**County Durham 2013 Update**

**Strategic Housing Market Assessment**

**Final Report for Durham County Council**

**July 2013**



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# Executive Summary

### Introduction

The 2013 County Durham Strategic Housing Market Assessment update has been prepared to update the 2012 SHMA. The 2013 SHMA update has rebased the household survey carried out as part of the 2012 SHMA using 2011 census data relating to tenure and age profile of heads of household. The 2013 SHMA also refreshes a range of secondary data and updates information on future population and households following the release of 2011-interim population and household projection data by the Office for National Statistics and Department for Central and Local Government.

County Durham is located in the North East of England and borders Tyne and Wear and Northumberland to the North; Tees Valley and North Yorkshire to the South; and Eden District to the West. This research provides an up-to-date analysis of the social, economic, housing and demographic situation across the County.

The study has been carried out by arc4 Ltd and has included:

* A major household survey which was completed by 6,216 households which represented a 17.8% response rate;
* Interviews with stakeholders; and
* A review of existing data;

The findings from the study will provide a robust and defensible evidence base for future policy development which conforms to the Government’s Strategic Housing Market Assessment guidance.

### Housing market context

### *House prices*

Median house prices across County Durham have increased from £45,450 in 2000 to £100,000 in 2012, an increase of 120%. Higher priced areas include Durham City, Chester-le-Street and rural areas; and lower priced areas include Easington/Peterlee and Stanley.

### Dwelling stock

There are currently a total of 236,082 residential dwellings across County Durham of which 223,803 are occupied by individual households. In terms of dwelling stock, the 2012 household survey reports that, across County Durham:

* 79.3% of properties are houses, 5.0% are flats/maisonettes, 15.3% are bungalows and 0.5% are other property types (e.g. caravans);
* 6.1% have one bedroom, 34.8% have two bedrooms, 43.7% have three bedrooms and 15.4% have four or more bedrooms;
* 17.6% of properties were built before 1919, a further 16.5% were built between 1919 and 1944, 21.7% between 1945 and 1964, 23.1% between 1965 and 1984 and 21.2% have been built since 1985;
* 65.8% of properties are owner-occupied, 20.3% are rented from a social landlord or an intermediate tenure (e.g. shared ownership) and 13.8% are private rented
* There are 10,110 vacant properties (4.1% of total dwelling stock) and 2,169 second homes located across the County.

### Demographic drivers

The population of County Durham is estimated to be 512,994[[1]](#footnote-1) with County-produced projections suggesting an increase to 560,715 by 20301.

Over the next few decades, the age profile of residents in County Durham is expected to change dramatically. There will be a considerable ‘demographic shift’ with both the number and proportion of older people increasing. Overall the number of people aged 65 and over is projected to increase by 48.8% (or by 45,388) by 2030; the number of 80+ residents is expected to increase by 89.4% (or by 21,251) by 2030.

### Economic drivers

Across County Durham, 44.7% of households have a gross income of the head of household and partner (if applicable) of less than £300 each week and 33.1% receive at least £500 each week.

65.2% of people in employment work within County Durham. Of the 34.8% who work outside the County, 19.8% work in Tyne and Wear, 9.4% in Tees Valley, 0.8% work elsewhere in the North East and 4.1% work outside the North East.

### Market areas

The Department of Communities and Local Government (CLG) suggests that a housing market is self-contained if upwards of 70% of moves (migration and travel to work) take place within a defined area. An analysis of migration data indicates that 77.5% of households moving originated within County Durham, suggesting that the County is a self-contained housing market area. That said, there are areas which exhibit strong migration interactions with other localities (for instance North Durham and Tyne and Wear and South Durham with Tees Valley). On balance, County Durham can be described as a self contained housing market area in terms of migration, with some areas exhibiting strong interactions with other areas.

In terms of travel to work, County Durham is part of a broader functional market which extends into Tyne and Wear and Tees Valley.

### Housing need and affordable housing

Housing need is defined as ‘the quantity of housing required for households who are unable to access suitable housing without financial assistance’. A key element of the study is to explore the scale of housing need and the extent to which additional affordable housing is needed.

Affordable housing is defined as either social/affordable rented or intermediate housing which is provided and made available to eligible households (i.e. those who lack their own housing or live in unsuitable housing) who cannot afford to meet their needs through the market. Intermediate affordable housing is housing at prices and rents above those of social rents, but below market prices or rents.

The scale of affordable requirements has been assessed by taking into account the annual need from existing and newly-forming households within County Durham and comparing this with the supply of affordable (social/affordable rent and intermediate tenure dwellings). The overall net shortfall is **674 affordable dwellings** across County Durham each year. This figure is a measure of the extent to which the requirement for affordable housing is greater than the current supply. Table ES1 provides a summary of annual affordable shortfalls by delivery area.

In terms of the split between social rented and intermediate tenure products, the household survey identified tenure preferences of existing and newly-forming households. This suggests a tenure split of 76.7% affordable (social) rented and 23.3% intermediate tenure.

**Table ES1** Annual affordable housing requirements by delivery area, property size and designation (general needs/older person) 2013/14 to 2017/18

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Delivery area** | **General** | | **Older Person** | **TOTAL** |
|  | **Smaller 1/2 Bed** | **3+Bed** |  |  |
| North Durham | 72 | -27 | 110 | 156 |
| Central Durham | 68 | 31 | 90 | 189 |
| East Durham | 70 | -26 | 108 | 152 |
| The Dales and South Durham | -1 | -33 | 210 | 177 |
| Total | **210** | **-54** | **519** | **674** |

### Market demand

Households intending to move in the open market were asked what type and size of property they would like and expect to move to. Of households moving, most would like to move to a house (77.8%), 16.7% would like to move to a bungalow and 5.4% to a flat. This compares with 79.8% who expect to move to a house, 14.2% to a bungalow and 5.5% to a flat. Although households are expecting to broadly achieve their aspirations, a higher proportion would like to move to a detached house (55.4%) but only 28.6% expect to. In contrast, higher proportions expect to move to a semi-detached house (34.6%) than would prefer to (16.9%).

In terms of property size, the majority of respondents *expect* to move to a property with two (26.1%), three (50.3%) or four or more (23.1%) bedrooms. A higher proportion of households would *like* a property with four or more bedrooms (39.2%).

Newly-forming households have mainly moved to terraced houses (39.4%), semi-detached houses (27.6%), terraced houses and flats/apartments (19.2%); and properties with two (60.7%) and three (29.9%) bedrooms.

Using household survey data, it is possible to establish market demand (as measured by the aspirations from existing households, newly-forming households and in-migrant households). This can then be reconciled with the likely supply based on turnover rates in the preceding five years. Table ES2 shows where there are imbalances in the provision of general market accommodation relative to expectations.

**Table ES2** Review of general market supply and demand by delivery area

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Delivery Area** | | | | | |
| **Dwelling type** | North Durham | Central Durham | East Durham | The Dales | South Durham | Total |
| Detached House | 1.08 | 0.98 | 0.98 | 0.85 | 1.10 | 1.03 |
| Semi-Detached House | 0.95 | 1.11 | 1.06 | 0.87 | 1.15 | 1.02 |
| Terraced House | 0.98 | 0.96 | 0.93 | 0.70 | 1.06 | 0.97 |
| Bungalow | 1.31 | 1.00 | 0.95 | 1.35 | 1.06 | 1.09 |
| Flat | 0.73 | 0.98 | 0.58 | 0.67 | 1.25 | 0.89 |
| **TOTAL** | 0.98 | 1.01 | 0.94 | 0.79 | 1.10 | 0.99 |
| **Dwelling size** |  |  |  |  |  |  |
| One | 0.70 | 1.00 | 1.00 | 1.53 | 1.35 | 0.98 |
| Two | 1.00 | 0.98 | 0.88 | 0.65 | 1.04 | 0.96 |
| Three | 0.98 | 1.06 | 0.96 | 0.87 | 1.15 | 1.01 |
| Four | 0.97 | 0.99 | 1.04 | 0.76 | 1.14 | 1.03 |
| Five or more | 1.44 | 1.00 | 1.00 | 0.85 | 1.15 | 1.10 |
| **TOTAL** | 0.98 | 1.01 | 0.94 | 0.79 | 1.10 | 0.99 |

|  |  |
| --- | --- |
| 1.0 | Supply matches demand |
| 1.0 | Demand greater than supply |

In summary, analysis of general market supply and demand suggests that across County Durham the overall demand for open market dwellings exceeds supply. Only in South and Central Durham is supply sufficient for overall demand, but in these areas there remain imbalances in some property types and sizes. Data suggests:

* + - Strongest market shortfalls in North Durham, East Durham and The Dales; and
    - A general balance in property sizes, with specific shortfalls of smaller dwellings evidenced.

Future development should focus on delivering the right housing to address identified shortfalls and reflect household aspirations.

### Older people and adaptations

Addressing the accommodation requirements of older people is going to become a major strategic challenge for the Council over the next few decades, with the number of residents aged 65 or over expected to increase dramatically.

The majority of older people (61.8%) want to continue to live in their current home with support when needed. Of those considering moving to alternative accommodation, there is a degree of interest in a variety of options, with 27.4% considering renting from the Council/Housing Association, 23.7% renting sheltered accommodation and 17.9% renting extra care housing. Additionally 19.1% are considering buying on the open market. This evidence suggests a need to continue to diversify the range of older persons’ housing provision. Additionally, providing a wider range of older persons’ accommodation has the potential to free-up larger family accommodation.

# Introduction

## Background and objectives

* 1. arc4 Limited was commissioned in September 2011 to carry out a comprehensive Strategic Housing Market Assessment (SHMA) for County Durham.
  2. This research conforms to the Department of Communities and Local Government (CLG) Strategic Housing Market Assessment Guidance and provides a robust and defensible evidence base for future policy development. The research focuses on four core areas: a review of housing markets; an assessment of housing need and affordable requirements; a review of general market requirements; and provides policy recommendations.

## Definitions

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

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

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

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

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

* 1. Definitions relating to affordable housing have been revised in the National Planning Policy Framework (March 2012):

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

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

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

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

## SHMA Guidance

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

### 

**Table 1.1** Strategic Housing Market Assessment core outputs

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

**Table 1.2** Strategic Housing Market Assessment process checklist

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

## NPPF requirements

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

## Geography

* 1. Map 1.1 presents the geographical context of County Durham. Map 1.2 illustrates the survey areas which form the basis of this study. Map 1.3 demonstrates how the survey areas relate to the five delivery areas which are being proposed in the Local Plan.

**Map 1.1** County Durham in its geographical context

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## Research methodology

* 1. The County Durham SHMA has been overseen by a Housing Market Partnership comprising Council housing and planning officers. There has been engagement with a range of stakeholders throughout the research process including developers/builders, Housing Association representatives, Estate Agents and Private Lettings Agents.
  2. To deliver the SHMA, a multi-method approach was adopted, which comprised:
     + A sample survey of households across County Durham. A total of 34,948 households were contacted and 6,216 questionnaires were returned and used in data analysis. This represents a 17.8% response rate overall and total number of questionnaires returned was well in excess of the 1,500 for each local authority specified in Government guidance. The survey was undertaken using the survey areas illustrated in Map 1.2;
     + Two events with representatives of the Home Builders Federation. The first event was held on the 20th of May 2013, and set out an overview of the rationale for undertaking the update to the SHMA. The session set out the background to the SHMA providing information on the housing market dynamics and drivers, housing demand, housing need and affordability, and future dwelling requirements and older people. The presentation concluded by setting out for discussion a number of strategic matters for consideration including, the impact of the ageing population, the extent of current market uncertainty within the County, and the expectation for future market developments (including the demand for ‘self build’). At this session, the developers indicated that was a degree of certainty within the market and that there did not seem to be a demand within the County for self build. The second presentation was held on the 14th June 2013. This session provided a means to set out for discussion the emerging findings of the SHMA including the future dwelling requirements, affordable housing requirement and meeting the needs of older people.
     + As part of the 2012 SHMA, stakeholders were invited to participate in an on-line survey to help ascertain their views on the current housing market and the key strategic housing issues for County Durham. Some telephone interviews were also undertaken. Engagement with key stakeholders including Local Housing and Planning Authority representatives, Registered Social Landlords (RSLs), Estate Agents, Lettings Agents, Developers, Supporting People representatives has taken place. As part of the 2013 SHMA update, two meeting were held with developers where key findings and issues were discussed.
     + A review of relevant secondary data including the 2011 census, house price trends, CORE lettings data and County Durham 2011-based population and household projections.
  3. Further information on the research methodology is presented at Appendix A.

## Presentation of data

* 1. Data presented in this report is based on the 2012 Household Survey carried out as part of the Strategic Housing Market Assessment but reweighted to reflect the tenure/age profile according to the 2011 census, unless otherwise stated.
  2. It is important to note that survey responses have been weighted to correct for response bias and then grossed up to reflect the total number of households and this process is explained in Appendix A. The 6,216 responses are therefore weighted and grossed up to 223,081 occupied dwellings. All survey information presented in this report is for weighted and grossed responses which are rounded up to the nearest 50 where appropriate.
  3. Survey data is presented for the County Durham Plan delivery areas (Map 1.2).

**Map 1.2** County Durham delivery areas



## 

## Report structure

* 1. The County Durham 2012 SHMA report is structured as follows:
     + Chapter 2 reviews the national and regional **policy context** within which the research needs to be positioned;
     + Chapter 3 considers the County Durham **housing market context**, in particular linkages with Tees Valley and Tyne and Wear. This is achieved by reviewing migration and travel to work patterns and house price trends;
     + Chapter 4 presents **SHMA core outputs** and summarises more detailed information presented in technical appendices accompanying this report;
     + Chapter 5 reviews **general market demand**; and
     + Chapter 6 **concludes** the report with a view on the current and future housing market and strategic issues.
  2. A set of technical appendices accompanies this report which provides detailed material that underpins the core outputs of the SHMA. The technical appendices are:
     + General methodology (Appendix A);
     + The current housing market (Appendix B);
     + The future housing market (Appendix C);
     + Housing need (Appendix D);
     + Monitoring and updating (Appendix E);
     + Statement of conformity to SHMA guidance (Appendix F); and
     + Affordable housing policy considerations (Appendix G).

# 

# Policy and strategic review

## Introduction

* 1. Since May 2010 the coalition Government has embarked upon a radical and sustained programme of reform and change of both housing and planning. Set within the context of national austerity measures outlined in the Budget and Comprehensive Spending Review, at a time of significant reductions in public sector spending.
  2. Removal of the regional tier of government and its related strategies[[2]](#footnote-2), structures and funding mechanisms, has created a policy vacuum which local strategists and planners need to respond to within the context of the Government’s planning and social housing reform agenda. With an ambitious programme of policy reform well underway, this is a time of significant change for local strategic housing and planning, both in terms of policy and practice. This section of the report briefly summarises some of the key changes underway within the national and regional/sub-regional policy contexts, upon which this research has a bearing.

## National policy

* 1. The Department for Communities and Local Government has outlined what the Government wants to achieve in terms of housing as:
* Increase the number of houses available to buy and rent, including affordable housing;
* Improve the flexibility of social housing (increasing mobility and choice) and promote homeownership;
* Protect the vulnerable and disadvantaged by tackling homelessness and support people to stay in their homes; and
* Make sure that homes are of high quality and sustainable.
  1. What follows is a brief summary of some of the key elements of the Government’s national policy agenda, including:
     + Comprehensive Spending Review headlines;
     + The Local Growth White Paper;
     + The Welfare Reform Bill and housing benefit reform;
     + Social housing reform;
     + Reform of council housing finance;
     + The new Affordable Rent model;
     + The National Planning Policy Framework;
     + The Localism Act; and
     + The National Housing Strategy.

### Comprehensive Spending Review

* 1. Investment plans for the period April 2011 to March 2015 were outlined in the Comprehensive Spending Review of 20th October 2010.
  2. Investment in new affordable housing is to be met through capital investment (of up to £2.5bn) with the balance raised through new Affordable Rent tenancies offered to new social rented tenants at 80% of market rents.
  3. Where this combination of higher rent and lower grant is insufficient to make new schemes viable, Registered Providers (RPs) will be expected to convert existing social rent tenancies to affordable rent (or intermediate tenure for sale) when properties are vacated to cross-subsidise new provision.

### Local Growth White Paper

* 1. The Local Growth White Paper sets out the Government’s approach to local economic growth and new ways of achieving it. Housing needs should be seen within this context.
  2. Regional Development Agencies have been replaced with Local Enterprise Partnerships (LEPs), and a Regional Growth Fund of £1.4bn has been introduced to create jobs and growth in places currently heavily dependent on the public sector.
  3. The role of councils in supporting growth is specified, with the need to support growth through a responsive supply of land, use of land assets to lever in private investment, and the need to support local people and businesses, including regeneration. The Paper also makes reference to councils leading efforts to support and improve the health and well being of their local populations.
  4. In terms of ‘increasing confidence to invest’, the agenda centres on reform of the planning system, and incentivising councils to deliver sustainable economic development.

### The Welfare Reform Bill and housing benefit reform

* 1. The Welfare Reform Bill introduces Universal Credit as well as changes to housing benefit and other welfare benefits. The Bill also introduces a new ‘personal independence payment’ to replace the existing disability living allowance.
  2. In addition, the Bill gives the Government powers to implement housing benefit reforms outlined in the June 2010 Budget and the October 2010 Comprehensive Spending Review, these include:
     + Introducing a size criteria to the calculation of housing benefit for social sector tenants;
     + Up-rating future Local Housing Allowance rates in line with Consumer Price Index rather than actual rents (from April 2013); and
     + Introducing household benefit caps of £500 per week for couples and £350 per week for single claimants.
  3. Changes already introduced to housing benefit following the June 2010 Budget include:
     + Capping the maximum Local Housing Allowance payable for each property size and applying a four-bed limit. This mainly affects households living in London (from April 2011);
     + Calculating Local Housing Allowance rates using the 30th percentile of market rents rather than the 50th percentile (from October 2011);
     + Limiting housing benefit for working age tenants so that it only covers the size of property they are judged to need (from April 2013);
     + Increasing deductions for non-dependents (no longer frozen at £7.40 per week for non-earners and linked to prices since April 2011);
     + Time limiting full housing benefit and Local Housing Allowance payable to people on Job Seekers’ Allowance so that after 12 months housing benefit is reduced by 10% (from April 2013);
     + Increasing discretionary housing payments (from October 2010); and
     + Resourcing an additional bedroom for carers (from April 2011).
  4. Additionally the age at which the single room rate is applied increased from 25 to 35 from January 2012. This increases the age that single people can qualify for housing benefit for a self-contained property.

### Social Housing reform

* 1. The Government set out its key objectives for social housing reform, and its proposals to achieve them, in a consultation paper *Local Decisions: a fairer future for social housing*. Proposals include:
* The introduction of a new, more flexible, local authority affordable rent tenancy with a minimum fixed term of five years (this will be in addition to secure and introductory tenancies);
* Investment of £100m to bring empty properties in to use as affordable housing;
* Reforming the social housing allocations system by giving Local Authorities the powers to manage their housing waiting lists;
* Introduction of a nationwide social home swap programme for social tenants;
* Enabling local authorities to fully discharge a homelessness duty to secure accommodation by arranging an offer of suitable accommodation in the private rented sector without requiring the applicant’s agreement;
* Introducing reforms to tackle overcrowding; and
* Replacing the Housing Revenue Account subsidy system with transparent self-financing arrangements.

### Reform of council housing finance

* 1. The Government’s detailed plans for reforming council housing finance were published in January 2011 (*Implementing Self-Financing for Council Housing).* The key features of the proposals include:
     + Replacing the current Housing Revenue Account subsidy system with one in which local authorities retain rents following a one-off, mandatory settlement;
     + A national debt figure of £28.4m is to be allocated across approximately 160 stock retaining local authorities as at April 2012. This would generate a cash receipt for the Government in the region of £6.5bn;
     + The continued national pooling of 75% of Right to Buy receipts;
     + A cap on debt in each authority at the starting level of the settlement;
     + Assumed national rent convergence by 2016; and
     + Uplifts in expenditure allowances of approximately 14% including an allocation for aids and adaptations.

### The Affordable Rent model

* 1. In February 2011 the Homes and Communities Agency published its *Framework for Affordable Rent,* and invited providers to bid for funding to develop new homes on Affordable Rent tenancies from April 2012 to March 2015. Under the programme providers had to supplement grant funding by converting vacant social homes into other tenures, therefore generating cross-subsidy, and using Section 106 and public sector land opportunities to deliver affordable housing. Key elements of the programme include:
     + Homes are developed at 80% of the gross market rent, including service charges;
     + Providers retain the option to offer lifetime tenancies should they wish to;
     + At the end of an Affordable Rent tenancy, providers and their tenant may covert to shared ownership should they wish to;
     + Providers decide the proportion of their re-lets to convert to Affordable Rent to fund new supply; and
     + Providers converting existing social rented homes are encouraged to reinvest the funds raised in new supply within the same locality (delivery area); however, funding is not ring-fenced to a particular geographical area.
  2. In July 2011 the Homes and Communities Agency announced the successful bidders for the £1.8bn affordable homes programme. The programme will deliver 80,000 new affordable homes nationally, helping meet the Government’s target of 150,000 new affordable homes between 2011 and 2015.
  3. The North East, Yorkshire and The Humber operating area was allocated £181,600,184 (10.35% of the programme) to deliver 8,135 homes (10.17% of output achieved); broken down, this equates to 7,286 homes for Affordable Rent and 849 affordable home ownership homes[[3]](#footnote-3). For County Durham the HCA programme is seeking to deliver 235 affordable dwellings annually over the next three years.
  4. There are concerns about the capacity of the programme both to fund future developments for supported housing, and deliver homes for larger families.

### National Planning Policy Framework

* 1. The National Planning Policy Framework was published on 27th March 2012 and came into effect on the same day, revoking Planning Policy Statement 3 Housing, which had previously formed the basis for housing planning policy. The Government has used the Framework to streamline all existing national policy documents into one short Policy Framework.
  2. The Framework stresses the need for councils to work with communities and businesses to seek opportunities for sustainable growth to rebuild the economy; helping to deliver the homes, jobs, and infrastructure needed for a growing population whilst protecting the environment. A presumption in favour of sustainable development means that proposals should be approved promptly unless they compromise the twelve sustainable development principles set out in the Framework.
  3. The Framework identifies three dimensions to sustainable development: economic, social and environmental. The social role is defined as: *‘supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations….’[[4]](#footnote-4)* These three dimensions (or roles) are seen as mutually dependent.
  4. The Framework must be taken into account in the preparation of local and neighbourhood plans, and it is a material consideration in decision making. Up to date local plans are seen as a prerequisite and the following guidance is given:

*‘The National Planning Policy Framework does not change the statutory status of the development plan as the starting point for decision making. Proposed development that accords with an up-to-date Local Plan should be approved, and proposed development that conflicts should be refused unless other material considerations indicate otherwise. … The National Planning Policy Framework constitutes guidance for local planning authorities and decision-takers both in drawing up plans and as a material consideration in determining applications.’[[5]](#footnote-5)*

* 1. Robust and comprehensive evidence bases (in particular Strategic Housing Market Assessments and Strategic Housing Land Availability Assessments) are seen as essential to ‘delivering a wide choice of high quality homes’; the Framework states that local planning authorities should ‘*use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the delivery area, as far as is consistent with policies set out within the Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period.’[[6]](#footnote-6)*
  2. The need to *‘plan for a mix of housing based on current need and future demographic trends, market trends and the needs of different groups in the community’*  is emphasised. The Frameworks also states that local planning authorities should:
* *‘identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
* *‘where they have identified that affordable housing is needed set policies for meeting this need on site…’[[7]](#footnote-7)*
  1. Authorities will need to illustrate the expected rate of housing delivery through a housing trajectory for the plan period and a Housing Implementation Strategy for the full range of housing.
  2. New definitions of affordable housing are also included at Annex 2 covering social rented housing, affordable rented housing and intermediate housing.

### Localism Act

* 1. The Act includes measures to reform:
     + The planning system;
     + Social housing; and
     + The council house finance system.
  2. The Act introduces most elements of the Government’s housing reform programme, including changes to homelessness, social housing tenancies (introduction of five year minimum tenancy), mobility, regulation, and access to the Ombudsman. The Act also reforms council housing finance.
  3. In keeping with the Government’s localism ethos, much of the legislation within the Act is permissive, meaning that it is open to interpretation locally in terms of how members, professionals and communities decide to use its powers. Much of the Act came into effect in April 2012.

### *Laying the Foundations: A Housing Strategy for England*

* 1. Last year the Government published its Housing Strategy for England, which sets out its *‘intended direction of travel for housing, its role in the wider economy and its contribution to social mobility. It sets out ideas on the shape of housing provision that the government wants to see, which involve the primacy of home ownership; social housing as welfare; and an increasing role for the private rented sector.*’[[8]](#footnote-8)
  2. The Strategy presents both existing initiatives and policies (as outlined above) and introduces a series of new interventions and approaches, which are set out under the following headings:
     + **Increasing supply, more homes, stable growth** which includes a newbuild indemnity scheme led by the Home Builders Federation and Council for Mortgage Lenders to provide up to 95% loan to value mortgages for newbuild properties in England, backed by a housebuilder indemnity find; and a £400m ‘Get Britain Building investment fund;
     + **Social and affordable housing reform** which includes implementing a radical programme of reform to make better use of social housing to support those who need it most; and re-invigorating Right to Buy with the one for one replacement of homes sold;
     + **A thriving private rented sector**, through supporting investment in homes to rent, marketing new Built to Rent pilot sites and encouraging local authorities to make full use of powers to tackle dangerous and poorly-maintained homes;
     + **A strategy for empty homes,** with a commitment to bring empty homes back into use through awarding the New Homes Bonus to empty properties brought back into use, providing information and practical advice to local authorities and communities and proposing changes to Empty Dwelling Management Orders to tackle the worst long-term empty homes;
     + **Quality of housing experience and support**, through supporting the most vulnerable households to prevent and tackle homelessness and providing a better deal for older people, with greater choice and support to live independently; and
     + **Quality, sustainability and design**, by encouraging the promotion of imaginative, innovative, locally distinctive, well designed new homes and neighbourhoods; a commitment to Zero Carbon homes by 2016; reviewing building regulations to further improve energy efficiency and carbon emission standards of new buildings.

