified included:

- Population change, with an ageing population but also changes in their demand with more focus on independent living, of all types and tenures, with good access to services and less demand for residential care. One stakeholder reported that older people are moving from deep rural areas to market towns to be nearer services;

- A lack of jobs, resulting in younger people moving elsewhere, whilst tourism and second homes aren't supporting local schools, etc;
- The quality of the landscape and heritage are drivers of tourism, including the areas near Hadrian’s Wall and the Cheviot Hills; and
- Broadband improvements and improved connections were proposed as a positive driver for people looking for a better quality of life (in-migration).

G.9 Asked what they considered the current weaknesses of the housing market across Northumberland National Park to be, stakeholders expressed a range of views. Some emphasised the issue of affordability (with housing too expensive for local people), exacerbated by tourism. A lack of infrastructure, including public transport and local services was also mentioned, along with poor quality stock and high energy costs. Another stakeholder considered that there was not enough housing. A lack of options for older households was highlighted. Only one respondent expressed the view that lack of employment and remote locations means that there is low demand and low prices.

G.10 Stakeholders identified that market demand in the National Park is typically for higher-value homes, driven by households with high disposable incomes and second-home owners. One respondent mentioned that landowners are often looking for speculative development opportunities. The need for family homes and older people’s accommodation options was highlighted in terms of future provision.

G.11 Stakeholders were asked for their views on house price trends in the survey area, including the impact of policy and financial changes. Whilst one stakeholder identified high house prices, resulting from expensive development costs and high land valuations, another stated that trends vary across the study area based on desirability. Two respondents noted that home ownership levels have fallen, with mortgage finance being more difficult to secure and a challenge for first-time buyers. Uncertainties regarding farming subsidies, related to Brexit, were highlighted as potentially having a knock-on effect on rural businesses and local wages. One stakeholder expressed the view that house prices in the area are low and static, and likely to remain so for the foreseeable future.

G.12 The general feeling among stakeholders was that affordability is an issue in the National Park. Even the respondent who considered house prices to be low acknowledged that average earnings are also low and rural poverty is prevalent; together this means that there is a local problem with affordability.

**New housing provision**

G.13 The key stakeholders responding to the online survey reported that there is very limited new-build development taking place within the study area. It was observed that the remote rural setting results in a variety of development constraints. For developers this means lower returns on investment. For housing associations, constraints including flood risk, materials, transport costs, local opposition and lower levels of public funding mean that market towns in proximity to the A1 and A69 have become more viable than remote villages such as Falstone and Kielder. One stakeholder suggested that there is scope for more smaller developments in the National Park – not necessarily within existing villages, but utilising existing buildings.
G.14 In terms of the demand profile for new-build development, one stakeholder noted that there is lots of new building in south east Northumberland, indicating high levels of demand; however, this is not replicated in deep rural areas. Another commented upon the small site scales and expensive development costs making it difficult to develop affordable housing and leading to a few self-build and 'Grand Design'-style projects.

G.15 In terms of future demand, it was proposed that housing needs would be best met by providing some homes in each village across Northumberland. Demand for attractive options for people with learning disabilities, people with dementia and younger people transitioning into adult life was also acknowledged.

G.16 Demand for new-build housing was considered to come from both households currently living within the National Park and households seeking to move to the area from elsewhere.

G.17 Regarding locations, the need for access to services was noted, especially in relation to older people’s housing. Smaller settlements, villages and gateway towns were identified as locations for new development. One stakeholder noted the need to protect the landscape. Another recommended the delivery of schemes of 4-12 properties in villages across Northumberland.

G.18 Stakeholders recommended that predominantly two- or three-bedroom dwellings are needed, with two-bedroom accommodation on one level for older households. Green roof technology, lifetime home standards and reduction of light pollution were mentioned.

G.19 Two stakeholders identified their commitment to develop new housing within the study area. Both are registered providers seeking to provide affordable housing to meet local needs.

G.20 Barriers to new development reported by stakeholders include: high land costs, high development costs and local opposition. It was noted that there is a reluctance of developers to take the risk of small-scale developments in deep rural areas.