## Regional and Sub Regional Strategic Context

* 1. The County Durham strategic context has undergone significant change over the past eighteen months, reflecting the changes that have been taking place at a national level under the coalition Government. The revocation of the Regional Spatial Strategy, ending of the Housing Market Renewal programme and realignment of housing investment priorities have all had a significant impact across the County.

#### **County Durham Regeneration Statement 2012**

* 1. The refreshed County Durham Regeneration Statement outlines the approach to make County Durham a better place to live, work, invest and visit, specifying the spatial, social and economic priorities over the coming years whilst recognising the tough economic climate that still exists. It underpins the Altogether Wealthier theme for the refreshed Sustainable Communities Strategy for County Durham and sets the framework for an integrated policy framework and targeted delivery, building on opportunities and assets.
  2. The ambition of the Regeneration Statement is to *shape a County Durham where people want to live, work, invest and visit whilst enabling our residents and businesses to achieve their potential*. The objectives shaping partnership activity are a Thriving Durham City; Vibrant and Successful Towns; Sustainable Neighbourhoods and Rural Communities; Competitive and Successful People; and A Top Location for Business.
  3. By continuing to invest in opportunities across the County and capitalising on strengths such as Durham City and Hitachi coming to Newton Aycliffe, the Council are aligning activity and leveraging private sector investment, to deliver the aims and objectives outlined in this Statement, to tackle the key issues facing the County. The Council are recognising their major assets as those that have the potential to deliver the greatest impact. Building on and investing in these assets, alongside complementary interventions will release the County's potential for growth and connect areas of growth with deprived areas in need of regeneration. By following a phased approach across the County, utilising these opportunities we will be able to deliver the greatest impact for each locality and the whole of the County, using the resources available to the Council to best effect. As outlined in the draft refreshed Statement through a partnership approach the Council will:
* Lift constraints on development and stimulate investment in the economic infrastructure needed to increase economic activity and wealth;
* Capitalise on Durham City’s business and tourism potential to drive forward economic growth for County Durham;
* Invest in our major towns, continuing with our ‘Whole Town” approach;
* Drive forward the delivery of new homes with the right mix of services to support our growth aspirations;
* Improve the range of choice and standard of existing public and private housing;
* Invest in our human capital as a direct contributor to growth;
* Address the needs of our most vulnerable residents, mitigating the impact of welfare reform.

#### **Housing Strategy**

* 1. The Council has in place a Housing Strategy Delivery Plan, *Building Altogether Better Lives, a Housing Strategy Delivery Plan for County Durham 2010 to 2015.* The Delivery Plan sets out the Council’s strategic housing priorities for action and investment from 2010 to 2015. The Plan was developed around the Council’s vision for *‘an altogether better Durham’,* established in its Community Strategy 2010-2030.
  2. Regeneration, economic development and housing are at the forefront of the Council’s corporate approach to deliver a better Durham. To this end the Housing Strategy has three objectives, to deliver:
     + Altogether better housing markets;
     + Altogether better housing standards; and
     + Altogether better at housing people.
  3. Supplementing these objectives is the additional objective of delivering an *‘altogether better housing service’.* Linked to these objectives are a series of ten issues that have been identified as priorities by the Council and its stakeholders:
     + Better housing markets covering:
       - Housing growth;
       - New affordable housing to tackle affordable ‘hot spots’;
       - Rural affordable housing;
       - Executive housing; and
       - Better balanced housing markets;
     + Better housing standards concentrating on delivering:
       - Better existing homes; and
       - Better new homes.
     + Better at housing people focusing on ensuring:
       - Better housing management;
       - Better at housing vulnerable groups; and
       - Better access to affordable housing. .
  4. A series of cross cutting issues were also identified:
     + Health impact;
     + Equality and diversity;
     + Social inclusion; and
     + Value for money.
  5. The Housing Strategy has within it a series of Locality Delivery Plans covering the following areas:
     + Central Durham;
     + North and East Durham;
     + West Durham; and
     + South Durham.
  6. Each of these areas has its own housing and regeneration context and Locality Action Plan to address key issues specific to each locality, but framed within the wider County Durham context. Evidence from this research will provide important new evidence to help further shape and develop these Locality Action Plans.

#### **Local Enterprise Partnership**

* 1. The North East Local Enterprise Partnership (LEP) is a partnership between local authorities and businesses in Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland. The Partnership was formed with a view to enhancing economic growth across these areas. The vision for the North Eastern LEP is to *deliver smart, enterprising leadership between the private sector, local government, Higher Education and Further Education to rebalance the economy, and create Europe’s premiere location for low carbon, sustainable, knowledge-based, private sector-led growth and jobs.’[[9]](#footnote-9)’*
  2. The LEP aims to:
     + Ensure that the North East maximises its contribution to national economic growth and rebalancing the national economy;
     + Ensure delivery of functions where they can be most effective;
     + Recognise the distinctive economic circumstances and potential of the area;
     + Build on and sustain the strong leadership and partnership working between the business and public sector, underpinned by strong governance and democratic accountability to Local Authority Leaders and Elected Mayors working together.

## Concluding comments

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

## 

# County Durham Housing Market Context

## Introduction

* 1. County Durham is located in the North East of England and its resident population in 2011 was 512,994, which is projected to have increased to 518,330 in 2013[[10]](#footnote-10). This study provides an opportunity to review the housing market dynamics of the County Durham area and its interactions with other areas. Housing market areas are:

“defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work.” [[11]](#footnote-11)

* 1. CLG guidance on assessing market areas suggests three core sources of information:
     + House prices and rates of change;
     + Household migration and search behaviour;
     + Contextual data such as travel to work areas, which reflect the functional relationships between places where people work and live.
  2. This chapter proceeds with a **review of house prices**, rates of change and comparisons with sub-regional and national trends. The **relative affordability** of dwellings and change over time is explored. **Household migration and search** behaviour is analysed, drawing upon national migration data and the characteristics of moving households is reviewed through household survey information collected as part of this research project.
  3. The chapter continues with a review of **travel to work** trends drawing upon 2011 census and household survey evidence. Material in the chapter helps to establish the **general housing market context** of County Durham. This is further explored through Estate Agent interviews.

## 

## House prices and trends

* 1. Figure 3.1 shows how house prices across County Durham have changed over the period 2000 to 2012 relative to changes across the North East region.

**Figure 3.1** Median house price trends 2000 to 2012: County Durham and the North East

**

Source: DCLG; Land Registry

* 1. Median house prices across County Durham have generally lagged behind the regional median figure (with the exception of late 2008 when there was a notable increase in median prices). Median prices have increased from £45,450 in 2000 to £100,000 in 2012, an increase of 120%.
  2. Lower quartile prices have increased from £30,000 to £70,000 over the period 2000 to 2012 (a 133.3%) increase).
  3. Table 3.1 summarises lower quartile, median and upper quartile prices over the period February 2012 to January 2013 based on address-level data for sub-areas within County Durham. Please note there is a slight variation between CLG published data and data derived from address-level house price information.
  4. Map 3.1 illustrates the distribution of average house prices across County Durham, highlighting pockets of higher prices around Durham City, Chester-le-Street and rural areas; and lower prices particularly in Easington/Peterlee, Stanley

**Table 3.1** House prices in County Durham Feb 2012 to January 2013 by Sub area

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sub-area** | **Price** |  |  |  |
|  | Lower Quartile | Median | Upper Quartile | Mean (Average) |
| Central Durham | £85,000 | £120,500 | £185,000 | £151,399 |
| East Durham | £58,000 | £80,000 | £126,000 | £101,732 |
| North Durham | £67,500 | £99,995 | £147,000 | £115,074 |
| South Durham | £60,000 | £93,500 | £144,995 | £107,961 |
| The Dales | £80,000 | £122,750 | £185,000 | £144,799 |
| **Co. Durham** | £67,000 | £100,000 | £153,000 | £120,618 |

Source: Land Registry Price Paid Data Feb 2012 to 29 Jan 2013

**Please note there is a slight variation between CLG published data and data derived from address-level data. There has also been a reduction in the volume of transactions which may lead to greater variance in house price data.**

**Map 3.1** County Durham median house prices in Feb 2012 to Jan 2013



## Source: Land Registry

## Relative affordability

* 1. The relative affordability of open market dwellings in County Durham is compared with the other Local Authorities in the North East in Tables 3.2 and 3.3. Table 3.2 presents lower quartile house prices, lower quartile gross income of full-time workers and a ratio of lower quartile incomes to house prices; and Table 3.3 presents median figures.
  2. In terms of relative affordability, County Durham is the most affordable Local Authority area within the North East, with an income to house price ratio of 4.0.

**Table 3.2** Relative affordability of lower quartile (LQ) prices by Local Authority (residence based)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **District** | **Lower Quartile House Price** | **LQ Gross Earnings per week** | **Annual Gross Earnings** | **LQ Income to House Price ratio** |
| Newcastle upon Tyne | £103,000 | £324 | £16,869 | 6.1 |
| North Tyneside | £98,500 | £333 | £17,321 | 5.7 |
| Stockton-on-Tees | £97,000 | £346 | £17,987 | 5.4 |
| Northumberland | £96,885 | £353 | £18,330 | 5.3 |
| Redcar and Cleveland | £84,000 | £328 | £17,066 | 4.9 |
| Darlington | £84,000 | £329 | £17,082 | 4.9 |
| South Tyneside | £83,625 | £339 | £17,638 | 4.7 |
| North East | £82,986 | £338 | £17,592 | 4.7 |
| Gateshead | £85,000 | £348 | £18,091 | 4.7 |
| Sunderland | £76,000 | £333 | £17,295 | 4.4 |
| Middlesbrough | £69,000 | £328 | £17,030 | 4.1 |
| Hartlepool | £75,000 | £361 | £18,793 | 4.0 |
| **County Durham** | **£70,000** | **£341** | **£17,716** | **4.0** |

Sources: CLG House Price Statistics Q3 2012; Annual Survey of Hours and Earnings 2012

* 1. In terms of relative affordability based on median prices, the median house price to income ratio is 4.2 compared with a regional figure of 5.0.

**Table 3.3** Relative affordability of median prices by Local Authority (residence based)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **District** | **Median House Price** | **Median Gross Income per week** | **Annual Gross Income** | **Median Income to House Price ratio** |
| Northumberland | £144,000 | £465 | £24,190 | 6.0 |
| North Tyneside | £139,950 | £454 | £23,629 | 5.9 |
| Newcastle upon Tyne | £136,000 | £470 | £24,424 | 5.6 |
| Darlington | £124,000 | £437 | £22,698 | 5.5 |
| Stockton-on-Tees | £129,000 | £485 | £25,199 | 5.1 |
| Middlesbrough | £109,000 | £410 | £21,315 | 5.1 |
| Sunderland | £112,250 | £424 | £22,048 | 5.1 |
| North East | £119,375 | £455 | £23,676 | 5.0 |
| Redcar and Cleveland | £115,000 | £439 | £22,838 | 5.0 |
| Gateshead | £120,000 | £465 | £24,190 | 5.0 |
| South Tyneside | £114,250 | £450 | £23,405 | 4.9 |
| **County Durham** | **£100,000** | **£458** | **£23,816** | **4.2** |
| Hartlepool | £109,000 | £506 | £26,317 | 4.1 |

Sources: CLG House Price Statistics Q3 2012; Annual Survey of Hours and Earnings 2012

* 1. This analysis is based on county-wide data and it should be appreciated that this masks considerable variations in house prices as demonstrated in Map 3.1.

## 

## Household migration and search behaviour

* 1. Annual migration data is prepared by the Office of National Statistics (ONS) based on patient re-registrations with the National Health Service (NHS). Although it has limitations, it is the best annual source of internal migration data from within England and Wales (Figure 3.2). Over the period July 2007 to June 2011 (4 years) a total of 60,760 people have moved into County Durham, particularly from Sunderland (11.9% of all residents moving into County Durham originated in Sunderland), elsewhere in Tyne and Wear (17.1%), Yorkshire and the Humber (11.8%) and the North West (9.2%).
  2. Over the same three year period, a total of 57,920 residents have moved out of County Durham to elsewhere in England and Wales. Strongest outflows were to Sunderland (9.4%) and Elsewhere in Tyne and Wear (15.8%), Yorkshire and the Humber (12.6%) and London (10.4%)
  3. Overall, County Durham has had a net inflow of 2,840 residents from elsewhere in England and Wales over the period July 2007 to June 2011, equivalent to an increase of 710 residents each year.

**Figure 3.2** Net flows of population between County Durham and other areas of England and Wales: four years July 2007 to June 2011



Source: ONS Migration Flow Data via NHSCR

## Characteristics of moving households

### Mobility and migration trends

* 1. Data from the household survey indicated that around 54,000 households had moved home in the preceding 5 years. Of these households 77.5% originated within County Durham and 22.5% had moved into the County as summarised in Table 3.4.

**Table 3.4** Summary of household moves in preceding 5 years by area

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Delivery areas** | **Origin** |  |  |  |  |
|  | Same area (%) | Elsewhere in Co. Durham | % within Co. Durham | % outside Co. Durham | Base (households moving) |
| Central Durham | 66.7 | 11.3 | 77.9 | 22.1 | 14053 |
| North Durham | 63.6 | 11.8 | 75.4 | 24.6 | 11765 |
| East Durham | 65.1 | 6.2 | 71.3 | 28.7 | 9691 |
| South Durham | 48.4 | 20.4 | 68.8 | 31.2 | 3510 |
| West Durham | 59.8 | 24.9 | 84.7 | 15.3 | 15127 |
| **Total** |  | **77.5** | **77.5** | **22.5** | **54146** |

Source: 2012 household survey, rebased to 2011 census

* 1. The CLG suggests that a housing market is self-contained if at least 70% of households moving originate from the same area. On this basis, County Durham can be described as a self-contained housing market area. Within the County, none of the delivery areas can be described as self-contained housing market areas in terms of migration. The Dales and South Durham are the least self-contained delivery areas, with fewer than 50% of moving households originating from the same area.

### Characteristics of in-migrant households

* 1. The household survey identified around 12,200 households who had moved into County Durham from outside the county in the preceding five years. Information relating to in-migrant households includes:
     + Most moved into a house, particularly terraced (34.0%), semi-detached (29.0%) and detached (20.4%); and a further 8.8% moved into a flat/apartment and 6.2% to a bungalow;
     + 35.9% moved into a three bedroom property, 22.4% into a property with more than three bedrooms and 41.8% into smaller properties with one (4.9%) or two bedrooms (36.9%);
     + 48.4% moved into owner occupied properties; 45.1% into private renting and 6.5% moved into affordable (social rented/intermediate tenure) dwellings;
     + In terms of geography, 25.4% moved into North Durham, 23.7% into Central Durham, 22.8% into East Durham, 8.9% into The Dales and 19.0% into South Durham;
     + Couples with children (including adult children) accounted for 31.0% of in-migrant households, couples (under 60, no children) 23.0%, singles under 60 (16.8%), older person households 18.8%, lone parents 6.4% and other household types 4.0%;
     + 48.7% of in-migrant household reference people (heads of household) were aged 16-39, a further 34.1% were aged 40-59 and 17.2% were aged 60 or over;
     + The majority of heads of household of in-migrant households were in employment (61.0% of which 44.8% were full-time, 11.6% part-time and 4.6% self-employed), with a further 16.4% wholly retired from work, 7.2% unemployed and available for work, 4.4% permanently sick/disabled, 5.8% looking after the home, 4.4% were in full-time education and 0.8% were full-time carers/volunteers;
     + 65.0% of in-migrant heads of household were in managerial, professional and associate professional occupations;
     + 45.8% of households had a weekly income of at least £500 (with 15.7% receiving at least £950 each week); a further 24.1% received between £300 and £500 each week and 30.1% received less than £300 each week;
     + A majority of in-migrant heads of household (54.8%) worked outside County Durham and 45.2% worked in the County. Overall, 20.6% worked in Durham City, 24.6% elsewhere in County Durham; 38.8% worked in Tyne and Wear (with 16.0% working in Newcastle and 12.5% in Sunderland); 11.6% worked in Tees Valley, 1.4% elsewhere in the North East and 3.0% worked outside the North East;
     + The main reasons for moving were to be closer to family and friends for social reasons (17.2%), to be closer to work (17.1%), wanting a larger property (13.0%) and for marriage/to live together (7.8%);
     + 22.5% of households moving in the past five years originated from outside County Durham of whom 10.8% were from elsewhere in the North East (Tyne and Wear 6.7% including of 2.5% from Sunderland and 2.4% from Gateshead), 1.8% were from Yorkshire and the Humber, 2.3% from the North West, 6.6% from elsewhere in the UK and 1.1% from outside the UK.

### 

### Residential mobility within County Durham

* 1. The household survey identified that the vast majority (77.5%) of households moving within the preceding 5 years had moved within County Durham.
  2. Households moving within County Durham were doing so for a variety of reasons but the most frequently reported was moving to a large/better property (17.5%), being forced to move (8.9%), followed by wanting own home/live independently (8.8%), and needing housing suitable for an older/disabled person (7.2%).
  3. Table 3.6 reviews the tenure choices of households moving within County Durham. Owner-occupiers and private renters are most likely to remain in the same tenure. 13.3% of private renters moved into owner occupation and a further 19.3% into social renting. Respondents who had previously lived with family and friends (i.e. newly forming households) tended to move into private renting (50.2%), with a further 28.3% moving in to owner occupation and 21.2% into social/affordable/intermediate housing.

**Table 3.6** Residential mobility – movement between different tenures

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Current Tenure** | **Previous Tenure** | | | |  |  |  |
|  | Owner Occupied | Private Rented | Social Rented | Living with family / friends | Other | Total | Base |
| Owner Occupied | 59.9 | 13.3 | 4.2 | 28.2 | 9.4 | 31.6 | 13048 |
| Private Rented | 19.2 | 67.4 | 21.7 | 50.2 | 60.0 | 39.6 | 16378 |
| Social/Affordable  Rented/Intermediate | 20.9 | 19.3 | 74.1 | 21.6 | 30.6 | 28.8 | 11890 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 41316 |
| Base | 15410 | 12210 | 6231 | 6571 | 894 | 41316 |  |

Source: 2012 Household Survey, rebased to 2011 census

* 1. Table 3.7 considers the profile of dwellings being moved into by households moving within County Durham. Households are moving into a variety of dwelling types and sizes, most notably to: two (44.3%) and three (33.4%) bedroom dwellings; semi-detached houses (25.7%), terraced/town houses (29.4%), detached houses (14.2%), bungalows (18.7%), flats/apartments (11.2%) and other types (0.7%).

**Table 3.7** Residential mobility – profile of properties moved into by type and size

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **No. Bedrooms** | **Property type (Table %)** | | |  |  |  |  |
|  | Detached | Semi-detached | Terraced house/town house | Bungalow | Flat/ Maisonette | Other | Total |
| One | 0.3 | 0.0 | 0.6 | 6.1 | 4.3 | 0.0 | 11.4 |
| Two | 0.9 | 10.5 | 15.6 | 10.4 | 6.3 | 0.6 | 44.3 |
| Three | 5.9 | 13.5 | 11.0 | 2.2 | 0.6 | 0.1 | 33.4 |
| Four | 6.0 | 1.3 | 2.1 |  | 0.0 | 0.0 | 9.4 |
| Five or more | 1.1 | 0.4 | 0.1 |  | 0.0 | 0.0 | 1.6 |
| Total | 14.2 | 25.7 | 29.4 | 18.7 | 11.2 | 0.7 | 100.0 |
| Base | 40486 |  |  |  |  |  |  |

Source: 2012 Household Survey, rebased to 2011 Census

## Households planning to move

* 1. Around 30,500 households plan to move in the open market the next five years. Table 3.8 summarises the aspirational moving intentions of households based on the first and second preference they stated and further detail is provided in Table 3.8. Overall, 77.2% of households intend on remaining in County Durham and 22.8% intend to move out. Of those intending on remaining in County Durham, Central Durham was most frequently mentioned as a place of destination (by 31.7% of moving households), followed by North Durham (14.1%) and East Durham (12.6%).
  2. Of all households planning to move out, 6.0% were considering moving to Tyne and Wear, 2.5% to Tees Valley, 2.6% to Northumberland, 3.0% to Yorkshire and the Humber, 0.8% to the North West, 7.0% to elsewhere in the UK and 1.0% to outside the UK.
  3. The main reasons why households plan to move out of County Durham is to move to a larger/better property (21.8%), to be closer to work/new job (13.9%) and to move to a better neighbourhood (12.8%).

**Table 3.8** First and second choice destination of households planning to move in next five years

|  |  |  |
| --- | --- | --- |
| **Destination** | **No. responses** | **% choices** |
| Within Co. Durham |  |  |
| Central | 14040 | 31.7 |
| East | 5594 | 12.6 |
| North | 6224 | 14.1 |
| South | 4655 | 10.5 |
| The Dales | 1939 | 4.4 |
| Not specified | 1720 | 3.9 |
| Outside Co. Durham |  |  |
| Darlington | 538 | 1.2 |
| Hartlepool | 310 | 0.7 |
| Stockton on Tees | 91 | 0.2 |
| Middlesbrough/Redcar and Cleveland | 67 | 0.2 |
| Tees Valley (not specified) | 82 | 0.2 |
| Sunderland | 1455 | 3.3 |
| South Tyneside | 135 | 0.3 |
| Gateshead | 450 | 1.0 |
| Newcastle/North Tyneside | 544 | 1.2 |
| Tyne and Wear (not specified) | 60 | 0.1 |
| Northumberland | 1135 | 2.6 |
| Yorkshire and the Humber | 1308 | 3.0 |
| North West | 367 | 0.8 |
| Elsewhere in the UK | 3116 | 7.0 |
| Outside UK | 427 | 1.0 |
| Total Choices | 44258 | 100.0 |
| Base (Moving households) | 30495 |  |
|  |  |  |
| Within County Durham | 34172 | 77.2 |
| Outside County Durham | 10085 | 22.8 |
| Total Choices | 44258 | 100.0 |

Source: 2012 Household Survey, rebased to 2011 Census

## Travel to work trends

* 1. The 2012 household survey identified the workplace of 176,683 County Durham residents of County Durham[[12]](#footnote-12) (Table 3.9) which indicated that:
     + 65.2% lived and worked in County Durham; and
     + 34.8% lived in County Durham but worked elsewhere.
  2. Of those working outside County Durham, 19.8% worked in Tyne and Wear, 9.4% in Tees Valley, 0.8% elsewhere in the North East, 1.2% Yorkshire and Humber and 2.9% elsewhere.
  3. The proportion of economically active residents working outside County Durham was highest in North Durham (44.6%) and East Durham (40.9%).

**Table 3.9** Workplace of County Durham residents by survey area

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Delivery Area** | **Workplace** |  |  |  |  |
|  | Same Delivery Area | Elsewhere in Co. Durham | % within Co. Durham | % outside Co. Durham | Base (oldest and next oldest working in h'hold) |
| North Durham | 32.8 | 22.7 | 55.4 | 44.6 | 47802 |
| Central Durham | 58.0 | 13.2 | 71.3 | 28.7 | 36067 |
| East Durham | 44.9 | 14.2 | 59.1 | 40.9 | 30166 |
| The Dales | 52.8 | 22.2 | 75.0 | 25.0 | 12842 |
| South Durham | 41.8 | 29.7 | 71.5 | 28.5 | 49805 |
| **TOTAL** |  |  | 65.2 | 34.8 | 176683 |

Source: 2012 Household Survey, rebased to 2011 Census

## Concluding comments

* 1. The purpose of this chapter has been to consider the general housing market context of County Durham and its inter-relationships with other areas. By reviewing house prices, migration and travel to work patterns, a picture of the market dynamics emerges.
  2. The Department of Communities and Local Government (CLG) suggests that a housing market is self-contained if upwards of 70% of moves (migration and travel to work) take place within a defined area. An analysis of migration data indicates that 77.5% of households moving originated within County Durham, suggesting that the County is a self-contained housing market area. That said, there are areas which exhibit strong migration interactions with other localities (for instance North and East Durham with Tyne and Wear and South Durham with Tees Valley). On balance, County Durham can be described as a self contained delivery area in terms of migration, with some areas exhibiting strong interactions with other areas.
  3. In terms of travel to work, County Durham is part of a broader functional market which extends into Tyne and Wear and Tees Valley.
  4. Given the geographical size of County Durham, for housing delivery and policy making areas, the County has been divided into five sub-areas. These survey areas have distinctive characteristics which are explored in greater detail in Appendix B.

# Strategic Housing Market Assessment Core Outputs

## Introduction

* 1. The purpose of this chapter is to present the core outputs required by the SHMA guidance relating to County Durham. The chapter provides a summary of more detailed work and evidence, which is presented at Technical Appendices A-F.

## Core Output 1: Estimates of current dwellings in terms of size, type, condition, tenure

* 1. This study assumes a total of 236,082 dwellings in County Durham of which 2,169 are second homes, 10,110 vacant and 223,803 are occupied (of which 1,504 are student households) (Table 4.1). The overall vacancy rate is 4.5%. This varies within the County and is highest in the East Durham delivery area (4.8%) and Central Durham (4.4%) and The Dales (4.4%). Overall, vacancy rates are higher than for the North East region (3.6%) and England (2.8%)[[13]](#footnote-13).

**Table 4.1** Dwelling stock and vacancy by delivery area

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Delivery area** | **Total Dwellings** | **Occupied Dwellings** | | **Unoccupied Dwellings** | | | **% Second** | **% Empty** |
|  |  | **Total** | **Of Which: Student lets** | **Total** | **Second Homes** | **Empty Homes** |  |  |
| Central Durham | 45596 | 42905 | 631 | 2691 | 663 | 2028 | 1.5 | 4.4 |
| East Durham | 43861 | 41416 | 325 | 2445 | 327 | 2118 | 0.7 | 4.8 |
| North Durham | 62945 | 60151 | 321 | 2794 | 440 | 2354 | 0.7 | 3.7 |
| South Durham | 67805 | 64520 | 191 | 3285 | 368 | 2917 | 0.5 | 4.3 |
| The Dales | 15875 | 14811 | 36 | 1064 | 371 | 693 | 2.3 | 4.4 |
| **Total** | **236082** | **223803** | **1504** | **12279** | **2169** | **10110** | **0.9** | **4.3** |

Source: 2011 Census; 2011 Council Tax

**Property size and type**

* 1. Table 4.2 reviews the profile of all dwelling stock based on Valuation Office Agency data for County Durham which shows that 83.9% of all dwellings have two or three bedrooms and the commonest dwelling type are terraced and semi-detached which together account for 66.3% of dwelling stock.

**Table 4.2** Property type and size of all dwellings: County Durham

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Property type** | **No. Bedrooms** | |  |  |  |  |
|  | 1 | 2 | 3 | 4 | Not known | Total |
| Detached | 0.0 | 0.6 | 5.4 | 7.3 | 0.1 | 13.4 |
| Semi-detached | 0.1 | 7.8 | 18.9 | 2.0 | 0.0 | 28.7 |
| Terraced | 0.4 | 18.0 | 19.2 | 0.0 | 0.0 | 37.6 |
| Bungalow | 3.1 | 7.8 | 3.1 | 0.0 | 0.0 | 14.1 |
| Flat/Maisonette | 2.9 | 2.6 | 0.6 | 0.0 | 0.0 | 6.2 |
| **No. Beds %** | **6.5** | **36.7** | **47.2** | **9.3** | **0.1** | **100.0** |

Base: 233,470 dwellings

Source: 2011 Valuation Office Agency

* 1. Table 4.3 reviews the profile of occupied dwelling stock by size and type across County Durham based on the 2012 household survey, rebased to the 2011 Census. Overall, the vast majority (79.3%) of properties are houses, 15.3% are bungalows, 5.0% are flats/apartments/maisonettes and 0.5% are other types of property including park homes/caravans. Of all occupied properties, 6.1% have one bedroom, 34.8% have two bedrooms, 43.7% have three bedrooms and 15.4% have four or more bedrooms. How property type varies across the County is illustrated in Figure 4.1. The variation in the number of bedrooms by delivery area is shown in Figure 4.2.

**Table 4.3** Property type and size of occupied dwellings: County Durham

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Property Type** | **No. Bedrooms (Table %)** | | | | | | |
|  | One | Two | Three | Four | Five or more | Total | Base |
| Detached house | 0.1 | 1.0 | 6.9 | 8.0 | 1.8 | **17.8** | 39520 |
| Semi-detached house | 0.2 | 8.7 | 19.6 | 2.7 | 0.6 | **31.8** | 70581 |
| Terraced house | 0.3 | 13.4 | 14.1 | 1.8 | 0.2 | **29.7** | 65994 |
| Bungalow | 3.3 | 8.9 | 2.7 | 0.2 | 0.1 | **15.3** | 33883 |
| Maisonette | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | **0.2** | 456 |
| Flat/apartment | 2.1 | 2.4 | 0.2 | 0.0 | 0.1 | **4.8** | 10569 |
| Other | 0.1 | 0.2 | 0.1 | 0.1 | 0.0 | **0.5** | 1099 |
| Total | **6.1** | **34.8** | **43.7** | **12.7** | **2.7** | **100.0** |  |
| Base | 13635 | 77203 | 96968 | 28311 | 5985 |  | 222102 |

Source: 2012 Household Survey, rebased to 2011 Census

**Figure 4.1** Property type by delivery area



Source: 2012 Household Survey, rebased to 2011 Census

**Figure 4.2** Property size by delivery area



Source: 2012 Household Survey, rebased to 2011 Census

**Quality of accommodation**

* 1. The 2012 Household Survey asked respondents how satisfied or dissatisfied they were with the quality of their accommodation. Overall 89.0% of respondents expressed satisfaction (54.0% were very satisfied and 35.0% were satisfied); 6.9% were neither satisfied nor dissatisfied; a total of 4.1% expressed degrees of dissatisfaction, of whom 0.9% were very dissatisfied. Tables 4.4 explore how the level of dissatisfaction with the quality of accommodation varied by delivery area, tenure, age and type.
  2. Data indicates that households in East Durham (7.3%) and Central Durham (4.2%) were more likely to express dissatisfaction. Levels of dissatisfaction exceeded 10% amongst unfurnished private renters (11.1%). Note that this information is based on responses to the household survey as expressed by respondents.
  3. In terms of property type and age, dissatisfaction was highest amongst respondents living in maisonettes (22.1%); and amongst residents in properties built between 1919 and 1944 (6.5%).
  4. Stock condition was raised as a concern both in respect of some of the County’s private rented sector stock and its older housing stock. Whilst some private landlords provide decent housing many do not, with several stakeholders feeling that the sector is too big and dominates some of the poorer housing areas.
  5. Decency within the affordable housing sector was not identified as an issue, with all contributing providers generally meeting the decent homes standard.

**Table 4.4** Dissatisfaction of quality of accommodation by delivery area

|  |  |  |  |
| --- | --- | --- | --- |
| **Delivery area** | **% Dissatisfied** | **No. Dissatisfied** | **Base** |
| North Durham | 2.5 | 1512 | 60151 |
| Central Durham | 4.2 | 1805 | 42905 |
| East Durham | 7.3 | 3026 | 41416 |
| The Dales | 3.4 | 503 | 14811 |
| South Durham | 3.5 | 2240 | 64520 |
| **Co. Durham** | **4.1** | **9086** | **223803** |
| **Tenure** | **% Dissatisfied** | **No. Dissatisfied** | **Base** |
| Owned (no mortgage) | 0.7 | 557 | 79618 |
| Owned (with mortgage | 2.4 | 1648 | 67729 |
| Social rented | 7.6 | 3439 | 45082 |
| Rented privately | 11.1 | 3442 | 30964 |
| Shared ownership, shared equity, discounted for sale, low cost home ownership | 0.0 | 0 | 410 |
| **Total** | **4.1** | **9086** | **223803** |
| **Property type** | **% Dissatisfied** | **No. Dissatisfied** | **Base** |
| Detached house | 1.7 | 681 | 39544 |
| Semi-detached house | 4.2 | 2939 | 70642 |
| Terraced house | 4.4 | 2874 | 65995 |
| Bungalow | 4.6 | 1548 | 33974 |
| Maisonette | 22.1 | 101 | 456 |
| Flat/apartment | 8.1 | 858 | 10597 |
| Caravan/Park Home | 4.6 | 15 | 329 |
| Other | 1.9 | 15 | 771 |
| **Total** | 4.1 | 9031 | 222308 |
| **Property age** |  | **No. Dissatisfied** | **Base** |
| Pre 1919 | 3.9 | 1416 | 36393 |
| 1919-1944 | 6.5 | 2200 | 34100 |
| 1945-1964 | 5.3 | 2405 | 45027 |
| 1965-1984 | 2.4 | 1148 | 47802 |
| 1985-2004 | 1.8 | 543 | 30863 |
| 2005 onwards | 0.7 | 91 | 12987 |
| **Total** | **4.1** | **9031** | **222308** |

Source: 2012 Household Survey, rebased to 2011 Census

**Property tenure**

* 1. The tenure profile of County Durham is summarised in Figure 4.3. Overall, based on survey evidence, 65.8% of occupied dwellings are owner-occupied, 20.3% are social rented, 13.8% are private rented, and 0.2% are intermediate tenure (e.g. shared ownership).

**Figure 4.3** Tenure profile of occupied dwellings in County Durham



Source: 2012 Household Survey rebased to 2011 Census; Durham Key Options social rented dwelling database

* 1. The tenure profile varies by delivery area (Figure 4.4). The proportion of occupied households living in owner occupied dwellings is highest in The Dales, at 69.7%. The proportion of occupied households who are social renters is highest in East Durham (22.8%) and South Durham (22.4%). Private renting is highest in The Dales (17.8%).

**Figure 4.4** Tenure profile by delivery area



Source: 2012 Household Survey rebased to 2011 Census

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

### Total dwelling stock and current provision

* 1. There are currently a total of 236,082 residential dwellings across County Durham of which 223,803 are occupied by individual households[[14]](#footnote-14). The total number of dwellings has increased from 221,349 in 2001[[15]](#footnote-15).
  2. Table 4.5 shows how the total number of dwellings has changed over the period 2001 to 2011 across County Durham.

**Table 4.5** Dwelling change over the period 2001 to 2011 across County Durham

|  |  |
| --- | --- |
| **Year** | **Total Dwellings** |
| 2001 | 221,349 |
| 2002 | 221,062 |
| 2003 | 221,558 |
| 2004 | 222,456 |
| 2005 | 223,739 |
| 2006 | 225,836 |
| 2007 | 227,991 |
| 2008 | 230,415 |
| 2009 | 223,087 |
| 2010 | 233,190 |
| 2011 | 234,465 |
| Change 2001-11 | 13,116 |
| % change | 5.9 |
| Annual Change | 1,312 |

Source: HIP/HSSA

* 1. Over the period 2001 to 2011, the total number of dwellings has increased by 13,116 representing an annual increase of 1,312 dwellings.
  2. In terms of current provision, many stakeholders identified the traditional nature of housing provision across both the County and the Region as a problem. There are high levels of poor quality, older terraced housing built to house workers from the former coalfields. This housing is frequently in poor condition, is not energy efficient, and generally no longer meets needs and aspirations. Overall, the quality of the County’s housing stock was felt to be poor, un-aspirational and limiting to economic growth.
  3. Whilst recognising the need to regenerate former coalfield communities and areas in decline, there was concern that this was being prioritised to the detriment of economic growth. Many stakeholders, including land owners, agents and developers, felt that proactive and strategic action needed to be taken as a matter of urgency by the Council to:
     + Plan more effectively;
     + Set clear targets for growth and development; and
     + Be more transparent and accountable.
  4. A number of stakeholders identified the polarised nature of the housing market as an issue, whereby different areas are either extremes of high or low end housing, with the need for provision of a better middle market.

### Owner-occupied market

* 1. 65.8% (147,347) of households across County Durham are owner occupiers. 35.6% of all households (79,618) own outright and 30.3% of all households (67,729) have a mortgage. Most owner-occupied properties (87.7%) are houses (of which 34.0% are semi-detached, 30.4% terraced and 23.3% detached), a further 10.4% are bungalows, 1.6% are flats and 0.4% are other types including caravans. 0.9% of owner-occupied properties have one bedroom, 26.8% have two bedrooms, 50.6% have three bedrooms and 21.4% have four or more bedrooms. Further analysis of owner occupied stock and household characteristics can be found at Appendix B.
  2. Over the period 2000 to 2012, lower quartile and median house prices[[16]](#footnote-16) across County Durham have increased dramatically as summarised in Table 4.6.
  3. It is interesting to note that in 2000, a household income of £8,571 was required for a lower quartile price to be affordable; by 2012 this had increased to £18,000. In comparison, an income of £12,986 was required for a median priced property to be affordable in 2000 compared with £27,143 in 2012.

**Table 4.6** Lower Quartile andmedian price and income required to be affordable

|  |  |  |  |
| --- | --- | --- | --- |
|  | Year | £ | Income to be affordable\* |
| Lower Quartile | 2000 | 30,000 | £8,571 |
|  | 2012 | 63000 | £18,000 |
|  |  |  |  |
| Median | 2000 | 45,450 | £12,986 |
|  | 2012 | 95000 | £27,143 |
| Source: DCLG / Land Registry  \*Assuming a 3.5x income multiple | | | | | |  |

* 1. In terms of household type, 28.0% of owner occupiers are couples with children (including adult children), 41.9% are older (60 or over) singles and couples, 14.6% are couples (under 60 with no children), 9.0% are singles under 60, 4.4% are lone parents and 2.1% are other household types. Amongst outright owners, 66.9% were older person households and amongst owners with a mortgage 45.1% were couples with children (including adult children).
  2. The majority of owner occupiers have lived in their accommodation for at least 10 years (25.7% between 10 and 20 years and 42.5% for 20 years or more). 82.7% of outright owners have lived in their accommodation for at least 10 years.
  3. The majority of adults aged 16 or over living in owner occupied dwellings are in employment (55.9%) and a further 35.0% are wholly retired from work. The proportion retired is considerably higher for outright owners (59.8%), while 83.6% of owners with a mortgage are in employment.
  4. Incomes amongst owner occupiers tend to be high, with 45.0% receiving at least £500 each week. That said, incomes amongst outright owners tend to be lower than for mortgaged owners, with 42.8% receiving less than £300 each week compared with 16.2% of mortgaged owners. This reflects the different age profile and economic status of outright owners.

#### **Views of estate agents and private lettings agents**

* 1. Views on the current housing market position were sought from estate agents operating across County Durham. Interviews were conducted with 2 to 3 estate agents in each of the survey areas and their views were sought on current trends and levels of activity within the open market, buy to let and rental market.
  2. The following narrative presents key findings for County Durham and individual survey areas.

**County Durham Market Characteristics**

* 1. The headline messages from the estate agent interviews are set out below. This is followed by a more detailed analysis on the housing market across County Durham as well as current and anticipated trends in the survey areas.
* The housing market within County Durham is generally localised. The exception to this is investors or areas that are in close proximity to adjacent local authorities;
* The housing market has and is anticipated to continue to be relatively static in the next year. There is generally little activity by buyers other than investors and transactions are taking longer resulting in prices falling or remaining as they have been in the last year;
* Properties at the lower end of the market, below £100,000 are those that are most sought after. Properties at the very top end of the market are more difficult to sell;
* Estate agents are reporting that vendors are more realistic in what they expect their property to sell for than they were a year ago;
* Geographically those areas that are in close proximity to strategic transport links, centres of employment, have good schools, have benefited from extensive regeneration programmes or have a good quality environment tend to be have stronger housing markets;
* Access to finance is a major barrier to purchasing property, issues identified include the amount of deposit required, low incomes restricting the amount people can borrow and stricter lending criteria. This has had an adverse impact on the first time buyer market resulting in a knock on impact on the wider housing market;
* Incentives provided by developers including providing deposits, part exchange and high quality fixtures and fittings at a competitive price are making new build properties more attractive than older stock;
* Other than bungalows there is no current shortage of the supply of particular types of housing in the current market;
* Repossessions in areas of County Durham have been stated as being relatively high. As these properties are priced lower than others within the market, they are attractive to buyers mainly investors and are reducing the prices of other properties in the area;
* There has been an increase in the number of properties being sold in auctions and more estate agents are now operating in this market . This trend is expected to continue;
* The rental market is extremely buoyant and there continues to be demand from investors. Due to the strong demand for rental properties people who are unable to sell their properties are becoming landlords. Rental values tend to average at £400 per calendar month for a 2 bedroomed property;
* Due to delays in the payment of housing benefit of up to three to four months landlords have been reluctant to rent to those in receipt of housing benefit.

*Location*

* 1. The housing market within County Durham is extremely localised with the majority of buyers living in the town or village in which they are looking to buy a property. Areas which tend to attract people from outside County Durham tend to be either close to or are centres of employment, Durham and Chester-le-Street or more rural locations such as Barnard Castle. The investor market which is still quite strong continues to attract buyers from outside the SHMA
  2. Geographically Chester-le-Street due to its proximity to Newcastle and Gateshead combined with its amenities is remaining a popular place to buy, as is Seaham due to its proximity to Sunderland and extensive regeneration, Peterlee for its employment offer and Barnard Castle due to its rural location. Other areas are attracting lower levels of buyers particularly outlying ex coalfield villages.

*House Prices*

* 1. Estate Agents are currently citing that market trends are difficult to identify and that there are no strong characteristics in terms of location, type of housing or type of buyer. The lower end of the market appears to be slightly more buoyant attracting home owners and investors in a town centre location at an affordable price, up to £100,000. In Easington Village, terraces can currently be purchased for as little as £15,000.
  2. Larger more expensive properties (£200,000 upwards) are currently not attracting buyers. A number of estate agents are reporting that once an offer has been made, that buyers are unable to secure a mortgage due to surveyors on behalf of mortgage companies putting a lower valuation on the property.
  3. The current economic climate is resulting in a fairly static housing market in terms of transactions and prices, with prices still continuing to fall in certain areas. This is anticipated to continue in the foreseeable future. Vendors are more realistic now than they were two years ago on the price that they can get for their property and in most cases are reducing prices to secure a sale knowing that in turn they can purchase a property at a lower price. Levels of repossessions have fallen compared to previous years although they remain high in some areas Bishop Auckland and Spennymoor. Repossessions sell quickly and at a low price, primarily to investors, distorting the open market in areas where there are a lot of repossessions. Auctions are also becoming more popular attracting property owners who traditionally wouldn’t have used an auction, enabling them to sell their property more quickly.

*First time buyer market*

* 1. The first time buyer market is extremely weak due to deposits of up to 15% being required coupled with strict lending criteria. However, some mortgage companies have introduced 95% mortgages recently. Those first time buyers that have deposits tend to be accessing finance from their parents. The lack of first time buyers is having a wider impact on the wider housing market, restricting people from moving up the property ladder.

*Rental market*

* 1. The rental market is particularly buoyant in all towns and villages across the County with rental prices for a 2 bedroomed property commanding between £400 and £500 per calendar month. People are looking to rent predominantly in central locations close to amenities. Demand for rental properties is strong with properties quickly securing a tenant. Increasingly home owners who cannot sell their properties are looking to rent to enable them to move up the property ladder. There has been a delay of up to three months in the payment of housing benefits resulting in landlords not accepting tenants who are in receipt of this, although more recently the delay in payments appears to be decreasing.

*New Build*

* 1. Estate agents are reporting that developers are offering significant incentives for new build properties including providing deposits, part exchange as well as being able to offers buyers a choice of fixture and fittings. This is making new build properties attractive to potential buyers.

*Future Trends*

* 1. A relatively static market is anticipated for the foreseeable future by estate agents. Access to finance and the lack of first time buyers coupled with economic uncertainty will continue to negatively impact upon the demand for housing to buy but stimulate the buy to let and rental market. In terms of housing supply, with the exception of bungalows, there appears to be no shortage of other house types and issues associated with affordability are primarily associated with access to mortgages rather than the price of properties.
  2. Areas which are close to employment and more affluent rural areas will continue to be popular locations for buyers, with the ex-coalfield villages being less so and also primarily attractive to their indigenous population.

**Characteristics of localities within County Durham**

**Barnard Castle**

* 1. Barnard Castle due to its rural location, amenities, employment and schools and relative affordability compared to rural areas in North Yorkshire makes it an attractive place for buyers. Properties in the Barnard Castle survey area are currently priced from less than £100,000 within Barnard Castle to in excess £700,000 in the surrounding dales. Buyers include investors for buy to let, holiday homes, as well as those looking to live in the area. The number of properties on the market since 2007 has declined and this has contributed to prices rising in the area.
  2. The rental market is strong due to the inability of people to purchase a property, this is not exclusive to first time buyers. Properties within the town centre are popular for those looking to rent. The average rent is £550 pcm. 90% of landlords in the area do not accept those who are in receipt of housing benefit which is making it difficult for those on housing benefit to find properties in Barnard Castle.
  3. Estate Agents did not report a shortage of any types of properties within Barnard Castle and that they expected the housing market in the area to continue to be strong.

**Bishop Auckland**

* 1. Prices in Bishop Auckland are reported as being static with the majority of properties purchased for less than £100,000. Repossessions have also impacted on prices in the wider housing market. The town centre is the most popular location for those looking to buy or rent, Toft Hill and Etherley Lane are also popular locations. The average rent in Bishop Auckland is currently £350pcm to £400 pcm. The rental market is more active than the rest of the housing market.
  2. No trends could be identified in terms of the type of properties being bought or the type of buyer purchasing properties. Areas that are less popular include Eldon, Gurney Valley, Tindale and Counden.

**Chester – le – Street**

* 1. Chester-le-Street unlike other survey areas within the SHMA has a buoyant housing market attracting buyers from all segments of the market (first time buyers, families, investors) as well as people from outside the area. Its proximity to Newcastle, good transport links, amenities including the school, retail centre and parks is making it an attractive location for buyers. Although there are still areas such as Grange Villa and Pelton Fell that are less popular.
  2. Properties priced below £275,000 are selling the strongest, with properties starting at £70,000 for a two bedroomed terrace. The upper end of the market is reported as being sluggish although with some activity.
  3. The rental market is buoyant too, with 3 bedroomed semi detached properties commanding up to £625 per calendar month and terraces up to £450. The rental market is attractive to students and people moving to the area for employment.

**Consett**

* 1. Popular locations in Consett and its surrounding villages are the Town Centre, Blackhill and Shotley Bridge. No trends were reported in relation to the type of properties being purchased, with demand ranging from 2 bedroomed terraces costing approximately £50,000 up to 5 bedroomed detached properties selling for £450,000. Unpopular locations include The Dene with properties selling at £42,000.
  2. Although predominantly a localised market, the Consett survey area particularly those locations that are more rural are still attracting buyers from Newcastle, Gateshead and Northumberland due to value for money factors. One of the estate agents did state that fewer buyers are from outside the area and they cited the increase in living costs, particularly those relating to commuting as having a negative impact.
  3. Approximately 40% of the market in Consett is ex-new build properties and there continues to be high levels of new build in Consett. Incentives provided by developers make new build properties more attractive to buyers impacting on the 2nd hand market. An estate agent felt that the current and forecasted levels of new build in the area could result in an oversupply of housing in the Consett survey area and that the value of ex new build had fallen dramatically placing home owners in negative equity.
  4. Properties in the town centre are popular with people who are looking to rent, with rental values ranging between £375 and £500 for 2 and 3 bedroomed properties. The rental market as with other areas within the County Durham SHMA is buoyant.

**Crook and Willington**

* 1. The lower end of the housing market in Crook is buoyant with properties under £50,000 attracting investors due to the high demand for rental properties. New build properties are attractive to first time buyers and those who are looking to move up the next step of the housing ladder, a 3 bedroomed new build house with garden is currently selling between £90,000 to £100,000.
  2. Rental levels for a 2 bedroomed terrace are £375 pcm. In the surrounding rural hinterland cheaper properties that require work to them are selling more than other house types, again this is mainly from investors targeting the holiday rental market. As a result of this the Crook area is attractive to buyers both who are from the area and from the south of the Country
  3. Prices in the Crook survey area have fallen and this trend is forecasted to continue as is the current trend in terms of the type of properties that are being sold. Other than bungalows there are no shortages of house types on the market, with one estate agent stating they had 100 extra properties for sale in 2012 than the same time in 2011.

**Durham**

* 1. Durham City Centre due to its role as an employment centre and because of the University remains popular for buyers and investors from both inside and outside the area. The market in the surrounding areas of Durham is weaker and predominantly attractive to buyers who live in these villages.
  2. Within the City Centre 4 bedroomed terrace properties are popular for those looking to buy to rent to students, purchasers include both investors and parents of students. Landlords are currently charging £70 to £75 per room per week. One estate agent reported that the rental market is currently saturated with properties, as in addition to investors those properties that can not sell are being made available to rent
  3. Other areas that have strong demand particularly from families are the catchment area of Durham Johnston, with prices ranging from £250,000 to £450,000 and Shincliffe/High Shincliffe. Langley Park, Pittington and Broompark are attractive to investors, with properties selling as low as £40,000 to £50,000
  4. Durham compared to other survey areas has more first time buyers, but access to deposits remain a problem, with few first time buyers in the DH1 postcode area. There have been a number or repossessions particularly in Brandon and Esh Winning, which have been mainly purchased by investors. Levels of repossessions have reported to fallen recently.

**Newton Aycliffe**

* 1. Newton Aycliffe’s housing market is more active than Shildon which is reported as being quiet by estate agents. Properties up to £90,000 are selling in Newton Aycliffe, these are predominantly 3 to 4 bedroomed family houses popular with both families and first time buyers. The first time buyer market has increased although access to finance is still identified as a major barrier for this segment of the market.
  2. Predominantly investors are buying 2 bedroomed terraced houses in Shildon with the rest of the market being extremely weak. The rental market is strong with rents averaging £380 pcm although there has been an issue with delays in the payment of housing benefit in the area.

**Peterlee**

* 1. Due to a healthy supply of family housing in Peterlee, there is a good demand for houses with estate agents stating that the housing market has improved compared to last year. Factors for this included vendors being more realistic on the price they could get for their properties, an increase in first time buyers including people being able to access 95% mortgages as well as an acceptance of the wider economic climate.
  2. Semi detached and terraced properties in the range of £60,000 to £80,000 is where there appears to be most demand. Popular areas include Oakerside where properties can sell up to £250,000 and those within the catchment areas of schools (Grampian Drive/Passfield Way). Prices are either static or slightly higher than a year ago.
  3. The surrounding villages, Wheatley Hill, Easington, Blackhall and Wingate also have a relatively healthy housing market although buyers are mainly from within the villages. Prices in the surrounding villages can vary from £15,000 in Easington Colliery to up to £400,000. The low prices in Easington Colliery is fuelling the buy to let market, with a shortage of properties for this market being cited by an Estate Agent.
  4. The rental market is less active than last year, with a 2 bedroomed house renting for £425 pcm. Investors in Peterlee are prepared to buy properties up to £70,000.
  5. Estate agents identified a need for more new build properties in the area. The current trends in both the housing and buy to let market are forecasted to continue in the next 12 months.

**Seaham**

* 1. The significant regeneration of Seaham, alongside its coastal location and proximity to Sunderland has made Seaham a more attractive place to live in the last ten years, particularly to those who are not from Seaham. The housing market has been cited as being stable in the last two years and this trend is forecasted to continue.
  2. Properties in excess of £450,000 are reported to be difficult to sell, whereas properties of different types priced from £50,000 to £350,000 are currently selling, with vendors being more realistic enabling transactions within chains. Other than bungalows there is no shortage of house types within this survey area. The first time buyer market is still weak. Seaton Village, East Shaw and Dalton – le – Dale are the most popular locations for buyers.
  3. Properties within Murton are difficult to sell resulting in a dramatic reduction in prices in this village. Murton is predominantly attractive to buyers who currently live there. The new build site in Murton by Taylor Wimpey is adversely impacting on the 2nd hand market as a new two bedroomed flat can be purchased at £70,000.
  4. The above trends are anticipated to continue for the at least the next two years.