G.21 In terms of the key messages for the SHMA relating to housing markets, respondents made the following points:

- The need for older persons’ accommodation;
- Considering migration into deep rural areas – how this can be measured;
- The need for planning policy and provision to be focussed on affordable housing, of a good design and using new technologies; and
- The need to improve local services;

The Private Rented Sector

G.22 Stakeholders were asked their views on the size of the private rented sector (PRS) in Sevenoaks. Only two responded; both felt that the PRS was too big. They both felt that typical characteristics included properties being too expensive, poor quality and poorly maintained, resulting in fuel poverty. Stock is located throughout the rural area, especially in areas where social housing
providers do not want to work. PRS tenants were considered to be typically low income households who do not have any other tenure options.

G.23 In terms of the role of buy-to-let in the local market, one respondent said that this can be a problem where absent landlords results in maintenance problems and low quality accommodation. Stock condition problems in the PRS were identified by three respondents. Poor energy efficiency, particularly thermal efficiency, were highlighted as key problems which result in poor health and fuel poverty. The latter was identified as a particular problem for older households.

G.24 Two stakeholders commented upon the impact of changes in the economy and welfare on the PRS in Sevenoaks. It was reported that welfare reform has reduced the provision of new housing by registered providers, leading to growth of the PRS. The benefit cap and bedroom tax can lead tenants into arrears and the possible loss of tenancy.

G.25 In terms of movement between the PRS and other tenures, one respondent stated that PRS tenants move into registered provider accommodation when it becomes available, for security of tenure, better housing conditions and cheaper rent.

G.26 In terms of key strategic messages about the PRS to be identified in the SHMA, it was suggested that there should be categorisation of rents (what is charged in relation to the type of accommodation) and more regulation.

Affordable housing

G.27 The stakeholder survey included some registered providers and housing associations who work within Northumberland. Their portfolios include flats and houses. The general view of stakeholders was that ‘Decent Home’ targets are being achieved in the area.

G.28 Two stakeholders identified that their organisation is developing new affordable housing (although this may not be in the National Park). Their development projects include affordable rent, rent-to-buy and shared ownership products. They identified that affordable home ownership options are typically being bought by lower income households.

G.29 One respondent noted that moves into their affordable stock were often young households, looking to settle. No housing-related Black and Minority Ethnic (BME) issues were noted; neither was anti-social behaviour (ASB) considered to be a problem within the area. Only one stakeholder commented on tenant satisfaction levels, stating that they were “very satisfied”.

G.30 In terms of key messages for the SHMA relating to affordable housing, stakeholders made the following points:

- Identification of where there is need, and what tenure, type and size of housing is required;
- More three-bedroom properties are needed for young people and to encourage families within the area; and
- Consideration of affordable housing options for older people, also including the tenure, type and size.
Specialist housing

G.31 Stakeholder survey respondents working in this sector reported working a range of client groups including older people and disabled people (including physical and mental needs).

G.32 Asked whether housing policy changes have affected the ability to deliver services to Supporting People groups in recent years, one stakeholder commented that their organisation cannot deliver this model due to the rent cap being introduced for specialist homes, and the uncertainty of future capital and revenue funding. Current Government policy, funding and grant levels were mentioned as barriers to new delivery within this sector.

G.33 Stakeholders reported on the increasing proportion of elderly older people (aged 85 years or more), along with more people with learning disabilities and longer-term conditions.

G.34 The biggest housing stock shortages for independent living were identified as Extra Care and other affordable accommodation options for older people.

G.35 One respondent noted that a long-term trend of an increased emphasis on support services that maximise independent living for older people and those with specialist needs.

G.36 In terms of older people's housing, one stakeholder highlighted the diversity of needs within this group. Proximity to services and networks that make independent living practical is often more important the than the type or size of the accommodation provided. Specialist services are only required by a small fraction of the population, while demand for residential homes is declining. Homes which have the flexibility to be adapted to changing needs were recommended. Other stakeholders commented on a need for Extra Care housing schemes and bungalows; one advised the provision two-bedroom bungalows with assisted technology and dementia design.

G.37 With regard to the housing requirements of people with additional needs (with physical disabilities, mental health issues, etc), one stakeholder commented that most people in this group prefer to live independently within the community, with a long-term trend of a reduced demand for residential accommodation. Types of housing that use space flexibly as needs change were recommended.

G.38 The following key messages for the SHMA were identified in relation to supported living, independent living and older people’s housing:

- Support for independent living is a priority for individual quality of life and the health and social care systems;
- The availability of new models of housing, new models of supported housing and an awareness of the need for a more accurate understanding of older people’s preference in this changing environment;
- A focus on the creation of neighbourhoods and communities; and
- Consideration of the balance between housing and the provision of services and community networks.
Technical Appendix E: National Planning Policy Framework and Planning Practice Guidance Checklist

National Planning Policy Framework

E.1 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.