**Sedgefield**

* 1. Sedgefield due to its proximity to strategic transport links, the amenities within the village and its semi rural location makes it a popular location for buyers from inside and outside the area.
  2. Properties in the price band of £100,000 to £170,000 are selling with buyers moving up the housing chain although this is currently sporadic. The lack of first time buyers is having a major impact on the area’s housing market. Agents are reporting that they have a lot of properties in excess of £200,000 on the market that they are not able to sell. The average rent in Sedgefield is currently £350 pcm
  3. The rental market is more active with tenants looking to rent properties in Sedgefield, Fishburn and Trimdon.

**Spennymoor**

* 1. Properties ranging from £50,000 to £200,000 within Spennymoor are selling although the market is reported to be slow. Prices in the last year have fallen and this is forecasted to continue. The area is not attractive to investors with the buy to let market also reported as sluggish. Popular areas are those with properties built after 1970, Grange Estate and Middleton Moor with Stratton, York Hill Estate and Craddick cited as being unpopular (prices between £30,000 and £60,000).
  2. The main impact on the Spennymoor housing market is the difficulty in accessing finance, particularly for first time buyers and this is having a negative impact on the wider housing market. This coupled with a high level of repossessions is resulting in Spennymoor having a weak housing market and this is forecasted to continue.

**Stanley**

* 1. East Stanley is popular for people looking to purchase properties, whereas Stanley Town Centre, New Kyo and South Moor are popular locations for investors. The rental market is particularly strong in Stanley with properties for rent, renting quickly at approximately £350 pcm for a 2 bedroomed property and £500 for a 3 bedroomed semi detached house. Investors can currently purchase properties at £40,000 to £65,000. The area is popular with investors from within and outside the area.
  2. New build properties due to developer incentives remain popular, with demand for other types of properties at prices above £70,000 is cited as being low. Prices have fallen in Stanley, although this is mainly due to current market trends, Stanley has had a number of repossessions which have had a knock on impact on the wider housing market as had the popularity of sellers using auctions.

### Private rented sector

* 1. The sector is diverse in terms of the range of households it accommodates and the types of properties available. A report ‘The Modern Private Rented Sector’[[17]](#footnote-17) provides a useful overview of the sector. Drawing upon 2001 census data, it suggests that the private rented sector has five key roles:
     + A traditional housing role for people who have lived in the private rented sector for many years;
     + Easy access housing for the young and mobile;
     + Providing accommodation tied to employment;
     + A residual role for those who are unable to access owner occupation or social renting;
     + An alternative to social rented housing (for instance those wanting to move to a different area but unable to do so through their social housing provider).
  2. Given the range of roles of the private rented sector, there is a considerable diversity in the characteristics of private renting tenants. Evidence from the 2001 census (Rhodes, 2006) indicates that households living in private rented accommodation:
     + tend to have younger heads of household;
     + are ethnically diverse;
     + singles, lone parents and other multi-adult households are over-represented compared with other tenures;
     + people in professional and higher technical occupations are over-represented compared with other tenures;
     + are more likely to be highly mobile geographically and turnover rates are high;
     + is more likely to accommodate international migrants.
  3. The private rented sector (see Appendix B for full details) accommodates around 13.8% (30,964) of households across County Durham. Of these households, 25,583 rent unfurnished properties, 4,432 rent furnished and 949 rent tied accommodation. Table 4.7 summarises the number and percentage of private rented dwellings by delivery area. Overall, 28.2% of all private rented dwellings are located in South Durham and 24.5% in North Durham.

**Table 4.7** Profile of private rented sector in County Durham by delivery area

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Delivery area** |  | **Tenure** |  |  |  |
|  |  | Rented privately (furnished) | Rented privately (unfurnished) | Tied accomodation | Total |
| North Durham | Count | 867 | 6727 | 0 | 7594 |
|  | % of Total | 2.8 | 21.7 | 0.0 | 24.5 |
| Central Durham | Count | 2125 | 4259 | 121 | 6505 |
|  | % of Total | 6.9 | 13.8 | 0.4 | 21.0 |
| East Durham | Count | 673 | 4532 | 291 | 5496 |
|  | % of Total | 2.2 | 14.6 | 0.9 | 17.7 |
| The Dales | Count | 160 | 2036 | 435 | 2631 |
|  | % of Total | 0.5 | 6.6 | 1.4 | 8.5 |
| South Durham | Count | 607 | 8029 | 102 | 8738 |
|  | % of Total | 2.0 | 25.9 | 0.3 | 28.2 |
| County Durham | Count | 4432 | 25583 | 949 | 30964 |
|  | % of Total | 14.3 | 82.6 | 3.1 | 100.0 |

Source: 2012 household survey rebased to 2011 census

* 1. The characteristics of private tenants are diverse and in particular the private rented sector accommodates singles under 60 (23.5%), couples with children (including adult children) (20.2%), couples with no children (17.2%), and lone parents (17.1%). 46.4% have lived in their accommodation for less than two years. In terms of income, 60.0% of privately renting households receive less than £300 gross each week, 19.9% receive between £300 and £500 each week and 21.1% receive at least £500 each week, indicating that the private rented sector tends to accommodate lower income households. 52.0% of household reference people (heads of household) living in private rented accommodation are employed, 9.2% are unemployed, 12.6% are permanently sick/disabled, 9.8% are carers or looking after the home, 12.5% are wholly retired from work and 3.9% are in full-time education.
  2. Stakeholders commented that the private rented sector has continued to grow in response to current demand as people struggle to access mortgage finance. Some stakeholders identified scope to develop new market rent solutions as distinct from some of the poorer quality private rented accommodation that is on offer in certain areas.
  3. The lack of bespoke provision for students in and around Durham City was flagged up as an issue, and the impact this has on the local housing market with provision of high numbers of student lets. With an increase in the student population projected some felt that there should be provision of some purpose built accommodation.
  4. There was evidence that some landlords are using long-term private sector leasing schemes with housing associations to provide supported accommodation for vulnerable adults.
  5. When asked what outcomes they wanted for the private rented sector, stakeholders identified the following:
     + Strengthen links with private landlords; and
     + The Council to take a stronger role in driving up standards in the private rented sector.

### Affordable sector

* 1. There are around 45,492 households[[18]](#footnote-18) who live in an affordable across County Durham housing. Of these, 45,082 (20.1%) live in social rented property and 410 (0.2%) live in intermediate tenures.
  2. According to the 2012 household survey, rebased to the 2011 census, houses account for 51.1% of occupied affordable dwelling stock, 37.8% are bungalows and 10.7% are flats/apartments/maisonettes. Affordable dwellings tend to have one (22.2%), two (51.8%) or three (24.3%) bedrooms, with only 0.9% having four or more bedrooms.
  3. 34.9% of households living in affordable (social) rented dwellings are singles aged 60 or over and 16.8% are older couples (one or both aged 60 or over). A further 18.1% are singles aged under 60, 11.7% are lone parent families, 11.1% are couples with children, 5.3% are couples under 60 and 2.0% are other household types.
  4. 21.5% of all people aged 16 or over living in affordable housing are in employment. A further 38.3% are wholly retired from work, 23.8% are permanently sick/disabled, 7.7% are unemployed and 7.6% are looking after the home/a full-time carer or volunteer, and 0.3% are in full-time education or training.
  5. Incomes are generally low, with 84.6% receiving an income of less than £300 gross each week and 60.3% receiving less than £200 gross each week.

#### **Views of affordable housing providers**

* 1. Stakeholders felt that supply pressures driven by welfare reforms would increase as households struggle to access the private rented sector (there being anecdotal evidence that changes in benefit eligibility has deterred private landlords from letting to households on benefit).
  2. An additional factor driving demand for affordable housing is the economic downturn, with unemployment and access to mortgage finance being problematic. Increasing rents within the private sector (as demand for this type of property rises) also increases demand for affordable housing.
  3. Registered providers were uncertain about the impact of affordable rents and welfare reform in the long term. In terms of outcomes providers wanted to see:
     + More affordable rented housing;
     + Provision of more family housing;
     + Demolition of older, poorly maintained stock;
     + More adapted homes for older people;
     + Provision of low cost home ownership options; and
     + The use of ‘in lieu’ affordable housing contributions to tackle empty homes.

### Student renting

* 1. Across County Durham there are around 1,500 dwellings which are wholly rented to students and are identified as such in Council tax records (Table 4.8). This does not include those households which are occupied partly by students.
  2. 42.0% of all wholly student rented dwellings are located in Central Durham, and of this number 25.5% are located in Durham City.
  3. The impact of student renting on overall market dynamics has been explored in discussions with Estate Agents, which would point to a saturation of private rented properties in areas such as Durham City. Further evidence is being gathered through a houses in multiple occupation study which will inform future iterations of the SHMA.

**Table 4.8** Student rented accommodation by delivery area

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Delivery area** | **Number** | **%** | **Total households** | **As % total households** |
| Central Durham | 631 | 42.0 | 42905 | 1.5 |
| East Durham | 324 | 21.6 | 41416 | 0.8 |
| North Durham | 321 | 21.4 | 60151 | 0.5 |
| South Durham | 191 | 12.7 | 64520 | 0.3 |
| West Durham | 36 | 2.4 | 14811 | 0.2 |
| **Total** | **1503** | **100.0** | **223081** | **0.7** |

Source: Council Tax 2012

### Executive housing

* 1. Executive housing is currently under-represented in the dwelling stock in the North East Region. Although the executive housing market only constitutes a small segment of the overall housing market this lack of supply is considered to be acting as a barrier to economic growth and in-migration in the Region[[19]](#footnote-19).
  2. Previous study definitions into Executive Housing in the North East (NLP and DCHR 2004) developed a broad definition of this market: *“High quality accommodation suited to the needs and aspirations of higher income households”.*
  3. Distinctive features of executive housing are:
     + High property values:
       - With high incomes required to support purchase and high values are linked to desirable locations; and
     + High quality construction including exterior and interior fittings.
  4. The former RSS stated that the provision and location of executive housing has a role in both attracting and retaining mobile professionals in the North East. In County Durham executive housing provision will have a role in response to the need for diversification and expansion of the sub-region’s economy and in contributing towards achieving wider population and economic growth objectives for the Region generally.
  5. This SHMA has sought to investigate the requirements for Executive Housing through a review of existing provision, stakeholder discussions and analysis of household survey evidence.
  6. In terms of existing provision, Table 4.9 considers the number and distribution of Council Tax Band F to I properties across County Durham. It indicates that 2.6% of all dwelling stock are in these higher bands and the proportions are highest in The Dales delivery area (6.9% of dwelling stock) and Central Durham (5.3% of dwelling stock).
  7. The household survey can be used to explore the housing options being considered by higher income groups (with a weekly income of at least £1000). Although the executive housing market is a niche market, reviewing the housing aspirations of high income groups is an appropriate way of investigating the potential demand for executive housing.
  8. The household survey identifies 2,946 households with a gross income of the head of household and partner (if applicable) of at least £1000 intending to move in the next five years. A majority of higher income households planning to move were intending on staying in County Durham (64.9%) with a further 35.1% planning to move out of the County. In terms of location, 24.2% stated Durham City as a choice, followed by Chester-le-Street (6.8%). Of choices outside County Durham, 7.4% stated Northumberland, 5.4% Tyne and Wear, 1.9% Darlington and 17.2% elsewhere in the UK and 3.2% outside the UK.

**Table 4.9** Location of Council Tax Band F, G, H and I properties by delivery area

|  |  |  |  |
| --- | --- | --- | --- |
| **Delivery area** | **No. Bands F to I** | **% Bands F to I** | **Total Dwellings** |
| Central Durham | 2263 | 5.3 | 42905 |
| East Durham | 477 | 1.2 | 41416 |
| North Durham | 1326 | 2.2 | 60151 |
| South Durham | 695 | 1.1 | 64520 |
| The Dales | 1026 | 6.9 | 14811 |
| **TOTAL** | 5787 | 2.6 | 223803 |

Source: Council Tax 2012

* 1. In terms of dwelling preferences, likes and expectations are summarised in Table 4.10. This indicates strongest likes/aspirations towards detached houses with at least four bedrooms; a majority would still expect to move to a detached property but they are more likely to expect to move to a semi-detached property with three or more bedrooms.

**Table 4.10** High income household dwelling aspirations and expectations

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Like/Aspiration** | |  |  |  |  |  |
| No. Beds | Property type (Table %) | |  |  |  |  |
|  | Detached house | Semi-detached house | Large terraced house | Flat | Bungalow | Total |
| Two | 1.3 |  |  | 1.6 | 3.7 | 6.5 |
| Three | 16.0 | 2.8 | 3.1 | 1.6 | 3.0 | 26.4 |
| Four | 46.0 | 3.1 |  |  | 1.5 | 50.6 |
| Five or more | 16.4 |  |  |  |  | 16.4 |
| Total | 79.8 | 5.9 | 3.1 | 3.1 | 8.1 | 100.0 |
| Base | 2902 |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Expect** |  |  |  |  |  |  |
| No. Beds | Property type (Table %) | |  |  |  |  |
|  | Detached house | Semi-detached house | Large terraced house | Flat | Bungalow | Total |
| Two | 1.4 |  |  | 1.6 | 3.7 | 6.6 |
| Three | 17.3 | 12.3 | 2.1 |  | 6.2 | 37.9 |
| Four | 38.1 | 5.7 |  |  | 0.0 | 43.8 |
| Five or more | 11.7 |  |  |  | 0.0 | 11.7 |
| Total | 68.4 | 18.1 | 2.1 | 1.6 | 9.9 | 100.0 |
| Base | 2857 |  |  |  |  |  |

Source: 2012 Household Survey rebased to 2011 Census

* 1. In terms of reasons for moving, 47.1% stated the main reason was to move to a larger property or one that was better in some way, followed by 12.7% to move to a better neighbourhood and 11.0% to move to be closer to work/new job and.

### Self-build

* 1. Discussions with developers suggests there is a degree of interest in self-build and some developers are offering this option to potential purchasers. However, it would be prudent to keep any approach to self-build flexible and market-led.

### Open market demand and supply

* 1. It is possible to review the extent to which open market demand and supply is balanced. Using household survey data, it is possible to ascertain market demand (as measured by the aspirations from existing households, newly-forming households and in-migrant households). This can then be reconciled with the likely supply based on turnover rates in the preceding five years.
  2. This analysis helps to identify areas where there are imbalances in the provision of general market accommodation relative to expectations, and is illustrated in Table 4.11.

**Table 4.11** Review of general market supply and demand by delivery area

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Delivery Area** | | | | | |
| **Dwelling type** | North Durham | Central Durham | East Durham | The Dales | South Durham | Total |
| Detached House | 1.08 | 0.98 | 0.98 | 0.85 | 1.10 | 1.03 |
| Semi-Detached House | 0.95 | 1.11 | 1.06 | 0.87 | 1.15 | 1.02 |
| Terraced House | 0.98 | 0.96 | 0.93 | 0.70 | 1.06 | 0.97 |
| Bungalow | 1.31 | 1.00 | 0.95 | 1.35 | 1.06 | 1.09 |
| Flat | 0.73 | 0.98 | 0.58 | 0.67 | 1.25 | 0.89 |
| **TOTAL** | 0.98 | 1.01 | 0.94 | 0.79 | 1.10 | 0.99 |
| **Dwelling size** |  |  |  |  |  |  |
| One | 0.70 | 1.00 | 1.00 | 1.53 | 1.35 | 0.98 |
| Two | 1.00 | 0.98 | 0.88 | 0.65 | 1.04 | 0.96 |
| Three | 0.98 | 1.06 | 0.96 | 0.87 | 1.15 | 1.01 |
| Four | 0.97 | 0.99 | 1.04 | 0.76 | 1.14 | 1.03 |
| Five or more | 1.44 | 1.00 | 1.00 | 0.85 | 1.15 | 1.10 |
| **TOTAL** | 0.98 | 1.01 | 0.94 | 0.79 | 1.10 | 0.99 |

|  |  |
| --- | --- |
| 1.0 | Supply matches demand |
| 1.0 | Demand greater than supply |

Source: 2012 Household Survey rebased to 2011 Census

* 1. In summary, analysis of general market supply and demand suggests that across County Durham the overall demand for open market dwellings exceeds supply. Only in South and Central Durham is supply sufficient for overall demand, but in these areas there remain imbalances in some property types and sizes. Data suggests:
     + Strongest market shortfalls in North Durham, East Durham and The Dales; and
     + A general balance in property sizes, with specific shortfalls of smaller dwellings evidenced.
  2. Future development should focus on delivering the right housing to address identified shortfalls and reflect household aspirations which are discussed in more detail later in this chapter. The actual product mix to be delivered on a site by site basis should take account of the imbalances evidenced in Table 4.11.
  3. This analysis has been carried out during a period of economic uncertainty and mortgage finance restrictions are inhibiting the ability of households to move. The substantial degree of market balance should be considered in this context. Arguably, as economic circumstances improve there is likely to be an increase in market activity.

**Key market drivers**

* 1. The factors underpinning housing markets in County Durham are explored in detail in Appendix B. Essentially, there are three key primary drivers influencing the current (and future) housing market: demographic, economic and dwelling stock characteristics, as summarised in Table 4.12.

**Table 4.12** Primary market drivers

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

* 1. In summary, the following demographic drivers will continue to underpin the operation of the County Durham housing market area:
     + An increasing population, with projections prepared by Durham County Council[[20]](#footnote-20) predicting a population of 560,715 in 2030 compared with 512,994 in 2011, an increase of 47,721 (9.3%);
     + Over the next few decades, there will be a ‘demographic shift’ with the number (and proportion) of older people increasing. Durham County Council population projections indicate a baseline in 2011 of 93,014 people aged 65 and over (of whom 69,237 are aged 65-79 and 23,777 are aged 80 and over). By 2030, these numbers are expected to increase to 138,402 people aged 65 and over (of whom 93,393 are expected to be aged 65-79 representing a 48.8% increase on 2011 figures and 45,028 aged 80 and over, representing an 89.4% increase);
     + Durham County Council trend-based projections[[21]](#footnote-21) indicate that the number of households in County Durham is expected to increase from 223,636 in 2011 to 246,134 in 2030, an increase of 10.1%. This represents an annual increase to 2030 of around 1,125 households each year;
     + Although the total number of households is predicted to grow, the age profile of household reference people (heads of household) will change. Of the overall change of 22,498 households additional households between 2011 and 2030, the number of households where the household reference person is aged 65 and over is projected to increase by around 23,100 and the number of households with a household reference person aged under 44 is predicted to increase by around 7,400. However, the number of households where the household reference person is aged between 45 and 64 years is predicted to decrease by around 8,000;
     + The 2012 Household Survey indicates that the largest household groups are couples with children (23.5%), couples (under 60 no children)(13.1%), singles under 60 (12.8%), older couples (one or more 60 or over)(22.4%), older singles (60 or over)(18.0%), lone parents (7.7%) and other types of household (2.5%); and
     + Regional household projections suggest that the proportion of singles and other household types is likely to increase in the future.
  2. The following economic drivers underpin the operation of the County Durham housing market area:
* 48.9% of household reference people are economically active and are in employment according to the 2012 Household Survey rebased to the 2011 Census; a further 32.4% are retired; 8.8% are permanently sick/disabled; 5.0% are either looking after the home, are carers or volunteers; 3.9% are unemployed and available for work; and 1.0% are in full-time education/training;
* 65.2% of people in employment work within County Durham. Of those working outside County, 19.8% work in Tyne and Wear and 9.4% in Tees Valley.
* According to the ONS Annual Survey of Hours and Earnings, lower quartile earnings in 2012 across County Durham were £17,716 which compares with £17,592 for the North East region and £18,933 for England. Median incomes were £23,816, compared with a regional median of £23,676 and a national median of £26,660.
* There is considerable income polarisation across County Durham, with household survey data indicating that 44.7% of households receive less than £300 each week and 33.1% receive at least £500 each week.
  1. In terms of dwelling stock, the 2012 household survey reports that, across County Durham:
* 79.3% of properties are houses, 5.0% are flats/maisonettes, 15.3% are bungalows and 0.5% are other property types (e.g. caravans);
* 6.1% have one bedroom, 34.8% have two bedrooms, 43.7% have three bedrooms and 15.4% have four or more bedrooms;
* 17.6% of properties were built before 1919, a further 16.5% were built between 1919 and 1944, 21.7% between 1945 and 1964, 23.1% between 1965 and 1984 and 21.2% have been built since 1985;
* 65.8% of properties are owner-occupied, 20.3% are rented from a social landlord or an intermediate tenure (e.g. shared ownership) and 13.8% are private rented;
* There is a particularly strong aspiration for houses and some household type-specific aspirations which are explored in more detail in discussions relating to Core Output 6.
  1. Stakeholders felt that there were a number of drivers of housing market demand across the County, these include:
     + Geography (location);
     + Economy (lack of employment opportunities);
     + Demography and household change;
     + Lack of access to mortgage finance (deposits);
     + Land supply issues; and
     + Current supply – lack of the right homes in the right locations.
  2. In the short to medium term it was felt that current economic pressures within the market would continue, ‘*namely, stagnation, with slow returns and little growth’.* Hopes were expressed that in the longer term this position would improve.
  3. There was a consensus of opinion that building new homes for sale was a good thing and something that the Council should be facilitating in order to address issues associated with the poor quality of existing stock and to ‘diversify the housing offer’.
  4. The following market weaknesses were identified by stakeholders:
* Over supply of old and poor quality housing stock;
* Shortage of land in desirable locations;
* Persistent areas of low demand that are unattractive to developers and investors;
* Lack of investment;
* Low incomes;
* Inconsistent private rented sector;
* High number of empty homes;
* Not enough executive housing;
* Polarised housing markets; and
* Lack of mortgage finance.
  1. Concerns were raised about the impact of the current lack of development in terms of building pressure within the housing market, including increasing pressure on the private rented sector, which is felt to be inadequate to meet needs in terms of quality and quantity.
  2. Stakeholders advocated the following interventions:
* Allow more housing development in high demand areas;
* Source new capital investment to demolish and replace housing;
* Bring empty homes back into use;
* Selective licensing of landlords to improve standards in the private rented sector; and
* Action to stimulate economic growth and job creation.

## 

## Core Output 3: Future households

**Household projections**

* 1. Estimates of the number of future households have been derived from Durham County Council 2011-based projections. These suggest that the number of households across County Durham is expected to increase from 223,636 in 2011 to 246,134 by 2030 (an increase of 10.1%). This equates to an average annual increase of around 1,125 households to 2030.
  2. From the outset, it is important to note that household projections do not automatically translate into housing targets. Determining an appropriate housing target is much more complex than simply reflecting household projections. Other factors, such as deliverability constraints and strategic policies also need to be taken into account. On balance, targets need to be set with the strategic vision of the Councils in mind, coupled with a realistic assessment of what is deliverable and over what timeframe.
  3. The Durham County Council 2011-based household projections offer an insight into how household change may occur within County Durham. The 2012 household survey (rebased to the 2011 census) has established the tenure profile of households by age group of household reference person in 2012. Assuming the proportions of households in particular tenures by age group stay the same, it is possible to estimate likely household change broken down by open market and affordable tenures. This is helpful in gauging the likely proportions requiring different tenure options.
  4. Detailed analysis is presented in Technical Appendix C and is summarised in Table 4.13. In summary, analysis suggests:
     + The total number of households is expected to increase by 22,500 across County Durham. As part of work currently in development to integrate demographic and economic forecasts, this is expected to represent the lower end of the range.
     + The overall increase is attributed to an increase in the proportion of households with a HRP aged 65 and over which will increase by 23,092. There will be an increase of 7,426 households where the HRP is less than 45 years old, but a reduction of 8,019 in the number of households with a HRP aged 45-64.
     + Analysis suggests an increase of 1,125 households each year across County Durham. As explained in Appendix C, this translates to an annual increase of 1,174 dwellings, with increased demand for 884 open market and 290 affordable/intermediate tenure dwellings.

**Table 4.13** Household Projections by Household Reference Person

|  |  |  |
| --- | --- | --- |
| **Change in no. households by HRP 2011-2030** | | |
| **HRP** | **Total change** | **Annual** |
| Under 25 | 3932 | 197 |
| 25-34 | 3143 | 157 |
| 35-44 | 351 | 18 |
| 45-54 | -5891 | -295 |
| 55-64 | -2128 | -106 |
| 65-74 | 5332 | 267 |
| 75-84 | 9533 | 477 |
| 85+ | 8226 | 411 |
| **Total** | **22498** | **1125** |
|  |  |  |
| **Summary** |  |  |
| <44 | 7426 | 371 |
| 45-64 | -8019 | -401 |
| 65+ | 23092 | 1155 |
| **Total** | **22498** | **1125** |

Source: 2011-based DCC household projections

## Core Output 4: Current households in need

* 1. A robust and defensible assessment of housing need is essential for the development of affordable housing policies which need to be articulated in Local Development Frameworks. Housing need can be defined as:

‘The quantity of housing required for households who are unable to access suitable housing without financial assistance’.

* 1. The 2012 Household Survey (rebased to the 2011 Census) and a range of secondary data provide the robust and transparent evidence base required to assess housing need across County Durham. This is presented in detail at Appendix D of this report and follows CLG modelling guidance.
  2. Across County Durham, there are around 14,900 existing households in need which represent 6.7% of all households. Reasons for housing need are summarised in Table 4.14.

**Table 4.14** Housing need in County Durham

|  |  |  |
| --- | --- | --- |
| **Category** | **Factor** | **Co. Durham Total** |
| Homeless households or with insecure tenure | N1 Under notice, real threat of notice or lease coming to an end | 2134 |
| N2 Too expensive, and in receipt of housing benefit or in arrears due to expense | 1868 |
| Mismatch of housing need and dwellings | N3 Overcrowded according to the 'bedroom standard' model | 2709 |
| N4 Too difficult to maintain | 3877 |
| N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household | 0 |
| N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation | 4530 |
| Dwelling amenities and condition | N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit | 130 |
| N8 Subject to major disrepair or unfitness and household does not have resource to make fit | 1347 |
| Social needs | N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move | 1279 |
| **Total no. households in need** |  | 14896 |
| Total Households |  | 223803 |
| **% households in need** |  | 6.7 |

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

Source: 2012 Household Survey, rebased to 2011 Census

* 1. Table 4.15 summarises overall housing need (before further analysis to test the extent to which households can afford open market provision to offset their need) by survey area and the extent to which housing need varies across County Durham. The proportion of households in need is highest in the delivery areas of East Durham (7.4%), North Durham (7.2%) and South Durham (7.1%). This compares with Central Durham (5.1%) and The Dales (5.0%).

**Table 4.15** Households in need by delivery area

|  |  |  |  |
| --- | --- | --- | --- |
| **Delivery areas** | **No. H'holds in need** | **% H'holds in need** | **Total no. households** |
| North Durham | 4343 | 7.2 | 60151 |
| Central Durham | 2189 | 5.1 | 42905 |
| East Durham | 3060 | 7.4 | 41416 |
| The Dales | 740 | 5.0 | 14811 |
| South Durham | 4564 | 7.1 | 64520 |
| **Total** | **14896** | **6.7** | **223803** |

Source: 2012 Household Survey

* 1. Tables 4.16 and 4.17 demonstrate how the proportion of households in housing need varies by tenure and household type for County Durham. Private renters are more likely to be in housing need; along with lone parents, couples with three or more children and other types of household.

**Table 4.16** Housing need by tenure

|  |  |  |  |
| --- | --- | --- | --- |
| **Tenure** | **No. H'holds in need** | **% H'holds in need** | **Total no. households** |
| Owner Occupied | 8166 | 5.5 | 147347 |
| Private Rented | 4274 | 13.8 | 30964 |
| Social/Affordable Rented/Intermediate | 2456 | 5.4 | 45492 |
| **Total** | 14896 | 6.7 | 223803 |

Source: 2012 Household Survey, rebased to 2011 Census

**Table 4.17** Housing need by household type

|  |  |  |  |
| --- | --- | --- | --- |
| **Household Type** | **No. H'holds in need** | **% H'holds in need** | **Total no. households** |
| Single adult (under 60) | 2379 | 8.3 | 28541 |
| Single adult (60 or over) | 2274 | 5.7 | 40135 |
| Couple only (both under 60) | 1157 | 4.0 | 29114 |
| Couple only (one or both over 60) | 3011 | 6.1 | 49755 |
| Couple 1/2 child(ren) under 18 | 655 | 2.4 | 27077 |
| Couple 3+ children under 18 | 603 | 13.9 | 4352 |
| Lone parent with 1/2 child(ren) under 18 | 924 | 8.8 | 10545 |
| Lone parent with 3+ children under 18 | 189 | 26.4 | 716 |
| Couple with adult child(ren) | 2332 | 11.1 | 20932 |
| Lone parent with adult child(ren) | 340 | 5.8 | 5819 |
| Other type of household | 935 | 16.6 | 5629 |
| **Total** | 14800 | **6.6** | 222616 |

Source: 2012 Household Survey, rebased to 2012 Census

## Core Output 5: Future households requiring affordable housing

* 1. Various assumptions regarding the rate of household formation can be derived from a number of sources. These are explored in detail at Appendix D but in summary the study is assuming a baseline household formation rate of 2,359 households each year, based on actual household formation over the past five years. Analysis of lower quartile market prices relative to the income/savings of households expecting to form in the next five years indicates that 54.0% could not afford lower quartile house prices or private sector rents (1,274 households).
  2. Further details of modelling affordable housing requirements is presented in Appendix D.

## 

## Core Output 6: Future households requiring market housing

* 1. The 2012 Household Survey provides a range of valuable evidence on household planning to move within the open market (i.e. moving to an owner occupied or private rented property. The majority of households (around 79.7% or 178,300) live in open market property and overall demand for market accommodation is largely from households moving within County Durham with some additional demand from in-migrant households, particularly from neighbouring Districts.
  2. Turnover rates derived from the household survey suggest that around 9,080 market dwellings become available across County Durham each year. This is based on the level of turnover in the preceding five years. Of the 9,080 properties, 4,260 are owner occupied and 4,820 are private rented dwellings.
  3. An alternative estimate of turnover can be derived from Land Registry sales data. This indicates that across County Durham an annual average of 5,276 dwellings have been sold (based on a four-year average for 2008 to 2011)[[22]](#footnote-22). These are most likely to be sold for owner occupation, but some will have been purchased for renting, although precise numbers cannot be ascertained from the data available from Land Registry.
  4. National turnover data derived from the English Housing Survey (2008/9) indicates annual turnover rates of 3.6% for owner occupiers, 36.5% for private renters and 9.3% for all households living on the open market. This compares with 3.6% for owner occupiers in County Durham, 16.5% for private renters and 4.7% for all open market households. Therefore, compared with national data, turnover is lower overall.
  5. Around 13,690 existing households are intending to move in the open market on an annual basis over the next five years within County Durham. Figure 4.5 indicates that the households most likely to be moving in the open market are couples with children, couples under 60 (with no children) and singles under 60.

**Figure 4.5** Types of household intending to move in the open market in the next five years in County Durham

Source: 2012 Household Survey, rebased to 2011 Census

* 1. Households intending to move in the open market were asked what type and size of property they would like and expect to move to (Table 4.18). Of households moving, most would like to move to a house (77.8%), 16.7% would like to move to a bungalow and 5.4% to a flat. This compares with 79.8% who expect to move to a house, 14.2% to a bungalow and 5.5% to a flat. Although households are expecting to broadly achieve their aspirations, a higher proportion would like to move to a detached house (55.4%) but only 28.6% expect to. In contrast, higher proportions expect to move to a semi-detached house (34.6%) than would prefer to (16.9%).
  2. In terms of property size, the majority of respondents expect to move to a property with two (26.1%), three (50.3%) or four or more (23.1%) bedrooms. A higher proportion of households would like a property with four or more bedrooms (39.2%).

**Table 4.18** Market preferences of existing households planning to move within County Durham



Source: 2012 Household Survey, rebased to 2011 Census

* 1. Table 4.19 provides further details on the range of expectations household have for particular property types and sizes by household type. This provides a useful review of how market demand varies by household type. The table shows the percentage of households by household type who expect to move to a particular property type and size. Data indicates that:
     + Houses remain the most popular choice of most households (except for older singles and couples), particularly detached and semi-detached properties with two, three and four bedrooms;
     + A reasonable proportion of older single people (28.1%) expect to move into flats;
     + There is a strong expectation of moving to bungalows amongst older person households (mentioned by 66.0% of older couples and 37.5% of couples with adult children);
     + The number of bedrooms expected does not necessarily relate to household size, with 67.3% of singles under 60 and 74.0% of couples (no children) expecting to move to a property with three or more bedrooms. Overall:
       - Very few households expected to move to a one bedroom property;
       - two bedroom properties were mainly expected to be moved to by singles aged 60 or over and couples over 60;
       - three bedrooms were mainly expected to be moved to by lone parents with 1 or 2 children, couples only (both under 60), other types of household and lone parents with adult children;
       - four or more bedrooms were mainly expected to be moved to by couples with children.

**Table 4.19** Property type and size expectations by household type

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Property Type** | **Household type - considered property type%** | | | | |  |  |  |  |  |  |
| Single adult (under 60) | Single adult (60 or over) | Couple only (both under 60) | Couple only (one or both over 60) | Couple 1/2 child(ren) under 18 | Couple 3+ children under 18 | Lone parent with 1/2 child(ren) under 18 | Couple with adult child(ren) | Lone parent with adult child(ren) | Other type of hh | Total |
| Detached house | 15.8 | 6.0 | 22.5 | 13.9 | 45.2 | 29.5 | 31.5 | 47.8 | 0.0 | 12.6 | 27.9 |
| Semi-detached house | 52.3 | 19.3 | 30.4 | 6.1 | 42.8 | 36.6 | 51.0 | 11.2 | 50.1 | 46.4 | 35.5 |
| Large terraced house | 12.1 | 0.0 | 29.1 | 0.0 | 8.3 | 20.7 | 17.5 | 0.0 | 26.3 | 28.6 | 13.3 |
| Small terraced house | 4.9 | 19.6 | 1.4 | 5.9 | 1.2 | 13.2 | 0.0 | 0.0 | 0.0 | 0.0 | 3.3 |
| Flat - ground floor | 0.8 | 14.4 | 0.0 | 8.1 | 0.0 | 0.0 | 0.0 | 3.5 | 0.0 | 0.0 | 1.9 |
| Flat - above ground floor | 11.7 | 13.7 | 5.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3.5 |
| Detached bungalow | 0.0 | 13.7 | 7.7 | 35.5 | 2.5 | 0.0 | 0.0 | 5.6 | 14.6 | 12.3 | 7.7 |
| Semi-detached bungalow | 2.4 | 13.2 | 1.4 | 22.2 | 0.0 | 0.0 | 0.0 | 16.6 | 0.0 | 0.0 | 4.6 |
| Terraced bungalow | 0.0 | 0.0 | 0.0 | 8.3 | 0.0 | 0.0 | 0.0 | 15.3 | 0.0 | 0.0 | 1.7 |
| Caravan / Park Home | 0.0 | 0.0 | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9.0 | 0.0 | 0.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 1845 | 655 | 2713 | 1466 | 3664 | 331 | 1296 | 688 | 167 | 356 | 13180 |
| **No. Bedrooms** | **Household type - considered property no. bedrooms %** | | | | |  |  |  |  |  |  |
|  | Single adult (under 60) | Single adult (60 or over) | Couple only (both under 60) | Couple only (one or both over 60) | Couple 1/2 child(ren) under 18 | Couple 3+ children under 18 | Lone parent with 1/2 child(ren) under 18 | Couple with adult child(ren) | Lone parent with adult child(ren) | Other type of hh | Total |
| One | 0.0 | 11.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.6 |
| Two | 32.7 | 71.4 | 26.0 | 63.3 | 5.4 | 0.0 | 13.3 | 33.4 | 35.3 | 8.8 | 26.2 |
| Three | 51.5 | 10.0 | 63.2 | 30.5 | 44.3 | 57.2 | 73.0 | 45.6 | 64.7 | 75.1 | 50.4 |
| Four | 15.8 | 7.0 | 10.8 | 6.2 | 46.4 | 42.8 | 13.7 | 16.4 | 0.0 | 0.0 | 21.2 |
| Five or more | 0.0 | 0.0 | 0.0 | 0.0 | 3.9 | 0.0 | 0.0 | 4.6 | 0.0 | 16.1 | 1.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| **Base** | 1845 | 631 | 2713 | 1412 | 3421 | 210 | 1311 | 688 | 167 | 278 | 12676 |

Source: 2012 Household Survey, rebased to 2011 Census

* 1. Table 4.20 considers the expectations of newly-forming households by considering the range of dwellings newly-forming households have moved to in the past five years. This shows a particular flow of newly-forming households into terraced and semi-detached houses; and mainly into two and three bedroom dwellings.

**Table 4.20** Household expectations (newly-forming households)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Property type** | **Bedrooms** | |  |  |  |
|  | **One** | **Two** | **Three** | **Four or more** | **Total** |
| Detached house | 1.2 | 1.6 | 5.3 | 1.2 | 9.2 |
| Semi-detached house | 0.0 | 15.4 | 10.4 | 1.7 | 27.6 |
| Terraced house | 1.5 | 23.8 | 13.0 | 1.0 | 39.4 |
| Bungalow | 0.0 | 2.0 | 1.2 | 0.0 | 3.1 |
| Flat/apartment | 2.7 | 16.5 | 0.0 | 0.0 | 19.2 |
| Other | 0.0 | 1.5 | 0.0 | 0.0 | 1.5 |
| Total | 5.4 | 60.7 | 29.9 | 4.0 | 100.0 |
| Base: 8,727 newly-formed households moving into open market accommodation | | | | | |

Source: 2012 Household Survey, rebased to 2011 Census

### 

## Core Output 7: Size of affordable housing required

* 1. A detailed analysis of the following factors determines overall affordable housing requirements:
     + Households currently in housing which is unsuitable for their use and who are unable to afford to buy or rent in the market (backlog need);
     + New households forming who cannot afford to buy or rent in the market;
     + Existing households expected to fall into need;
     + The supply of affordable housing through social renting and intermediate tenure stock.
  2. The needs assessment model advocated by the CLG has been used and detailed analysis of each stage of the model is presented at Appendix D.
  3. In addition to establishing the overall affordable housing requirements, analysis considers the supply/demand variations by county, delivery area, property designation (i.e. general needs and older person) and property size (number of bedrooms). Analysis provides a gross figure (absolute shortfalls in affordable provision) and a net figure (which takes into account surplus accommodation relative to need). Modelling suggests a **net** **shortfall of 675** and a **gross shortfall of 1,154** affordable dwellings each year across County Durham (Table 4.21 net shortfall and Table 4.22 gross shortfall).

**Table 4.21** Net annual affordable housing requirements by delivery area, property size and designation 2012/13 to 2016/17

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Delivery area** | **General** | | **Older Person** | **TOTAL** | **Total HHs** | **Net rate/1000 households** |
|  | **Smaller 1/2 Bed** | **3+Bed** |  |  |  |  |
| North Durham | 72 | -27 | 110 | 156 | 60151 | 2.6 |
| Central Durham | 68 | 31 | 90 | 189 | 42905 | 4.4 |
| East Durham | 70 | -26 | 108 | 152 | 41416 | 3.7 |
| The Dales and South Durham | -1 | -33 | 210 | 177 | 79331 | 2.2 |
| **Total** | **210** | **-54** | **519** | **674** | **223803** | **3.0** |

Sources: 2012 Household Survey rebased to 2011 Census; RSL CORE Lettings and Sales

**Table 4.22** Gross annual affordable housing requirements by delivery area, property size and designation 2012/13 to 2016/17

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Delivery area** | **General** | | **Older Person** | **TOTAL** | **Total HHs** | **Gross rate/1000 households** |
|  | **Smaller 1/2 Bed** | **3+Bed** |  |  |  |  |
| North Durham | 166 | 50 | 116 | 332 | 60151 | 5.5 |
| Central Durham | 79 | 34 | 90 | 203 | 42905 | 4.7 |
| East Durham | 104 | 7 | 123 | 234 | 41416 | 5.7 |
| The Dales and South Durham | 137 | 28 | 220 | 385 | 79331 | 4.9 |
| Total | **486** | **118** | **550** | **1154** | **223803** | **5.2** |

Sources: 2012 Household Survey rebased to 2011 Census; RSL CORE Lettings and Sales

* 1. Tables 4.21 and 4.22 also translate identified shortfalls in affordable housing into a rate per 1,000 households. This suggests that the greatest need is in the North and East Durham areas.
  2. Please note that this modelling does not include future affordable development which would help to offset the scale of affordable shortfall identified.
  3. It should also be noted that the last few years has been a time of marked slowdown in housing market activity and a time of increasing economic uncertainty. Furthermore, the ability of households to access mortgage finance is a critical consideration in looking at overall affordable housing need in the short-term. The current affordable need estimates are based on CLG SHMA guidance modelling but may be higher as they are simply based on an income multiplier/access to equity and not on the ability to actually access a mortgage.

**Policy recommendations**

* 1. The SHMA has provided net and gross affordable requirement figures based on the CLG housing needs assessment model. In terms of implications for the scale and type of affordable housing to be delivered, Table 4.23 considers the overall gross shortfalls by delivery area and applies the gross proportions to the net shortfall figure. This helps to determine the relative housing shortfall by basing analysis on the overall (gross) shortfalls but applied to a baseline net figure which takes account of existing affordable housing capacity.

**Table 4.23** Affordable shortfalls by delivery area

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Delivery area** | **General** |  | **Older Person** | **TOTAL** | **Total HHs** |
|  | **Smaller 1/2 Bed** | **3+Bed** |  |  |  |
| North Durham | 97 | 29 | 68 | 194 | 60151 |
| Central Durham | 46 | 20 | 53 | 119 | 42905 |
| East Durham | 61 | 4 | 72 | 137 | 41416 |
| The Dales and South Durham | 80 | 16 | 129 | 225 | 79331 |
| **Total** | **284** | **69** | **321** | **674** | **223803** |

* 1. The method for calculating affordable requirements is explored in full in Technical Appendix D.

**Tenure split**

* 1. In terms of the split between social rented and intermediate tenure products, the household survey identified tenure preferences of existing and newly-forming households and also the extent to which intermediate tenure products could be afforded.
  2. Table 4.24 indicates that existing households in need mainly considered social renting as a preferred tenure option but newly-forming households had a much stronger preference for intermediate tenure options.

**Table 4.24** Tenure preferences of existing households in need and newly-forming households requiring affordable housing

|  |  |  |  |
| --- | --- | --- | --- |
| **Tenure** | **Existing households in need** | **Newly-forming households** | **Total** |
| Affordable (Social) Rent | 82.6 | 72.2 | 76.7 |
| Intermediate Tenure | 17.4 | 27.8 | 23.3 |
| Total | 100.0 | 100.0 | 100.0 |
| Base (annual requirement) | 980 | 1274 | 2254 |

Source: 2012 household survey, rebased to 2011 Census

* 1. Overall, analysis would suggest a tenure split of 76.7% affordable rent and 23.3% intermediate tenure based on household preferences.
  2. An analysis of the ability of existing households in need and newly-forming households to afford intermediate tenure is summarised in Table 4.25. Analysis suggests that intermediate tenure options remain relatively affordable to households in need and newly-forming households, with 32.9% able to afford a property priced at between £80,000 and £100,000

**Table 4.25** Ability of existing households in need and newly-forming households requiring affordable housing to afford intermediate tenure dwellings

|  |  |  |  |
| --- | --- | --- | --- |
| **Price** | **% could afford** | | |
|  | **Existing households in need** | **Newly-forming households** | **Total** |
| £80,000 up to £100,000 | 37.8 | 29.1 | 32.9 |
| £100,000 up to £120,000 | 33.7 | 24.0 | 28.2 |
| £120,000 up to £150,000 | 27.7 | 16.8 | 21.6 |
| Base | 980 | 1274 | 2254 |

Source: 2012 household survey, rebased to 2011 Census

**Property type preferences**

* 1. Analysis of property type preferences (Table 4.26) suggests that, primarily, delivery of houses is a priority, with 62.8% stating an expectation of moving to a house, followed by bungalows (27.2%) and flats (10.0%).

**Table 4.26** Property type preferences

|  |  |  |  |
| --- | --- | --- | --- |
| **Type preferences** | **Existing (%)** | **Newly-forming (%)** | **Total (%)** |
| Detached | 15.0 | 6.8 | 10.4 |
| Semi-detached | 19.9 | 32.0 | 26.7 |
| Terraced | 13.4 | 35.2 | 25.7 |
| Flat | 12.8 | 7.9 | 10.0 |
| Bungalow | 39.0 | 18.1 | 27.2 |
| Total | 100.0 | 100.0 | 100.0 |
| Base (annual requirement) | 980 | 1274 | 2254 |

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

Source: 2012 household survey, rebased to 2011 Census

## 

## The new delivery model for affordable housing

#### Overview

* 1. The Coalition Government has announced a new delivery model for affordable housing. Affordable rent will be the main type of new affordable supply and in addition Registered Providers will be encouraged to convert a proportion of social rented properties at Affordable Rent at re-let. The principal aim of the new model is to use the new Affordable Rent product, together with new flexibilities on the use of existing assets, to generate additional financial capacity to support new supply.
  2. Affordable Rented homes will be made available to tenants at up to a maximum of 80% of market rents and allocated in the same way as social housing is at present. Landlords will have the freedom to offer Affordable Rent properties on flexible tenancies tailored to the housing needs of individual households.  The government has introduced a series of other measures such as changes to tenure (no longer a requirement to offer lifetime tenancies, flexibility to offer shorter terms with a minimum of two years); greater flexibility for local authorities in their strategic housing role and options to increase mobility for social tenants[[23]](#footnote-23). However, delivering affordable rent may prove to be a particular challenge in County Durham given the limited differential between market and social rents.
  3. The potential impact of affordable rent on the relative affordability of rental options is explored in Table 4.27. This considers the affordability of different rental prices on the basis of household income and assumes a property is not affordable if the rent is at least 25% of household income. The analysis demonstrates that across County Durham 29.5% could not afford social rents on the basis of income alone. This increases to 45.2% for rents charged at 80% of private sector rents and 45.9% could not afford open market private rented prices. Therefore, an increase in rents coupled with likely changes in welfare benefits will have a detrimental impact on affordability.

**Table 4.27** Relative affordability of renting options

|  |  |  |  |
| --- | --- | --- | --- |
| **Affordability by tenure** | **% can afford** | **% cannot afford** | **Total** |
| Affordability of Private Rent | 54.1 | 45.9 | 100 |
| Affordability of 80% Private Rent | 54.8 | 45.2 | 100 |
| Affordability of Social Rent | 70.5 | 29.5 | 100 |
| Base: 13,548 Existing Households in Need | | |  |

Source: 2011 RSL rents from Regulatory Statistical Return; 2012 Private sector rents

## Core Output 8: Estimates of household groups who have particular housing requirements

**Introduction**

* 1. There is a range of household groups who have particular housing requirements. The evidence presented at Appendix E focuses on families, older people, homeless households and support issues.

**Families**

* 1. Families (that is couples and lone parents with children) account for around 19.2% of households across County Durham. A further 12.0% were couples and lone parents with adult children (aged 18 or over) living with them.
  2. Analysis of market preferences (Table 4.16) suggests that:
     + Most couples with children and lone parent families were preferring to move to a house, particularly detached and semi-detached). Couples with children were most likely to expect properties with three or four bedrooms, with couples with three or more children most likely to expect a four bedroom property; most lone parents expect to move to a three bedroom property;
     + Couples and lone parents with adult children living at home had strong expectations of moving to houses (detached and particularly semi-detached houses) and bungalows; a range of property sizes were expected to be moved to, most notably three and, for couples with adult children, four bedroom properties.
  3. In terms of housing need (Table 4.17), compared with the overall proportion of households in need of 6.7%, couples with three or more children were more likely to be in housing need (13.9%) along with 26.4% of lone parents with three or more children and 16.6% of other types of household. Modelling of affordable housing requirements suggests that a range of affordable dwellings are required which will help to address the needs of families. It is important that particular care is taken to ensure that properties are built to reflect the demand from families and in the interests of long-term community sustainability.

**Older people**

* 1. A major strategic challenge for the Council is to ensure a range of appropriate housing provision, adaptation and support County Durham’s growing older population. Based on Durham County Council 2011-based population projections, the number of people across County Durham aged 65 or over is projected to increase by 48.8% from 93,014 in 2011 to 138,402 by 2030.
  2. The aspirations and preferences of older people need to be carefully considered in developing appropriate policy responses. A range of options and solutions to address the needs of older people are available in addition to traditional sheltered accommodation, for instance apartments specifically marketed at older people and Extra Care housing. The following definitions have been used to describe different types of older persons’ housing:
     + **Sheltered accommodation** is usually a group of bungalows or flats and you have your own front door. Schemes usually have a manager/warden to arrange services and linked to a careline/alarm service;
     + **Extra Care Housing** is designed with the needs of frailer older people in mind. It includes flats, bungalows and retirement villages. You have your own front door. Domestic support and personal care are available;
     + **Residential Care Homes** provide a bedroom and the use of a shared lounge with other residents. Personal care is provided – bathing, help dressing, meals etc.;
     + **Co-housing** is a home in a small community which shares facilities (e.g. laundry) and activities.
  3. The majority of older people (61.8%) want to stay in their own homes with help and support when needed and the vast majority are owner occupiers. There is a degree of interest in a variety of older persons’ accommodation (Table 4.28), with 27.4% considering renting from the Council/Housing Association, 23.7% renting sheltered accommodation and 17.9% renting extra care housing. Additionally 19.1% are considering buying on the open market. This evidence suggests a need to continue to diversify the range of older persons’ housing provision. Additionally, providing a wider range of older persons’ accommodation has the potential to free-up larger family accommodation.

**Table 4.28** Older persons’ housing options

|  |  |
| --- | --- |
| **Housing option** | **% would consider\*** |
| Continue to live in current home with support when needed | 61.8 |
| Buying a property on the open market | 19.1 |
| Rent a property from a private landlord | 5.8 |
| Rent from Council / Housing Association | 27.4 |
| Rent Sheltered accommodation | 23.7 |
| Buy Sheltered accommodation | 8.9 |
| Part rent & buy Sheltered accommodation | 4.2 |
| Rent Extra Care Housing | 17.9 |
| Buy Extra Care Housing | 6.1 |
| Part rent & buy Extra Care Housing | 3.4 |
| Residential care home | 4.4 |
| Co-housing | 9.2 |
| Base: 68,106 households responding to question |  |

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

Source: 2012 Household Survey, rebased to 2011 Census

**Specialist support requirements**

* 1. Stakeholders working with vulnerable groups raised concerns about the impact of funding changes, in particular cuts to levels of revenue support, which were a significant cause for concern, with funding cuts leading directly to cuts in support.
  2. Concerns were also raised that by pooling resources to enable delivery of new provision, providers were reverting to ‘old style’ large scale provision, reducing independent living.
  3. Increased incidences of domestic violence were reported, as were increased use of support service by young people and a rise in the number of people presenting with complex needs.
  4. Stakeholders working in supported housing identified the following challenges:
     + Uncertainty over funding;
     + Impact of the affordable rent programme;
     + Lack of move on accommodation for single households;
     + Lack of funding for support and adaptations;
     + Lack of specialist provision for older people with additional complex needs;
     + Extra care; and
     + Independent living.
  5. Key messages from stakeholders in this area include:
     + The need for some certainty around funding and support for innovation around new provision;
     + Better planning for the needs of older people, and better joint working between social services, the NHS and providers;
     + More provision for single people and couples; and
     + Specialist provision that is integrated into mainstream development.
  6. The Council has a particular responsibility to ensure that there is adequate accommodation and support provision for a range of specialist client requirements e.g. domestic violence, HIV/Aids, Offending/Ex-Offending and Teenage Pregnancy.
  7. Table 4.29 summarises the type of client groups accommodated in social rented housing across County Durham over the four year period 2008/09 to 2011/12. Data indicates that a range of groups are accommodated in RSL specialist provision, most notably older people with support needs, people with physical or sensory disabilities and young people leaving care.