E.2 The SHMA has delivered the requirements of the NPPF.

Planning Practice Guidance

<table>
<thead>
<tr>
<th>Paragraph (no.)</th>
<th>Response and data sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methodological Approach (14)</td>
<td>Guidance states that establishing future need is not an exact science and no single approach will provide a definitive answer. This SHMA has used a multi-method approach involving secondary data analysis, primary household surveying and a review of demographic scenario analysis.</td>
</tr>
</tbody>
</table>
| Starting point for establishing the need for housing and use of projections (15) | Household projections published by the DCLG have provided the starting point to establish the need for housing. The latest projections (2014-based) have been used.  
**Data sources:** DCLG Household projections |
| Adjusting household projections (17) | The SHMA has considered sensitivity testing of CLG household projections using alternative assumptions in relation to underlying demographics and household formation rates.  
**Data sources:** DCLG Household projections, economic scenario model outputs, migration data |
<p>| Employment trends (18) | Modelling normally considers the likely change in jobs numbers using economic forecasts. Given the small population base and interactions between the National Park and other areas of Northumberland and beyond, it would be |</p>
<table>
<thead>
<tr>
<th>Paragraph (no.)</th>
<th>Response and data sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response and data sources</td>
<td>a challenge to derive accurate employment trend data</td>
</tr>
<tr>
<td><strong>Data Source:</strong> ONS economic activity data</td>
<td></td>
</tr>
<tr>
<td>Market signals (19)</td>
<td>The SHMA has considered market signals relating to dwelling price and quantity. This has included comparative analysis of trends in Northumberland, the North East Yorkshire and the Humber and England</td>
</tr>
<tr>
<td><strong>Data Sources:</strong> Land Registry House Price, Zoopla rentals, DCLG dwelling stock and vacancy data</td>
<td></td>
</tr>
<tr>
<td>Response to market signals (20)</td>
<td>Market signals have been considered but would suggest an uplift in dwelling delivery is required based on affordability ratios.</td>
</tr>
<tr>
<td>Need for all types of housing (21)</td>
<td>The SHMA has considered the range of market and affordable dwellings required for all household types, including family housing, housing for older people, people wanting to build their own homes and households with specific needs. The role of the Private Rented Sector has also been considered</td>
</tr>
<tr>
<td><strong>Data sources:</strong> 2014-based household projections</td>
<td></td>
</tr>
<tr>
<td>Calculating affordable housing need (22)</td>
<td>Current unmet need and projected future housing need has been calculated and subtracted from the current supply of affordable housing stock</td>
</tr>
<tr>
<td>Households considered to be in need (23)</td>
<td>Analysis has considered the groups specified in guidance, namely: homeless households or insecure tenure; mismatch between need and dwelling; social or physical impairment and living in unsuitable housing; lacking basic facilities; particular social needs</td>
</tr>
<tr>
<td>Calculating unmet gross need (24)</td>
<td>This has been calculated using household survey evidence</td>
</tr>
<tr>
<td><strong>Data Source:</strong> 2017 Housing Register</td>
<td></td>
</tr>
<tr>
<td>Newly arising affordable need (25)</td>
<td>Calculations have taken account of the proportion of newly-forming households who cannot afford lower quartile market housing (to buy or rent) based on the number on the housing register</td>
</tr>
<tr>
<td><strong>Data Source:</strong> 2017 Housing Register</td>
<td></td>
</tr>
<tr>
<td>Total affordable supply (26)</td>
<td>Calculations take account of current supply of affordable housing through households in need moving, surplus stock, committed supply and units taken out of management</td>
</tr>
<tr>
<td><strong>Data Sources:</strong> Council data</td>
<td></td>
</tr>
<tr>
<td>Future relets and intermediate tenure sales (27)</td>
<td>Calculations take account of the likely level of dwellings being let/sold based on the most recent 3 year trends in lettings and sales</td>
</tr>
<tr>
<td><strong>Data Sources:</strong> Council data</td>
<td></td>
</tr>
<tr>
<td>Total affordable need (28)</td>
<td>Annual flow (imbalance) of affordable need has been calculated based on total need from existing households and newly-forming households minus supply. Bedroom size has been considered.</td>
</tr>
</tbody>
</table>