**Table 4.29** Client groups accommodated in social rented sector in County

Durham 2008/09 to 2011/12

|  |  |
| --- | --- |
| **Client group** | **Number** |
| People with physical or sensory disabilities | 305 |
| People with learning disabilities | 140 |
| People with mental health problems | 134 |
| Offenders and people at risk of offending | 121 |
| Women at risk of domestic violence | 118 |
| Older people with support needs | 2336 |
| Young people leaving care | 340 |
| Young people at risk | 108 |
| Teenage parents | 45 |
| Total | 3647 |

Source: Supported CORE lettings data

**Homeless households**

* 1. Homelessness statistics for 2011/12[[24]](#footnote-24) indicate that a total of 850 decisions were made on households declaring themselves as homeless across County Durham (Table 4.30). Of these households, 425 were accepted as homeless. Over the four years 2008/09 to 2011/12, an annual average of 803 decisions have been made across County Durham and 372 households have been declared as homeless and in priority need.

**Table 4.30** Homeless decisions and acceptances 2008/09 to 2011/12

|  |  |  |
| --- | --- | --- |
| Year | Decisions made | Accepted as homeless |
| 2008/09 | 911 | 381 |
| 2009/10 | 577 | 264 |
| 2010/11 | 873 | 416 |
| 2011/12 | 850 | 425 |
| Total | 3211 | 1486 |
| Annual Average | 803 | 372 |

Source: CLG Homelessness Statistics

### Households previously homeless

* 1. The household survey identified 2,113 households who had been previously homeless or living in temporary accommodation and had moved to their present accommodation in the past 5 years.
  2. Table 4.31 presents a range of information relating to the characteristics of previously homeless households and the dwelling choices that they have made. 90.5% of households previously homeless have moved into social or private rented accommodation. They have moved in to a range of property sizes, most notably two bedroom (57.8%). The incomes of previously homeless households are generally low with 78.3% receiving less than £300 each week. 54.1% are single person households and a further 17.8% are lone parent families.

**Table 4.31** Characteristics of households previously homeless

|  |  |  |  |
| --- | --- | --- | --- |
| **Household type** | **%** | **Property Type** | **%** |
| Single adult (under 60) | 46.0 | House | 74.3 |
| Single adult (60 or over) | 8.1 | Flat | 16.5 |
| Couple only (both under 60) | 5.2 | Bungalow | 9.2 |
| Couple only (one or both over 60) | 2.3 | Total | 100.0 |
| Couple 1/2 child(ren) under 18 | 15.7 |  |  |
| Lone parent with 1/2 child(ren) under 18 | 13.0 |  |  |
| Friends sharing | 4.8 |  |  |
| Lone parent with adult child(ren) | 4.8 |  |  |
| Total | 100.0 |  |  |
| **Current tenure** | **%** | **Origin** | **%** |
| Owner Occupied | 9.5 | Within Co. Durham | 78.4 |
| Private Rented | 38.0 | From outside Co. Durham | 21.6 |
| Social/Affordable Rented/Intermediate | 52.5 | Total | 100.0 |
| Total | 100.0 |  | |
| **Current Income (gross weekly)** | **%** | **Property size** | **%** |
| Under £300 | 78.3 | 0/1 Bed | 18.6 |
| £300 to <£500 | 8.4 | 2 Bed | 57.8 |
| £500+ | 13.3 | 3 or more Beds | 23.6 |
| Total | 100.0 | Total | 100.0 |

Base: 2,113

Source: 2012 Household Survey, rebased to 2011 Census

**Black, Asian and Minority Ethnic households**

* 1. The 2012 household survey, rebased to the 2011 Census, indicates that 98.3% of Household Reference People describe themselves as ‘White British’ and 1.7% describe themselves as having other ethnicities. Of these, 1.1% are other white, 0.2% Asian/Asian British, 0.1% Black/Black British, and 0.3% were other groups.
  2. Central Durham was the most ethnically diverse delivery area, with 4.0% of Household Reference People describing themselves as having an ethnicity other than White British.
  3. The needs of Gypsies and Travellers have been assessed in a County Durham-wide study carried out by arc4 in 2006. This recommended an additional 3 to 5 additional sites with up to six pitches each to address current and emerging needs over the period 2007-2015.

# Review of general market demand

* 1. Core outputs presented in Chapter 4 provided a range of information on the requirements for both market and affordable housing. The purpose of this chapter is to consolidate the key messages relating to market housing demand, show how the SHMA evidence base satisfies NPPF requirements and provides evidence to help the Council in deciding the scale of new build it should be planning for.

## Overall dwelling requirements

* 1. There are a range of different methodologies which can be used to project the rate of household growth. These include the analysis of population and household projections but other factors such as deliverability constraints, economic growth aspirations and strategic policies also need to be taken into account. On balance, targets need to be set with the strategic vision of the Councils in mind, coupled with a realistic assessment of what is deliverable and over what timeframe.

## Market housing: key issues

* 1. A range of material was presented in Chapter 4 relating to market housing. Key issues relating to market housing supply and demand are:
     + There is an annual supply of around 9,080 market dwellings of which 4,260 are owner occupied and 4,820 are private rented;
  2. Across County Durham the overall demand for open market dwellings exceeds supply. Only in South and Central Durham is supply sufficient for overall demand, but in these areas there remain imbalances in some property types and sizes. Data suggests:
     + Strongest market shortfalls in North Durham, East Durham and The Dales; and
     + A general balance in property sizes, with specific shortfalls of smaller dwellings evidenced.
  3. The aspirations and expectations of existing households planning to move in the next five years are presented in Table 4.18. Of households moving, most would like to move to a house (77.8%), 16.7% would like to move to a bungalow and 5.4% to a flat. This compares with 79.8% who expect to move to a house, 14.2% to a bungalow and 5.5% to a flat. Although households are expecting to broadly achieve their aspirations, a higher proportion would like to move to a detached house (55.4%) but only 28.6% expect to. In contrast, higher proportions expect to move to a semi-detached house (34.6%) than would prefer to (16.9%).
  4. In terms of property size, the majority of respondents expect to move to a property with two (26.1%), three (50.3%) or four or more (23.1%) bedrooms. A higher proportion of households would like a property with four or more bedrooms (39.2%).
  5. Table 4.19 considers how expectations vary by household type and indicates that:
     + Houses remain the most popular choice of most households (except for older singles and couples), particularly detached and semi-detached properties with two, three and four bedrooms;
     + A reasonable proportion of older single people (28.1%) expect to move into flats;
     + There is a strong expectation of moving to bungalows amongst older person households (mentioned by 66.0% of older couples and 37.5% of couples with adult children);
     + The number of bedrooms expected does not necessarily relate to household size, with 67.3% of singles under 60 and 74.0% of couples (no children) expecting to move to a property with three or more bedrooms. Overall:
       - Very few households expected to move to a one bedroom property;
       - two bedroom properties were mainly expected to be moved to by singles aged 60 or over and couples over 60;
       - three bedrooms were mainly expected to be moved to by lone parents with 1 or 2 children, couples only (both under 60), other types of household and lone parents with adult children;
       - four or more bedrooms were mainly expected to be moved to by couples with children.
  6. This evidence helps the Council to ascertain the range of dwellings which should be developed to help address shortfalls in market requirements. If the broad expectations of households were translated into how future development should proceed, the following split between property types would be suggested:
     + Houses 80%
     + Bungalows 14.1%
     + Flats and other 5.9%
  7. Councils should pay particular attention to Table 4.11, which reviewed general market supply and demand, to help in discussions with developers regarding the type and size of market housing to be delivered within the County.
  8. Decisions regarding the nature of future open market development should be informed by this evidence but also informed by the market intelligence prepared by developers.

#### The likely overall proportions of households that require market or affordable housing

* 1. Having established a robust view on the annual imbalance between the supply and requirement for affordable housing, similar analysis has been carried out which considers open market demand relative to supply.
  2. The scale of market demand has been estimated by considering demand:
* From existing households who are planning to move in the open market within County Durham on an annual basis (based on households planning to move in the next five years);
* From newly-forming households who can meet their needs in the market, based on the same affordability criterion as used for affordable housing requirements; and
* From in-migrant households; the estimate is based on the actual numbers of such households over the previous five years, based on the survey evidence.
  1. The supply of open market dwellings can be derived from the household survey (imputed from length of residence information).
  2. Modelling of open market demand would suggest that there is a general balance between demand and supply. A challenge for the Council and developers is to address identified shortfalls in provision.
  3. Analysis of household projections can help to inform the proportion of households who require particular tenures. Table 5.2 summarises predicted household change based on Durham County Council 2011-based household projections and assumes the tenure profile of households by age group of Household Reference Person remains constant over this period. Overall, analysis suggests around 75.3% of household growth should be accommodated in open market dwelling stock and 24.7% in affordable/intermediate tenure dwelling stock.

**Table 5.2** Household and dwelling change in County Durham 2011-2030

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Tenure** |  |  |
|  | **Open Market** | **Affordable** | **Total** |
| **Households** |  |  |  |
| **Total** | **16945** | **5553** | **22498** |
| **Annual** | **847** | **278** | **1125** |
| **%** | **75.3** | **24.7** | **100.0** |
| **Dwellings** |  |  |  |
| **Total** | **17678** | **5793** | **23472** |
| **Annual** | **884** | **290** | **1174** |
| **%** | **75.3** | **24.7** | **100.0** |

Source: County Durham 2011-based Household Projections; 2012 household survey   
Data may not add up due to rounding

* 1. It is important to reiterate that this analysis focuses on household numbers and these do not necessarily relate to dwelling targets. Similarly, existing capacity of market and affordable dwellings can help offset overall demand from household growth.

#### The likely profile of household types requiring market housing

* 1. Table 5.3 summarises the likely profile of household types requiring market housing. This is based on the number of households planning to move in the next five years. Households most likely to be moving in the open market are couples only (under 60), couples with children, couples (one or both over 60) and single adults under 60.
  2. Further analysis of how market requirements vary by household type is presented in Table 4.11.

**Table 5.3** Likely profile of household types requiring market housing

|  |  |
| --- | --- |
| **Household type** | **%** |
| Single adult (under 60) | 14.8 |
| Single adult (60 or over) | 5.0 |
| Couple only (both under 60) | 20.5 |
| Couple only (one or both over 60) | 11.4 |
| Couple 1/2 child(ren) under 18 | 26.9 |
| Couple 3+ children under 18 | 2.4 |
| Lone parent with 1/2 child(ren) under 18 | 9.6 |
| Other type of household | 3.1 |
| Couple with adult child(ren) | 5.0 |
| Lone parent with adult child(ren) | 1.2 |
| Total | 100.0 |
| Base (households planning to move) | 13690 |

Source: 2012 Household Survey; rebased to 2011 census

#### The size and type of affordable housing required

* 1. A full breakdown of the size of affordable housing required for both general needs and older people based on modelling in accordance with CLG guidance suggests a net shortfall of 675 (gross 1,154). These estimates are derived from a comprehensive analysis of affordable housing requirements presented at Appendix D.
  2. The suggested profile of affordable dwelling stock by delivery area is presented in Table 5.4

**Table 5.4** Suggested profile of affordable dwelling stock

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Delivery area** | **General** |  | **Older Person** | **TOTAL** | **Total HHs** |
|  | **Smaller 1/2 Bed** | **3+Bed** |  |  |  |
| North Durham | 97 | 29 | 68 | 194 | 60151 |
| Central Durham | 46 | 20 | 53 | 119 | 42905 |
| East Durham | 61 | 4 | 72 | 137 | 41416 |
| The Dales and South Durham | 80 | 16 | 129 | 225 | 79331 |
| **Total** | **284** | **69** | **321** | **674** | **223803** |

* 1. Analysis suggests a tenure split of 76.7% social rented and 23.3% intermediate tenure products[[25]](#footnote-25) based on preferences. Further analysis of household incomes and access to financial resources would suggest intermediate tenure priced at £80,000 to £100,000 is a realistic option for 32.9% of existing households in need and newly-forming households. In terms of property type preferences of households in need and newly-forming households, analysis would suggest the following profile of property types:
     + 62.8% houses;
     + 10.0% flats; and
     + 27.2% bungalows.
  2. Further advice on policy considerations for affordable housing is presented at Appendix G.

### Residents intending to leave County Durham

* 1. A total of 5,270 households were considering moving away from County Durham in the next five years and stated a first choice destination outside the county. Table 5.5 summarises their planned destinations. Overall, 24/3% were intending on moving into Tyne and Wear, 10.1% to Northumberland and 8.7% to Tees Valley; a further 16.3% into Yorkshire and the Humber, 5.6% to the North West, 32.3% to elsewhere in the UK and 2.8% outside the UK.
  2. The main reasons for leaving included for work (21.4%), to move to a better neighbourhood (16.9%) and to be close to family/friends for support (11.1%).
  3. Households intending to leave County Durham tended to have high incomes, with 50.6% having an income of at least £500 each week and 17.5% had an income in excess of £1,000 each week. As Table 5.6 shows, households expect to move to a range of property types, most notably detached and semi-detached houses with three or four bedrooms. Additionally, 6.2% of households were expecting to move to a bungalow, particularly with two and three bedrooms.

**Table 5.5** Location preferences of households planning to move out County Durham

|  |  |
| --- | --- |
| **First choice location** | **%** |
| Tyne and Wear | 24.3 |
| Northumberland | 10.1 |
| Tees Valley | 8.7 |
| Y&H | 16.3 |
| NW | 5.6 |
| Else UK | 32.3 |
| Outside UK | 2.8 |
| Total | 100.0 |
| Base (Valid Responses) | 5270 |

**Table 5.6** Property type and size expectations of households planning to move out of County Durham

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **No. Bedrooms** | **Property type (Table %)** | | |  |  |  |  |
|  | Detached house | Semi-detached house | Terraced house | Flat | Bungalow | Other | Total |
| One |  |  |  |  | 1.0 |  | 1.0 |
| Two | 2.1 | 3.2 | 9.2 | 6.0 | 1.5 |  | 21.9 |
| Three | 7.9 | 15.3 | 16.4 | 2.9 | 3.7 | 0.3 | 46.4 |
| Four | 15.2 | 5.5 | 3.0 |  |  |  | 23.7 |
| Five or more | 4.3 | 1.8 | 0.8 |  |  |  | 6.9 |
| Total | 29.5 | 25.8 | 29.3 | 8.9 | 6.2 | 0.3 | 100.0 |
| Base (Valid Responses) | 5215 |  |  |  |  |  |  |

## Planning policy and management

* 1. Stakeholders raised concern around planning both in terms of policy and practice, and identified the following issues as an impediment to the housing supply:
     + The spatial planning policy framework inherited from the old District Councils is out of date;
     + Economic viability, leading patterns and behavior within the current market. Concerns were raised in respect of the current approach to the Community Infrastructure Levy (CIL) in the County;
     + Delays and costs are incurred through the planning application process.
  2. Durham County Council published for consultation the County Durham Plan Preferred Options Document in September 2012. The Council is currently in the process of considering comments made on the plan and preparing responses. The Council will publish the draft Plan for consultation in autumn 2013, with the intention of submitting the plan for Examination in the spring of 2014. The Council is bringing forward the CIL and developing evidence relating to economic viability alongside the 2013 update to the SHMA.
  3. Developers stressed the challenging economic climate within which they are operating and the constraints that this places on their development capacity; an understanding of location and finance are a prerequisite to delivering future housing supply. In the current economic climate there are areas within which it is not financially viable to develop without subsidy. Spatial strategies need to be reviewed to enable development to take place in areas where demand for housing is greatest, within the higher value areas. A strategic review of spatial priorities is needed.

# Conclusion: policy and strategic issues

* 1. This document has been prepared to equip Durham County Council and its partners with robust, defensible and transparent information to help inform strategic decision-making and the formulation of appropriate housing and planning policies. It has delivered core outputs required under the CLG Strategic Housing Market Assessment Guidance, which are underpinned by comprehensive technical appendices.
  2. The work also takes account of the new National Planning Policy Framework which came into effect in March 2012. The SHMA will help local authorities 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 survey area by considering current market demand relative to supply; and also identifies a continued affordable housing requirement across County Durham.
  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 County Durham with other areas; and relates findings to key local and sub-regional strategic issues.

## 

## The current housing market

* 1. This study has provides up to date information on the housing stock in County Durham. How the stock profile varies by survey area is presented in data tabulations and survey area summaries accompanying this report.
  2. Across County Durham there are 236,082 residential dwellings of which 223,03 are occupied by individual households. In terms of dwelling stock, the 2012 household survey reports that, across County Durham:
* 79.3% of properties are houses, 5% are flats/maisonettes, 15.3% are bungalows and 0.5% are other property types (e.g. caravans);
* 6.1% have one bedroom, 34.8% have two bedrooms, 43.7% have three bedrooms and 15.4% have four or more bedrooms;
* 17.6% of properties were built before 1919, a further 16.5% were built between 1919 and 1944, 21.7% between 1945 and 1964, 23.1% between 1965 and 1984 and 21.2% have been built since 1985;
* 65.8% of properties are owner-occupied, 20.1% are rented from a social landlord, 13.8% are private rented and 0.2% are intermediate tenure (e.g. shared ownership).

## Housing markets and mobility

* 1. A range of material has been gathered to help identify market drivers and the characteristics of delivery areas across County Durham and linkages with other areas.
  2. An analysis of household mobility suggests that of households moving in the past 5 years, 77.5% moved within County Durham. Of the 22.5% who had moved into County Durham, half were from elsewhere in the North East.
  3. A majority (61%) of households moving into County Durham were headed by someone who was economically active although a majority (54.8%) worked outside the County. Key reasons for moving were to be closer to family and friends for social reasons (17.2%), to be closer to work (17.1%), wanting a larger property (13.0%) and for marriage/to live together (7.8%). 45.8% had a weekly income in excess of £500, 48.7% of heads of household were in the 16-39 age group and 34.1% in the 40-59 age group.
  4. In terms of travel to work patterns, 65.2% of residents work in County Durham and 34.8% commute out to work, particularly to Tyne and Wear (19.8%) and Tees Valley (9.4%).
  5. On balance, County Durham can be described as a self contained delivery area in terms of migration, with some areas exhibiting strong interactions with other areas. In terms of travel to work, County Durham is part of a broader functional market which extends into Tyne and Wear and Tees Valley.

## 

## Future housing market

* 1. Household projections point to an overall increase in the number of households across County Durham, with Durham County Council 2011-based household projections suggesting that the number of households is expected to increase from 223,636 in 2011 to 246,134 by 2030, an increase of 10.1%.
  2. Managing demographic change will become an increasingly important issue for County Durham. Population projections suggest that the proportion of the population in the county aged 65 and over will continue to grow, with an increase from 93,014 in 2011 to 138,402 by 2030.
  3. Although the total number of households is predicted to grow, the aging population means that most of the growth will be in older person households. Over the period 2011-2030, the total number of households is expected to increase by around 22,498. Overall, the number of households headed by someone aged 65 or over is expected to increase by around 23,092, the number headed by someone aged under 45 is expected to increase by 7,426 and there will be a 8,019 reduction in the number of households headed by some aged 45 to 64.

## 

## Housing need and demand

***Delivering new housing***

* 1. A challenge for the Council is to align future housing development with trends relating to household growth, household aspirations and the need for affordable housing. Crucially, the nature of household change needs to be better reflected in strategic housing and planning policies. Analysis would suggest that the most growth will be amongst households with a household reference person aged 65, with more modest increase in the number of households headed by someone aged under 45 and a decline in households headed by someone aged 45-64.
  2. The SHMA has evidenced that the provision of open market housing is broadly balanced with supply at County level, with imbalances of particular property types and sizes within particular survey areas.
  3. In terms of affordable housing, an annual net shortfall of 675 affordable dwellings has been calculated (gross requirement of 1,154).
  4. A tenure split of 76.7% affordable (social) rented and 23.3% intermediate tenure is suggested.
  5. In summary, key drivers in determining the tenure and type of future development include:
     + The need to continue development to satisfy household aspirations, in particular the development of detached houses, bungalows and larger properties with four or more bedrooms to offset identified market imbalances and increasingly satisfy household aspirations;
     + Responding to the impact of demographic change on dwelling requirements and in particular 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 County Durham.
  6. The current economic circumstances clearly present a number of challenges to the delivery of housing and in particular the delivery of affordable rented housing and intermediate market dwellings.

***Affordable housing policy recommendations***

* 1. The 2012 SHMA demonstrates an ongoing requirement for affordable housing across County Durham which should be reflected in the emerging County Durham Plan.

***Improving the quality of existing stock***

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

***Vacant stock***

* 1. There are an estimated 10,123 vacant properties across County Durham and these are mainly in the private sector. Properties can be empty for a variety of reasons which include: the properties are too difficult to repair or are in the process of being repaired; they are in the process of being sold; they have been bought for capital investment; or they are in probate.
  2. The Council should continue to consider identifying the reasons why properties are empty and identify mechanisms for bringing them back into use. Mechanisms could include:
     + Financial/professional help for repairs and improvements in the form of equity loans; grant aid for renovation and subsequent leasing to an Housing Association for a fixed term; a professional service to manage repairs or full renovation;
     + Assistance with letting management or the sale of a property

***Satisfaction and repair***

* 1. Although the vast majority of households (89.7%) are satisfied with the quality condition of their dwellings, 8,454 households (6.6%) were dissatisfied or very dissatisfied. Levels of dissatisfaction exceeded 10% amongst unfurnished private renters (15.7%). Note that this information is based on responses to the household survey as expressed by respondents.
  2. Improving the energy efficiency of dwellings and modernisation of stock is an important driver to improving the quality of existing stock and extends beyond those households expressing dissatisfaction. Given the need to reduce energy consumption, improve thermal comfort and future proof households from spikes in energy prices, retrofitting stock with improved insulation, heating systems and solar panels is likely to become a significant strategic issue.

***The ageing population and addressing the needs of vulnerable people***

* 1. The proportion of older people is expected to increase dramatically over the next few decades and delivering housing and support services to older people is going to become a key strategic issue. By 2030, the number of people across County Durham:
     + aged 65+ is projected to increase by 45,388; and
     + aged 80+ is projected to increase by 21,251.
  2. This trend has significant policy implications, given the greater need for appropriate housing and support as people age. Currently, the majority want to stay in their own homes with help and support when needed.
  3. A key challenge for the Council is to ensure a greater diversity of support services are made available to older people wanting to stay in their own home and develop funding mechanisms to achieve this. Additionally, the range of housing options available to older people needs to be diversified.

## 

## Final comments

* 1. 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 County Durham.
  2. This research has reflected upon the housing market attributes of the County, its constituent delivery and survey areas and interactions with other localities, notably Tyne and Wear and Tees Valley. The report signposts future strategic challenges which include the ongoing delivery of new market and affordable housing to address need and support economic growth; diversifying the range of affordable tenures available to local residents; improving the condition and energy efficiency of existing stock; and addressing the requirements of an increasingly ageing population and vulnerable groups.

# Introduction to Technical Appendices

The SHMA guidance establishes a framework for the analysis of local housing markets from which core outputs can be derived.

There are seven technical appendices accompanying this report which provide further background information on the following areas:

* Technical Appendix A Research methodology
* Technical Appendix B The current housing market
* Technical Appendix C The future housing market
* Technical Appendix D Housing need
* Technical Appendix E Monitoring and updating
* Technical Appendix F Statement of conformity to SHMA guidance
* Technical Appendix G Affordable housing policy considerations

# Technical Appendix A: Research Methodology

## Overall approach

* 1. A multi-method approach was adopted in order to prepare a robust and credible Strategic Housing Market Assessment for County Durham:
     + A sample survey of households across the County stratified by 16 survey areas. A total of 34,948 households were contacted and 6,216 questionnaires were returned and used in data analysis. This represents a 17.8% response rate overall and total number of questionnaires returned was well in excess of the 1,500 specified in Government guidance;
     + An online stakeholder surveys and interviews with key stakeholders including Local Housing and Planning Authority representatives, Registered Social Landlords (RSLs), Estate Agents, Lettings Agents, Developers, Supporting People representatives;
     + A review of relevant secondary data including the 2011 census, house price trends, CORE lettings data, Durham County Council 2011-based population and household statistics and Durham County Council Key Options data.
  2. Household survey data is available down to postcode level. In the SHMA report, data are presented for County Durham and constituent survey areas. The household survey was carried out based on 16 survey areas. For the purposes of the 2013 SHMA data are presented for the five development areas of County Durham.
  3. The SHMA was overseen by a Housing Market Partnership comprising Local Authority officers. Stakeholder events have taken place as part of the 2013 SHMA update.

## Baseline dwelling stock information and survey sample errors

* 1. Table A1 summarises total dwelling stock and the number of households contacted by survey area, achieved response rates and sample errors.

**Table A1** Households surveyed, response rates and sample errors

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Survey area** | **Total Dwellings** | **Total Occupied** | **Mail out** | **Actual returns** | **Response rate (%)** | **Sample error** |
| Barnard Castle | 4624 | 4317 | 2113 | 446 | 21.1 | 4.4% |
| Bishop Auckland | 22694 | 21155 | 2240 | 341 | 15.2 | 5.3% |
| Central | 23980 | 22894 | 2247 | 427 | 19.0 | 4.7% |
| Chester-le-Street | 22475 | 21521 | 2240 | 441 | 19.7 | 4.6% |
| Consett | 21316 | 20245 | 2240 | 397 | 17.7 | 4.9% |
| Crook and Willington | 11439 | 10775 | 2207 | 334 | 15.1 | 5.3% |
| Durham City | 18226 | 17285 | 2233 | 439 | 19.7 | 4.6% |
| Easington and Peterlee | 22379 | 21345 | 2240 | 365 | 16.3 | 5.1% |
| Newton Aycliffe | 11928 | 11576 | 2213 | 375 | 16.9 | 5.0% |
| Seaham | 19362 | 18441 | 2240 | 362 | 16.2 | 5.1% |
| Sedgefield | 7133 | 6809 | 2167 | 415 | 19.2 | 4.7% |
| Spennymoor | 17649 | 16580 | 2233 | 369 | 16.5 | 5.0% |
| Stanley | 15464 | 14693 | 2227 | 404 | 18.1 | 4.8% |
| Upper Teesdale | 1925 | 1774 | 1774 | 348 | 19.6 | 4.7% |
| Weardale | 6140 | 5534 | 2147 | 397 | 18.5 | 4.7% |
| Wingate | 8625 | 8137 | 2187 | 356 | 16.3 | 5.1% |
| **Total** | **235360** | **223081** | **34948** | **6216** | **17.8** | **1.2%** |

Source: Council Tax Data

Where ‘sample’ is indicated in the column this means that a random sample of households were selected for that area and issued with a survey.

Sample error is based on the 95% confidence interval which is the industry standard to establish result accuracy

**Weighting and grossing**

* 1. In order to proceed with data analysis, it is critical that survey data is weighted to take into account non-response bias and grossed up to reflect the total number of households. Weighting for each survey area was based on:
     1. **tenure** (the proportion of affordable (social rented and intermediate tenure) and open market dwellings based on 2011 census data);
     2. **age of household reference person** based on the proportions of household reference people aged under 65 and 65 or over living in affordable and open market provision derived from 2011 census data.
  2. The 2011 census is the most comprehensive source of data for weighting which was available when the research was carried out.
  3. The actual number of responses by tenure and age group is summarised in Table A2.

**Table A2** Responses by survey area, age group and tenure group

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Delivery Area** | **Household Reference Person and Tenure** | | | |  |  |  |
|  | HRP Under 65 |  |  | HRP 65 and over |  |  | Total |
|  | Owner Occupied | Private Rented | Affordable | Owner Occupied | Private Rented | Affordable |  |
| Central Durham | 445 | 50 | 77 | 258 | 7 | 104 | 941 |
| North Durham | 681 | 50 | 142 | 470 | 15 | 170 | 1528 |
| East Durham | 364 | 38 | 110 | 247 | 4 | 123 | 886 |
| South Durham | 778 | 76 | 171 | 533 | 15 | 234 | 1807 |
| The Dales | 451 | 72 | 48 | 383 | 31 | 69 | 1054 |
| **Total** | **2719** | **286** | **548** | **1891** | **72** | **700** | **6216** |

* 1. The responses were compared with baseline information derived from the 2011 census (Table A3) to derive the weighting/grossing figure to be applied to survey responses (Table A4).

**Table A3** Baseline households by delivery area, age group and tenure group

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Delivery Area** | **Household Reference Person and Tenure** | | | |  |  |  |
|  | HRP Under 65 | | | HRP 65 and over | | | Total |
|  | Owner Occupied | Private Rented | Affordable | Owner Occupied | Private Rented | Affordable |  |
| Central Durham | 19998 | 6065 | 5095 | 8197 | 440 | 3110 | 42905 |
| North Durham | 29879 | 6757 | 6933 | 11294 | 837 | 4451 | 60151 |
| East Durham | 19186 | 4843 | 6034 | 7288 | 653 | 3412 | 41416 |
| South Durham | 30006 | 7739 | 8882 | 11182 | 999 | 5712 | 64520 |
| Dales | 6769 | 2020 | 1126 | 3548 | 611 | 737 | 14811 |
| **Total** | **105838** | **27424** | **28070** | **41509** | **3540** | **17422** | **223803** |

**Table A4** Weighting/grossing applied to responses by delivery area, age group and tenure group

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Delivery Area** | **Household Reference Person and Tenure** | | | |  |  |
|  | HRP Under 65 | | | HRP 65 and over | | |
|  | Owner Occupied | Private Rented | Affordable | Owner Occupied | Private Rented | Affordable |
| Central Durham | 44.9393 | 121.3000 | 66.1688 | 31.7713 | 62.8571 | 29.9038 |
| North Durham | 43.8752 | 135.1400 | 48.8239 | 24.0298 | 55.8000 | 26.1824 |
| East Durham | 52.7088 | 127.4474 | 54.8545 | 29.5061 | 163.2500 | 27.7398 |
| South Durham | 38.5681 | 101.8289 | 51.9415 | 20.9794 | 66.6000 | 24.4103 |
| The Dales | 15.0089 | 28.0556 | 23.4583 | 9.2637 | 19.7097 | 10.6812 |

* 1. Ultimately, the survey element of the assessment is sufficiently statistically robust to undertake detailed analysis and underpin core outputs of the study down to the survey areas presented in Table A1. Furthermore, the survey findings are enhanced and corroborated through analysis of secondary data and stakeholder consultation.

## 

## List of stakeholders interviewed as part of the SHMA process

* 1. An online survey and telephone/face to face interviews were carried out with a range of stakeholders drawn from:
* Local Authority Planning , Housing and Economic Regeneration Officers
* Housing Associations/ALMOs;
* Estate Agents / Lettings Agents;
* Developers; and
* Supporting People representatives.

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# Technical Appendix B: The Current Housing Market

**Underpins core outputs 1 and 2**

## Summary of contents

|  |  |
| --- | --- |
| **Stage 1: Demographic and economic context** | |
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| Step 1.2 | National and regional economic policy |
| Step 1.3 | Employment levels and structure |
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| **Stage 2: The housing stock** | |
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| Step 3.1 | The cost of buying or renting a property |
| Step 3.2 | Affordability of housing |
| Step 3.3 | Overcrowding and under-occupation |
| Step 3.4 | Vacancies, turnover rates and available supply by tenure |
| **Stage 4: Bringing the evidence together** | |
| Step 4.1 | Mapping market characteristics |
| Step 4.2 | Trends and drivers |
| Step 4.3 | Issues for future policy/strategy |

## Introduction

* 1. There are three key primary drivers influencing the current (and future) housing market: demographic, economic and dwelling stock characteristics, as summarised in Table B1. This technical appendix specifically considers demographic and economic drivers in the context of County Durham: dwelling stock characteristics are discussed in Stage 2.

**Table B1** Primary market drivers

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

## Stage 1: Demographic and economic context

### Step 1.1 Demography and household types

#### Age profile

* 1. The age profile of County Durham is summarised in Table B2. This indicates that across County Durham, 46.7% of residents are aged under 40, 28.4% are aged 40-59 and 24.9% are aged 60 and over. Overall, the County has a very slightly older age profile compared with the North East region.

**Table B2** Age profile in 2011

|  |  |  |
| --- | --- | --- |
| **Age Group** | **County Durham (%)** | **North East %** |
| 0-14 | 16.0 | 16.6 |
| 15-39 | 30.7 | 31.8 |
| 40-59 | 28.4 | 27.8 |
| 60-74 | 16.8 | 15.7 |
| 75+ | 8.1 | 8.1 |
| Total | 100.0 | 100.0 |
| Base | 513,400 | 2,596,700 |

Source: 2011 Census

#### Household type

* 1. The household type profile of County Durham is summarised in Table B3 and shows a slightly higher proportion of couples with no children and older households compared with the wider North East area.

**Table B3** Household structure

|  |  |  |
| --- | --- | --- |
| **Household type** | **County Durham (%)** | **North East (%)** |
| Couples with children | 25.0 | 24.6 |
| Couples no children | 18.9 | 17.7 |
| Singles | 17.7 | 18.4 |
| Older | 22.6 | 21.9 |
| Lone Parents | 11.2 | 11.9 |
| Other | 4.7 | 5.4 |
| Total | 100.0 | 100.0 |
| Base | 223803 | 1129935 |

Source: 2011 Census

#### Ethnicity

* 1. Table B4 summarises the ethnic profile of County Durham’s residents based on the 2011 Census. Across County Durham, 3.4% of household reference people and partners if applicable were from an ethnicity other than White British. These included other White groups (1.6%), Asian/Asian British (0.9%) and Black/Black British (0.1%).

**Table B4** Ethnicity of County Durham’s population

|  |  |  |
| --- | --- | --- |
| **Ethnicity** | **County Durham (%)** | **North East**  **(%)** |
| White: English/Welsh/Scottish/Northern Irish/British | 96.6 | 93.6 |
| White Other | 1.6 | 1.7 |
| Mixed/Multiple ethnic | 0.6 | 0.9 |
| Asian/Asian British | 0.9 | 2.9 |
| Black/Black British | 0.1 | 0.5 |
| Other | 0.2 | 0.4 |
| Total | 100.0 | 100.0 |
| Base | 513242 | 2596886 |

Source: 2011 Census

### Step 1.2 National and regional economic policy

#### Overview

* 1. Macroeconomic factors such as interest rates, inflation and national economic growth all impact on the operation of the housing market. A useful overview of the UK economic context is provided by PriceWaterhouseCoopers (PWC).
  2. PWC comment (July 2011) that there is likely to be modest average GDP growth of around 1.3% in 2011 and 2.2% in 2012, but the road to economic recovery is likely to be ‘long and bumpy’. The PWC report also considers house prices are expected to grow more strongly in the second half of this decade as credit availability gradually improves and the underlying shortages reassert themselves, but this longer-term outlook remains subject to high levels of uncertainty.

#### Interest rate trends

* 1. Figure B1 summarises interest rate trends over the period 2000 to 2012. Since 2000, the average monthly interest rate has been 3.8%. Over most of this period, interest rates fluctuated between 3.5% and 6%, but since September 2008 have fallen and since March 2009 they have remained at 0.5%.

**Figure B1** Interest rate trends 2001-2012



Source: Bank of England

### Step 1.3 Employment levels and structure

#### Economic activity rates

* 1. Across County Durham 73.2% of the working age population are economically active and 26.8% are economically inactive (Table B5). Proportions in employment are slightly lower than the North East average.

**Table B5** Labour supply in County Durham

|  |  |  |
| --- | --- | --- |
| **Economic Activity** | **County Durham %** | **North East**  **%** |
| **Total Economically Active** | 73.2 | 74.2 |
| In employment | 65.1 | 66.2 |
| Unemployed | 8.2 | 8.0 |
| **Economically inactive** | **26.8** | **25.8** |
| Base: Working Age Population | 330,700 | 1,693,800 |

Source: ONS Annual Population Survey 2012

#### Employment by occupation group

* 1. Employment by broad occupational groups is summarised in Table B6. This indicates that compared with the North East, County Durham has broadly similar proportions of residents in the various occupation categories. There are slightly fewer Managers and Professionals when compared to the North East.

**Table B6** Occupation of County Durham’s economically active residents

|  |  |  |
| --- | --- | --- |
| **Occupations** | **County Durham %** | **North East %** |
| 1 Managers and senior officials | 7.2 | 8.1 |
| 2 Professional occupations | 13.9 | 16.3 |
| 3 Associate professional & technical | 13.0 | 12.5 |
| 4 Administrative & secretarial | 10.9 | 11.2 |
| 5 Skilled trades occupations | 12.3 | 11.1 |
| 6 Personal service occupations | 8.7 | 9.5 |
| 7 Sales and customer service occs | 10.6 | 10.5 |
| 8 Process plant & machine operatives | 7.5 | 7.3 |
| 9 Elementary occupations | 14.2 | 12.5 |
| **Soc 2000 major group 1-3** | **34.1** | **36.9** |
| **Soc 2000 major group 4-5** | **23.2** | **22.3** |
| **Soc 2000 major group 6-7** | **19.3** | **20.0** |
| **Soc 2000 major group 8-9** | **21.7** | **19.8** |
| **Base: Working age population** | 220,600 | 1,146,100 |

Source: ONS Annual Population Survey Jan to Dec 2012

#### Qualifications

* 1. Education and skills are critical elements of sound economic performance. Table B7 illustrates that 46% of economically active residents in County Durham have at least an NVQ3 level qualification (compared with 50.2% for the North East). The proportion with NVQ4 and above (28.6%) is broadly similar to the 31.1% for the North East.

**Table B7** Educational attainment of County Durham’s economically active population

|  |  |  |
| --- | --- | --- |
| **Highest Qualification** | **County**  **Durham %** | **North East %** |
| NVQ4 and above | 28.6 | 31.1 |
| NVQ3 | 17.4 | 19.1 |
| NVQ2 | 20.5 | 19.1 |
| NVQ1 | 16.0 | 13.6 |
| Trade Apprenticeships | 4.7 | 5.1 |
| Other Qualifications | 4.8 | 5.1 |
| No Qualifications | 7.9 | 6.9 |
| Base (Economically Active) | 241,600 | 1,255,100 |

Source: ONS Annual Population Survey Jan – Dec 2012

### Step 1.4 Income and earnings

* 1. The 2011 lower quartile and median earnings for County Durham and comparisons with the North East and England are presented in Table B8. This indicates that median earnings are lower than those of the region and England. Lower quartile incomes are similar to those of the North East, but lower than those of England.

**Table B8** Lower quartile and median earnings

|  |  |  |
| --- | --- | --- |
| **Location** | **Lower Quartile (£)** | **Median (£)** |
| County Durham | £17,716 | £23,816 |
| North East | £17,696 | £24,570 |
| England | £18,933 | £26,660 |

Source: Annual Survey of Hours and Earnings 2012

* 1. The distribution of household income (head of household and partner if applicable) across County Durham is summarised in Table B9 and this is compared with data for the North East and England. This data also includes the incomes of economically inactive households. It indicates that the overall income profile broadly reflects the regional profile, with County Durham having slightly higher proportions of households with incomes of more than £1000 each week (8.5% compared with 8.0% regionally although this is below the national proportion of 16.0%).

**Table B9** County Durham household income profile

|  |  |  |  |
| --- | --- | --- | --- |
| **Gross Household Income**  **each week** | **County Durham (%)** | **North East (%)** | **England (%)** |
| Under £150 | 15.5 | 17.0 | 13.0 |
| £150 to <£250 | 20.7 | 19.0 | 14.0 |
| £250 to <£350 | 15.5 | 13.0 | 11.0 |
| £350 to <£450 | 10.6 | 9.0 | 10.0 |
| £450 to <£600 | 13.2 | 15.0 | 13.0 |
| £600 to <£750 | 7.9 | 10.0 | 11.0 |
| £750 to <£1000 | 8.1 | 9.0 | 12.0 |
| £1000 or over | 8.5 | 8.0 | 16.0 |
| Total | 100.0 | 100.0 | 100.0 |
| Base (valid responses) | 190,398 | NA | NA |

Source: 2012 Household Survey rebased to 2011 Census; 2008 Regional Trends

* 1. The household survey provides details on household incomes (gross income of head and partner if applicable) and can be used to illustrate how income levels vary by locality, tenure and household type (Tables B10 to B12).

**Table B10** Lower Quartile, median and upper quartile income by delivery area

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Delivery area** | **Weekly Income (£)** | | | **Annual Income (£)** | | |
|  | **Lower Quartile** | **Median** | **Upper Quartile** | **Lower Quartile** | **Median** | **Upper Quartile** |
| North Durham | £175 | £325 | £575 | £9,100 | £16,900 | £29,900 |
| Central Durham | £225 | £425 | £675 | £11,700 | £22,100 | £35,100 |
| East Durham | £175 | £275 | £525 | £9,100 | £14,300 | £27,300 |
| The Dales | £225 | £425 | £675 | £11,700 | £22,100 | £35,100 |
| South Durham | £175 | £325 | £575 | £9,100 | £16,900 | £29,900 |
| **County Durham** | **£175** | **£325** | **£575** | **£9,100** | **£16,900** | **£29,900** |

**Table B11** Lower Quartile, median and upper quartile income by household type

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Household Type** | **Weekly Income (£)** | | | **Annual Income (£)** | | |
| **Lower Quartile** | **Median** | **Upper Quartile** | **Lower Quartile** | **Median** | **Upper Quartile** |
| Single adult (under 60) | £125 | £275 | £525 | £6,500 | £14,300 | £27,300 |
| Single adult (60 or over) | £125 | £175 | £275 | £6,500 | £9,100 | £14,300 |
| Couple only (both under 60) | £325 | £575 | £825 | £16,900 | £29,900 | £42,900 |
| Couple only (one or both over 60) | £225 | £325 | £525 | £11,700 | £16,900 | £27,300 |
| Couple 1/2 child(ren) under 18 | £375 | £625 | £975 | £19,500 | £32,500 | £50,700 |
| Couple 3+ children under 18 | £275 | £575 | £825 | £14,300 | £29,900 | £42,900 |
| Lone parent with 1/2 child(ren) under 18 | £125 | £225 | £375 | £6,500 | £11,700 | £19,500 |
| Lone parent with 3+ children under 18 | £175 | £275 | £275 | £9,100 | £14,300 | £14,300 |
| Student household | £90 | £125 | £175 | £4,680 | £6,500 | £9,100 |
| Friends sharing | £90 | £225 | £275 | £4,680 | £11,700 | £14,300 |
| Other type of household | £225 | £275 | £475 | £11,700 | £14,300 | £24,700 |
| Couple with adult child(ren) | £275 | £475 | £825 | £14,300 | £24,700 | £42,900 |
| Lone parent with adult child(ren) | £125 | £225 | £375 | £6,500 | £11,700 | £19,500 |
| All households | **£175** | **£325** | **£575** | **£9,100** | **£16,900** | **£29,900** |

**Table B12** Lower Quartile, median and upper quartile income by tenure

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Tenure** | **Weekly Income (£)** | | | **Annual Income (£)** | | |
| **Lower Quartile** | **Median** | **Upper Quartile** | **Lower Quartile** | **Median** | **Upper Quartile** |
| Owner Occupied | £275 | £475 | £725 | £14,300 | £24,700 | £37,700 |
| Private Rented | £175 | £275 | £425 | £9,100 | £14,300 | £22,100 |
| Social/Affordable Rented/Intermediate | £125 | £175 | £225 | £6,500 | £9,100 | £11,700 |
| All tenures | **£175** | **£325** | **£575** | **£9,100** | **£16,900** | **£29,900** |

Notes on statistics:

Lower Quartile = 25% percentile i.e. 25% of incomes are below this figure and 75% are above

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

Source: 2012 Household Survey rebased to the 2011 Census

* 1. Within County Durham, tables B10 to B12 demonstrate there are considerable variations in income levels by area, household type and tenure. Median income levels are highest in Central Durham and The Dales and lowest in East Durham. Single parents and single adult households aged over 60 are those most likely to have a lower median income (though students have the lowest). High median incomes are more likely amongst owner occupiers.

## Stage 2: The housing stock

### Step 2.1 Dwelling profile

* 1. The 2011 Household Survey provides a wealth of information on current dwelling profiles, which can be used to review dwelling size, type, condition and tenure. The characteristics of residents living in particular tenures are also explored in more detail to consider the general markets that different tenures are serving. This analysis is needed to help inform priorities for development for affordable and market housing, explore demand trends for social rented stock and explore inter-relationships between different tenures.

#### Total dwelling stock

* 1. There are currently a total of 235,360[[26]](#footnote-26) residential dwellings across the County Durham of which 223,081 are occupied by individual households[[27]](#footnote-27). The total number of dwellings has increased from 221,349 in 2001[[28]](#footnote-28).
  2. The overall tenure profile of County Durham is summarised in Figure B2. Table B13 compares this tenure profile with the region.

**Figure B2** County Durham tenure profile 2011



Source: 2012 Household Survey rebased to 2011 Census

**Table B13** Comparison of national and regional tenure profiles with County Durham

|  |  |  |  |
| --- | --- | --- | --- |
| **Tenure** | **County Durham (%)** | **North East (%)** | **England (%)** |
| Owner-occupied | 65.8 | 61.8 | 63.3 |
| Affordable/Social Rented | 13.8 | 14.8 | 18.2 |
| Private Rented | 20.3 | 23.3 | 18.5 |
| Total | 100.0 | 100.0 | 100.0 |

Source: 2012 Household Survey rebased to 2011 Census; 2008 Regional Trends

* 1. The majority of stock in County Durham is owner-occupied (65.8%). The proportion of social rented property is slightly lower than the regional average. The proportion of private rented stock is somewhat lower than regional levels, but higher than the national estimates.

#### Newbuild activity

* 1. Table B14 summarises newbuild activity over the ten year period 2000/01 to 2010/11 and during this time completions have averaged 1427 each year.

**Table B14** Newbuild activity in County Durham

|  |  |
| --- | --- |
| **Year** | **County Net Completions** |
| 2000-01 | 1056 |
| 2001-02 | 920 |
| 2002-03 | 908 |
| 2003-04 | 1581 |
| 2004-05 | 1021 |
| 2005-06 | 1800 |
| 2006-07 | 2361 |
| 2007-08 | 2397 |
| 2008-09 | 1426 |
| 2009-10 | 1179 |
| 2010-11 | 1046 |
| **11 year Total** | **15,695** |
| yearly average | 1427 |

Source: Local Authority Planning Department.

#### Right to buy

* 1. At the time of the 1980 Housing Act which gave Council renters the right-to-buy their homes, there were 84,249 Council dwellings across County Durham. Available CLG data indicates that upwards of 37,459 dwellings have been sold under right to buy or preserved right-to-buy, representing 44.4% of dwelling stock (this excludes stock transfers). The level of sales has exacerbated the shortage of affordable accommodation across the area. More recently, the ability for renters to buy their homes has become more difficult as house prices have increased and therefore the price paid, after available discounts are taken into consideration, has increased too. However the Government has announced that discounts could increase.

#### Owner occupation: stock information

* 1. The majority of households in County Durham (146,010) are owner-occupiers; 35.5% own outright (78,778) and 30.4% own with a mortgage (67,232). Table B15 provides a summary of a range of data associated with owner-occupied stock.

**Table B15** Attributes of owner-occupied stock

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Property Type** | **Owned (no mortgage) (%)** | **Owned (with mortgage) (%)** | **All Owner Occupied (%)** | **All Occupied Stock (%)** |
| Detached house | 21.2 | 25.7 | 23.3 | 17.8 |
| Semi-detached house | 30.7 | 37.8 | 34.0 | 31.8 |
| Terraced house | 30.7 | 30.0 | 30.4 | 29.7 |
| Bungalow | 15.0 | 5.1 | 10.4 | 15.3 |
| Maisonette | 0.0 | 0.0 | 0.0 | 0.2 |
| Flat/apartment | 1.7 | 1.1 | 1.5 | 4.8 |
| Caravan/Park Home | 0.3 | 0.0 | 0.1 | 0.1 |
| Other | 0.4 | 0.2 | 0.3 | 0.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |
| **No. Bedrooms** | **Owned (no mortgage) (%)** | **Owned (with mortgage) (%)** | **All Owner Occupied (%)** | **All Occupied Stock (%)** |
| One/studio | 1.0 | 1.0 | 0.9 | 6.1 |
| Two | 30.3 | 22.8 | 26.8 | 34.8 |
| Three | 49.7 | 52.0 | 50.8 | 43.7 |
| Four | 15.7 | 20.8 | 18.0 | 12.7 |
| Five or more | 3.4 | 3.4 | 3.4 | 2.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |
| **Property Age** | **Owned (no mortgage) (%)** | **Owned (with mortgage) (%)** | **All Owner Occupied (%)** | **All Occupied Stock (%)** |
| Pre 1919 | 22.1 | 18.5 | 20.4 | 17.6 |
| 1919-1944 | 17.4 | 12.8 | 15.3 | 16.5 |
| 1945-1964 | 18.8 | 17.4 | 18.2 | 21.7 |
| 1965-1984 | 26.0 | 20.1 | 23.3 | 23.1 |
| 1985-2004 | 13.2 | 21.7 | 17.1 | 14.9 |
| 2005 onwards | 2.6 | 9.5 | 5.7 | 6.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |
| **Satisfaction with quality** | **Owned (no mortgage) (%)** | **Owned (with mortgage) (%)** | **All Owner Occupied (%)** | **All Occupied Stock (%)** |
| Very Satisfied | 69.5 | 58.8 | 64.6 | 54.0 |
| Satisfied | 26.8 | 34.5 | 30.4 | 35.0 |
| Neither satisfied nor dissatisfied | 3.0 | 4.2 | 3.6 | 6.9 |
| Dissatisfied | 0.5 | 2.0 | 1.2 | 3.2 |
| Very Dissatisfied | 0.2 | 0.5 | 0.3 | 0.9 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 78778 | 67232 | 146010 | 221612 |

Source: 2012 Household Survey rebased to 2011 Census

* 1. Key observations include:
     + Most owner-occupied properties are houses, with 34.0% semi-detached, 30.4% terraced and 23.3% detached; a further 10.4% are bungalows, 1.5% flats/maisonettes and 0.3% other property types;
     + 50.8% of properties have three bedrooms, 21.4% have four or more bedrooms, 26.8% have two bedrooms and 0.9% have one bedroom;
     + Around 20.4% of owner-occupied stock was built pre-1919, 33.5% was built between 1919 and 1964; 23.3% was built between 1965 and 1984 and 22.8% has been built since 1985;
     + 95.0% of owner-occupier households are satisfied or very satisfied with the quality of their accommodation, 3.6% are neither satisfied nor dissatisfied and 1.5% expressed degrees of dissatisfaction.

#### Owner occupation: household characteristics

* 1. A range of socio-economic and demographic information on residents has been obtained from the household survey. Some interesting observations relating to owner-occupiers include:
     + In terms of household type, 28.0% of owner occupiers are couples with children, 41.9% are older (60 or over) singles and couples, 14.6% are couples (under 60 with no children), 9.0% are singles, 4.4% are lone parents and 2.1% are other household types;
     + The majority of Household Reference People (Heads of Household) living in owner occupied dwellings are in employment (55.9%) and a further 35.0% are wholly retired from work. The proportion retired is considerably higher for outright owners (59.8%);
     + Incomes amongst owner occupiers tend to be high, with 45.0% receiving at least £500 each week. That said, incomes amongst outright owners tend to be lower than for mortgaged owners, with 42.8% receiving less than £300 each week compared with 16.2% of mortgaged owners. This reflects the different age profile and economic status of outright owners;
     + In terms of length of residency, 42.5% of owner occupiers have lived in the same property for 20 years or more;

#### Affordable housing: stock information

* 1. Affordable housing comprises Housing Association and other social rented accommodations and intermediate tenure dwellings and accounts for 44,766 (20.2%) of all occupied dwellings. Intermediate housing is defined in the NPPF as ‘homes for sale and rent provided at a cost above social rent, but below market levels’. Intermediate tenure includes shared equity products (e.g. Homebuy), discounted for sale houses etc. Observations relating to affordable housing based on the household survey are presented in Table B16. This shows:
     + Houses account for 51.1% of occupied affordable dwelling stock, 37.8% are bungalows and 10.7% are flats/apartments/maisonettes. Affordable dwellings tend to have one (23.0%), two (51.8%) or three (24.3%) bedrooms, with a further 0.9% having four or more bedrooms;
     + Most affordable homes have been built since 1945, with 63.7% built between 1945 and 1984, with a further 13.0% built since 1984;
     + 80.0% of households stated they were satisfied or very satisfied with the quality of their dwelling and 7.7% expressed degrees of dissatisfaction.

#### Affordable housing: household characteristics

* 1. Key observations relating to the characteristics of households living in affordable dwellings:
     + A variety of household types live in affordable housing: 51.8% are older singles and couples, a further 11.1% are couples with children, 18.1% are singles, 11.7% are lone parents, 5.3% are couples with no children and 2.0% are other types of household;
     + 21.5% of Household Reference People (Heads of Household) living in affordable housing are in employment. A further 38.3% are wholly retired from work, 23.8% are permanently sick/disabled, 7.7% are unemployed, 7.6% are looking after the home/a full-time carer or volunteer and 1.1% are in full-time education/training;
     + Incomes are generally low, with 84.6% receiving an income of less than £300 gross each week and 39.4% receiving less than £150 gross each week.

**Table B16** Attributes of affordable dwelling stock

|  |  |  |
| --- | --- | --- |
| **Property Type** | **All Affordable (%)** | **All Occupied Stock (%)** |
| Detached house | 2.5 | 17.8 |
| Semi-detached house | 30.0 | 31.8 |
| Terraced house | 18.6 | 29.7 |
| Bungalow | 37.8 | 15.3 |
| Maisonette | 1.0 | 0.2 |
| Flat/apartment | 9.7 | 4.8 |
| Caravan/Park Home | 0.0 | 0.1 |
| Other | 0.4 | 0.3 |
| Total | 100.0 | 100.0 |
| **No. Bedrooms** | **All Affordable (%)** | **All Occupied Stock (%)** |
| One | 23.0 | 6.1 |
| Two | 51.8 | 34.8 |
| Three | 24.3 | 43.7 |
| Four | 0.4 | 12.7 |
| Five or more | 0.5 | 2.7 |
| Total | 100 | 100 |
| **Property Age** | **All Affordable (%)** | **All Occupied Stock (%)** |
| Pre 1919 | 4.3 | 17.6 |
| 1919-1944 | 19.0 | 16.5 |
| 1945-1964 | 37.5 | 21.7 |
| 1965-1984 | 26.2 | 23.1 |
| 1985-2004 | 8.6 | 14.9 |
| 2005 onwards | 4.4 | 6.3 |
| Total | 100.0 | 100.0 |
| **Satisfaction with state of repairs** | **All Affordable (%)** | **All Occupied Stock (%)** |
| Very Satisfied | 34.2 | 54.0 |
| Satisfied | 45.8 | 35.0 |
| Neither satisfied / dissatisfied | 12.4 | 6.9 |
| Dissatisfied | 6.3 | 3.2 |
| Very Dissatisfied | 1.4 | 0.9 |
| Total | 100.0 | 100.0 |
| Base | 44,766 | 221,612 |

Source: 2012 Household Survey rebased to 2011 Census

#### Private rented sector: stock information

* 1. The household survey estimated that there are around 30,837 privately renting households across County Durham, representing 13.9% of households, broken down as follows:
     + 14.4% (4,432) rent furnished properties;
     + 82.6% (25,456) rent unfurnished properties; and
     + 3.1% (949) rent tied accommodation.
  2. Table B17 summarises a range of data relating to private rented properties. Key observations include:
     + Houses account for the majority of private rented stock (79.9% overall), with flats accounting for a further 13.3%, bungalows 5.9% and other property types 0.9%. Flats account for 29.9% of furnished rented properties;
     + 47.9% of private rented accommodation has two bedrooms and 38.1% has three bedrooms. 16.1% of private furnished property has one bedroom or is a bedsit and 19.1% have four or more bedrooms;
     + Overall, 11.1% of private renters expressed dissatisfaction with the state of repair of their accommodation. Dissatisfaction was highest amongst unfurnished renters (13.0%).

#### Private rented sector: characteristics of tenants

* 1. Key observations relating to the characteristics of private renters are:
     + The characteristics of tenants are diverse and in particular the private rented sector accommodates singles under 60 (23.5%), couples with no children (17.2%), couples with children (20.2%) and lone parents (17.1%). 46.4% have lived in their accommodation for less than two years;
     + In terms of income, 60.0% of privately renting households receive less than £300 gross each week, 19.9% receive between £300 and £500 each week and 20.1% receive at least £500 each week, indicating that the private rented sector tends to accommodate lower income households overall;
     + 52.0% of household reference people (heads of household) living in private rented accommodation are employed, 9.2% are unemployed, 12.6% are permanently sick/disabled, 9.8% are carers or looking after the home, 12.5% are wholly retired from work and 3.9% are in full-time education;

**Table B17** Summary of key data relating to private rented stock County Durham

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Property Type** | Rented privately (furnished) (%) | Rented privately (unfurnished) (%) | Tied accommodation (%) | All Private Rented (%) | All Occupied Stock (%) |
| Detached house | 12.7 | 12.9 | 36.2 | 13.6 | 17.8 |
| Semi-detached house | 28.1 | 23.3 | 18.7 | 23.9 | 31.8 |
| Terraced house | 24.7 | 45.7 | 37.1 | 42.4 | 29.7 |
| Bungalow | 1.4 | 6.7 | 5.0 | 5.9 | 15.3 |
| Maisonette | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Flat/apartment | 29.9 | 10.8 | 3.0 | 13.3 | 4.8 |
| Caravan/Park Home | 2.7 | 0.0 | 0.0 | 0.4 | 0.1 |
| Other | 0.4 | 0.5 | 0.0 | 0.5 | 0.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| **No. Bedrooms** | Rented privately (furnished) (%) | Rented privately (unfurnished) (%) | Tied accommodation (%) | All Private Rented (%) | All Occupied Stock (%) |
| One/studio | 16.1 | 4.6 | 3.0 | 6.1 | 6.1 |
| Two | 38.6 | 51.0 | 8.0 | 47.9 | 34.8 |
| Three | 26.1 | 39.0 | 69.7 | 38.1 | 43.7 |
| Four | 10.9 | 4.3 | 5.9 | 5.3 | 12.7 |
| Five or more | 8.2 | 1.1 | 13.4 | 2.5 | 2.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| **Property Age** | Rented privately (furnished) (%) | Rented privately (unfurnished) (%) | Tied accommodation (%) | All Private Rented (%) | All Occupied Stock (%) |
| Pre 1919 | 18.8 | 20.2 | 32.8 | 20.5 | 17.6 |
| 1919-1944 | 4.0 | 22.3 | 15.5 | 19.5 | 16.5 |
| 1945-1964 | 19.1 | 19.6 | 17.2 | 19.4 | 21.7 |
| 1965-1984 | 31.1 | 15.9 | 2.1 | 17.5 | 23.1 |
| 1985-2004 | 19.6 | 8.9 | 32.4 | 11.3 | 14.9 |
| 2005 onwards | 7.4 | 13.0 | 0.0 | 11.8 | 6.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| **Satisfaction with quality** | Rented privately (furnished) (%) | Rented privately (unfurnished) (%) | Tied accommodation (%) | All Private Rented (%) | All Occupied Stock (%) |
| Very Satisfied | 26.7 | 32.1 | 77.1 | 32.7 | 54.0 |
| Satisfied | 53.7 | 39.7 | 22.9 | 41.2 | 35.0 |
| Neither satisfied nor dissatisfied | 16.7 | 15.1 | 0.0 | 14.9 | 6.9 |
| Dissatisfied | 0.0 | 9.7 | 0.0 | 8.0 | 3.2 |
| Very Dissatisfied | 2.9 | 3.3 | 0.0 | 3.1 | 0.9 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Base | 4,432 | 25,456 | 949 | 30,837 | 221,612 |

Source: 2012 Household Survey rebased to 2011 Census

#### Concluding comments

* 1. In order to maintain balanced communities, there is a need for a variety of tenure options which people can choose to reflect their household circumstances. Owner-occupation is the dominant tenure (with around 146,000 households). Despite a substantial reduction in scale through right to buy, the social (affordable) rented sector accommodates around 44,800 households and the private rented sector around 30,800 households.

### Step 2.2 Stock condition

* 1. The 2012 Household Survey asked respondents how satisfied they were with the quality of their accommodation. Overall, 4.1% of respondents expressed dissatisfaction. Private renters (11.1%) were more likely to express dissatisfaction.

### 

### Step 2.3 Shared housing and communal establishments

* 1. There are an estimated 1700 Houses in Multiple Occupation across County Durham (of which 1,625 are verifiable) according to the 2011 Housing Strategy Statistical Appendix.

## 

## Stage 3: The active market

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

#### Buying a property

* 1. A range of information relating to house prices, rates of change and comparisons with other areas was presented in Chapter 3. The cost of buying a property varies considerably by property type and locality, as shown in Table B18.
  2. Table B19 considers the relative affordability of open market purchase by reviewing the incomes which would be required to ensure that lower quartile and median-priced properties are affordable (that is, cost no more than 3.5 times a household income). This suggests that across County Durham, a household income of £20,000 is required for a lower quartile priced property to be affordable and an income of £30,000 is required for a median priced property.

**Table B18** County Durham and delivery area lower quartile and median prices February 2012 to January 2013

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Property type** | **Price** | **Central Durham** | **East Durham** | **North Durham** | **South Durham** | **The Dales** | **Total** |
| Detached | Lower Quartile | £162,500 | £132,500 | £151,000 | £138,250 | £138,000 | £144,995 |
|  | Median | £202,500 | £164,000 | £177,500 | £161,000 | £215,000 | £175,000 |
| Semi-detached | Lower Quartile | £83,000 | £63,250 | £81,500 | £75,000 | £87,000 | £75,000 |
|  | Median | £110,000 | £81,000 | £108,500 | £98,000 | £123,000 | £102,250 |
| Terraced | Lower Quartile | £73,000 | £46,000 | £55,501 | £45,000 | £72,000 | £52,500 |
|  | Median | £103,000 | £65,000 | £73,000 | £60,250 | £95,000 | £73,000 |
| Flat | Lower Quartile | £88,000 | £51,500 | £53,500 | £46,000 | £54,500 | £57,000 |
|  | Median | £102,500 | £65,000 | £80,000 | £62,000 | £95,000 | £80,000 |
| Total | Lower Quartile | £85,000 | £58,000 | £67,500 | £60,000 | £80,000 | £67,000 |
|  | Median | £120,500 | £80,000 | £99,995 | £93,500 | £122,750 | £100,000 |

Source: Land Registry price-paid dataset

**Table B19** Household income required for a property to be affordable (based on a 3.5x income multiple)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Property type** | **Price** | **Central Durham** | **East Durham** | **North Durham** | **South Durham** | **The Dales** | **Total** |
| Detached | Lower Quartile | £46,429 | £37,857 | £43,143 | £39,500 | £39,429 | £41,427 |
|  | Median | £57,857 | £46,857 | £50,714 | £46,000 | £61,429 | £50,000 |
| Semi-detached | Lower Quartile | £23,714 | £18,071 | £23,286 | £21,429 | £24,857 | £21,429 |
|  | Median | £31,429 | £23,143 | £31,000 | £28,000 | £35,143 | £29,214 |
| Terraced | Lower Quartile | £20,857 | £13,143 | £15,857 | £12,857 | £20,571 | £15,000 |
|  | Median | £29,429 | £18,571 | £20,857 | £17,214 | £27,143 | £20,857 |
| Flat | Lower Quartile | £25,143 | £14,714 | £15,286 | £13,143 | £15,571 | £16,286 |
|  | Median | £29,286 | £18,571 | £22,857 | £17,714 | £27,143 | £22,857 |
| Total | Lower Quartile | £24,286 | £16,571 | £19,286 | £17,143 | £22,857 | £19,143 |
|  | Median | £34,429 | £22,857 | £28,570 | £26,714 | £35,071 | £28,571 |

Source: Land Registry Price Paid Data

#### Renting a property: private renting

* 1. Table B20 illustrates average private rents across County Durham and delivery area.

**Table B20** Private renting in County Durham

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **No. Bedrooms** | **Price** | **Delivery area and Rent Per Calendar Month (£)** | | | | | |
|  |  | Central Durham | North Durham | East Durham | South Durham | West Durham | County Durham |
| 1 | Lower Quartile | 340 | 270 | 525 | 340 | 362.5 | 272.5 |
|  | Median | 395 | 275 | 712.5 | 397.5 | 377.5 | 325 |
| 2 | Lower Quartile | 395 | 395 | 395 | 362.5 | 375 | 385 |
|  | Median | 450 | 450 | 425 | 395 | 400 | 425 |
| 3 | Lower Quartile | 450 | 450 | 375 | 400 | 450 | 450 |
|  | Median | 495 | 525 | 450 | 452.5 | 500 | 495 |
| 4 | Lower Quartile | 672.5 | 625 | 500 | 595 | 650 | 640 |
|  | Median | 750 | 695 | 550 | 687.5 | 700 | 725 |
| 5 | Lower Quartile | 665 | 850 | 1200 | 700 | . | 687.5 |
|  | Median | 1337 | 975 | 1200 | 1200 | . | 1200 |
| 6 | Lower Quartile | 2070 | 1400 | . | . | . | 1400 |
|  | Median | 2935 | 1400 | . | . | . | 1670 |
| All | Lower Quartile | 400 | 375 | 395 | 375 | 395 | 395 |
|  | Median | 475 | 450 | 450 | 424 | 450 | 450 |
| Source: Internet search of private lettings agents 2012 | | | | | | | |

#### Renting a property: renting from a social landlord

* 1. Table B21 illustrates the cost of renting a property from social housing providers.

**Table B21** The cost of renting from a social landlord in County Durham and income required for the property to be affordable

|  |  |
| --- | --- |
| **Property size** | **Average Monthly Gross Rent – Housing Associations** |
| Bedsit | £237 |
| One | £241 |
| Two | £269 |
| Three | £285 |
| Four | £306 |
| Five | £341 |
| Six + | £337 |
| **All Sizes** | **£273** |
| **Property size** | **Min. income required for rent to be affordable (based on 25% of gross household income)** |
| Bedsit | £946 |
| One | £965 |
| Two | £1,078 |
| Three | £1,139 |
| Four | £1,222 |
| Five | £1,364 |
| Six + | £1,349 |
| **All Sizes** | **£1,090** |

Source: Homes and Communities Agency Regulatory Statistical Return 2011

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

### Overcrowding and under-occupation (Step 3.3)

#### Overcrowding

* 1. The 2012 Household Survey identified that around 2,709 households across County Durham were living in overcrowded conditions. Analysis was based on the number of bedrooms the household had access to, compared with the number required according to the Bedroom Standard Model. Table B22 shows that the proportion of households who were overcrowded averaged 1.2% across County Durham and was highest in East Durham where 2.1% of all households were overcrowded.

**Table B22** Overcrowding by delivery area

|  |  |  |  |
| --- | --- | --- | --- |
| **Delivery area** | **No. Overcrowded** | **Total households** | **% Overcrowded** |
| North Durham | 370 | 60151 | 0.6 |
| Central Durham | 463 | 42905 | 1.1 |
| East Durham | 868 | 41416 | 2.1 |
| The Dales | 134 | 14811 | 0.9 |
| South Durham | 874 | 64520 | 1.4 |
| Total | 2709 | 223803 | 1.2 |

Source: 2012 Household Survey rebased to 2011 Census

* 1. How rates of overcrowding vary by tenure is shown in Table B23 and by household type in Table B24. Rates of overcrowding are highest amongst owner occupiers with a mortgage (1.8%), followed by those in private renting (1.5%). Rates of overcrowding are lowest amongst owner occupiers who own their property outright (no mortgage)(0.6%).

**Table B23** Overcrowding by tenure

|  |  |  |  |
| --- | --- | --- | --- |
| **Tenure** | **No. Overcrowded** | **Total Households** | **%**  **Overcrowded** |
| Owned (no mortgage) | 457 | 79618 | 0.6 |
| Owned (with mortgage) | 1186 | 67729 | 1.8 |
| Social/Affordable Rent and Intermediate | 614 | 45492 | 1.3 |
| Rented privately | 452 | 30964 | 1.5 |
| Total | 2709 | 223803 | 1.2 |

Source: 2012 Household Survey rebased to 2011 Census

* 1. Table B24 shows that rates of overcrowding are highest in households of lone parents with three or more children (12.2%), followed by friends sharing (8.9%), other types of household (8.2%) and couples with adult children at home (7.1%).

**Table B24** Overcrowding by household type

|  |  |  |  |
| --- | --- | --- | --- |
| **Households** | **No. Overcrowded** | **Total Households** | **% Overcrowded** |
| Single adult (under 60) | 0 | 28541 | 0.0 |
| Single adult (60 or over) | 0 | 40135 | 0.0 |
| Couple only (both under 60) | 0 | 29114 | 0.0 |
| Couple only (one or both over 60) | 0 | 49755 | 0.0 |
| Couple 1/2 child(ren) under 18 | 189 | 27077 | 0.7 |
| Couple 3+ children under 18 | 207 | 4352 | 4.8 |
| Lone parent with 1/2 child(ren) under 18 | 23 | 10545 | 0.2 |
| Lone parent with 3+ children under 18 | 87 | 716 | 12.2 |
| Student household | 0 | 728 | 0.0 |
| Friends sharing | 123 | 1386 | 8.9 |
| Other type of household | 289 | 3515 | 8.2 |
| Couple with adult child(ren) | 1488 | 20932 | 7.1 |
| Lone parent with adult child(ren) | 181 | 5819 | 3.1 |
| Total | 2709 | 222616 | 1.2 |

Source: 2012 Household Survey rebased to 2011 Census

#### Under-occupation

SORRY COULDN’T FIND THE BELOW DATA

* 1. Using the bedroom standard model methodology, it is possible to identify households that are under-occupying i.e. there are more bedrooms than needed. Overall, around 178,942 households (80%) in County Durham are technically under-occupying e.g. a couple in a two or three bedroom house or a single person in a two bedroom house. Severe under-occupation, whereby a household has 3 or more ‘spare bedrooms’, is experienced by a total of 17,563 households (7.8%). Table B25 summarises the number and proportion of households where there is severe under-occupation by delivery area, indicating that this is a particular issue for households living in The Dales where 13.4% of all households are severely underoccupying.

**Table B25** Severe under-occupation\* by delivery area

|  |  |  |  |
| --- | --- | --- | --- |
| **Delivery area** | **No. Underoccupying\*** | **Total households** | **% Underoccupying\*** |
| North Durham | 3896 | 60151 | 6.5 |
| Central Durham | 4598 | 42905 | 10.7 |
| East Durham | 2297 | 41416 | 5.5 |
| The Dales | 1984 | 14811 | 13.4 |
| South Durham | 4788 | 64520 | 7.4 |
| Total | 17563 | 223803 | 7.8 |

\*household has 3 or more ‘spare’ bedrooms

Source: Household survey 2012 rebased to 2011 Census

* 1. Table B26 considers severe under-occupation by tenure. Severe under-occupation is most prevalent amongst owner occupiers who own their property outright (14.5%).

**Table B26** Severe under-occupation\* by tenure

|  |  |  |  |
| --- | --- | --- | --- |
| **Tenure** | **No. Underoccupying\*** | **Total Households** | **%**  **Underoccupying\*** |
| Owned (no mortgage) | 11524 | 79618 | 14.5 |
| Owned (with mortgage) | 5319 | 67729 | 7.9 |
| Social/Affordable Rent and Intermediate | 87 | 45492 | 0.2 |
| Rented privately | 634 | 30964 | 2.0 |
| Total | 17563 | 223803 | 7.8 |

\*household has 3 or more ‘spare’ bedrooms

Source: Household survey 2012 rebased to 2011 Census

* 1. Table B27 illustrates the relationship between severe under-occupation and household type. This shows that severe under-occupation is most prevalent amongst couples without children accounting for 71.4% of all sever under-occupation. The next largest group are single adults with no children (13.6%).

**Table B27** Under-occupation\* by household type

|  |  |  |  |
| --- | --- | --- | --- |
| **Households** | **No. Underoccupying\*** | **Total Households** | **% Underoccupying** |
| Single adult (under 60) | 1193 | 28541 | 4.2 |
| Single adult (60 or over) | 1558 | 40135 | 3.9 |
| Couple only (both under 60) | 4985 | 29114 | 17.1 |
| Couple only (one or both over 60) | 8210 | 49755 | 16.5 |
| Couple 1/2 child(ren) under 18 | 910 | 27077 | 3.4 |
| Couple 3+ children under 18 | 0 | 4352 | 0.0 |
| Lone parent with 1/2 child(ren) under 18 | 53 | 10545 | 0.5 |
| Lone parent with 3+ children under 18 | 0 | 716 | 0.0 |
| Student household | 0 | 728 | 0.0 |
| Friends sharing | 0 | 1386 | 0.0 |
| Other type of household | 15 | 3515 | 0.4 |
| Couple with adult child(ren) | 587 | 20932 | 2.8 |
| Lone parent with adult child(ren) | 53 | 5819 | 0.9 |
| Total | 17563 | 223803 | 7.8 |

\*Household has 3 or more ‘spare’ bedrooms

Source: Household survey 2012 rebased to 2011 Census

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

#### Vacancy rates

* 1. A total of 10,110 dwellings were reported as vacant in 2011 representing 4.3% of total dwelling stock[[29]](#footnote-29).

#### Turnover rates

* 1. The 2012 Household Survey provided information on how long a household had lived at their present address. Using this information, turnover rates can be derived by delivery area (Table B28) and tenure (Table B29). Overall, around 5.4% of households move each year. Within County Durham, highest levels of turnover were in Central Durham (6.2%).
  2. Table B29 shows that there are strong relationships between turnover and tenure, with the private rented sector exhibiting strong rates of turnover and the owner-occupied sector the least; this is consistent with national trends.

**Table B28** Household turnover rates by delivery area

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Delivery area** | **% households living in property for less than 5 years** | **Annual Turnover (%)** | **Annual turnover (no. of dwellings)** | **Total households** |
| North Durham | 26.2 | 5.2 | 3151 | 60151 |
| Central Durham | 30.8 | 6.2 | 2642 | 42905 |
| East Durham | 26.4 | 5.3 | 2190 | 41416 |
| The Dales | 26.2 | 5.2 | 775 | 14811 |
| South Durham | 25.7 | 5.1 | 3322 | 64520 |
| Total | 27.0 | 5.4 | 12079 | 223803 |

Source: Household Survey 2012 rebased to 2011 Census

**Table B29** Household turnover rates by area and tenure

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Tenure** | **% households living in property for less than 5 years** | **Annual Turnover (%)** | **Annual turnover (no. of dwellings)** | **Total households** |
| Owned (no mortgage) | 7.2 | 1.4 | 1150 | 79618 |
| Owned (with mortgage) | 23.0 | 4.6 | 3111 | 67729 |
| Social/Affordable Rent and Intermediate | 33.0 | 6.6 | 2999 | 45492 |
| Rented privately | 77.8 | 15.6 | 4819 | 30964 |
| Total | 27.0 | 5.4 | 12079 | 223803 |

Source: Household survey 2012 rebased to 2011 Census

### 

### Supply by tenure

#### Owner occupied

* 1. On the basis of household turnover rates presented in Table B29, around 4,300 owner occupied dwellings become available for purchase on an annual basis.

#### Private rented

* 1. There is a high degree of turnover in private rented properties, which results in a good overall supply. Household survey data suggests around 4,800 private rented lets become available each year.

#### Social rented

* 1. Household survey data suggests around 3,000 social rented lettings are made each year. Further analysis of social rented lettings is presented at Appendix D.

#### Intermediate tenure

* 1. Intermediate housing is defined in the NPPF as ‘homes for sale and rent provided at a cost above social rent, but below market levels’. Intermediate tenure includes shared equity products (e.g. Homebuy), discounted for sale houses etc. ‘housing at prices and rents above those of social rent, but below market price or rents’. Intermediate tenure includes shared equity products (e.g. Homebuy), discounted for sale houses etc.
  2. Household survey data suggests that around 30 intermediate tenure dwellings come available each year. Further analysis of intermediate tenure turnover is presented at Appendix D.

## Stage 4: Bringing the evidence together

### Step 4.1 Mapping market characteristics

#### Introduction

* 1. Chapter 3 presented a range of material relating to housing market dynamics. An analysis of household mobility suggests that of households moving in the past 5 years, 77.5% of households move within County Durham and 22.5% had moved into the area, with 10.8% originating from elsewhere in the North East, 1.8% from Yorkshire and the Humber, 2.3% from the North West, 6.6% from elsewhere in the UK and 1.1% from outside the UK.
  2. A majority (61.0%) of households moving into County Durham were headed by someone who was economically active although a majority (54.8% worked outside the County. Key reasons for moving included to be closer to family and friends for social reasons (17.2%), to be closer to work (17.1%) and wanting a larger property (13.0%), 45.8% had a weekly income in excess of £500, 48.7% of household reference people were in the 16-39 age group and 34.1% in the 40-59 age group.
  3. In terms of travel to work patterns, 65.2% of residents work in County Durham and 34.8% commute out to work, particularly to Tyne and Wear (19.8%) and Tees Valley (9.4%).
  4. The extent to which housing market dynamics vary across the county are now explored by delivery area, with specific reference to:
* Housing market function (through the review of migration patterns and travel to work patterns); and
* Housing market typology (through the review of dwelling stock and socio-economic and demographic characteristics).
  1. Table B30 provides a review of the distinctive attributes of each survey area. For each attribute, a county mean has been calculated (for instance the % of households who are owner-occupiers). Information for each delivery area is then compared against this mean to indicate the extent of variation from the mean figure. The colours in the chart reflect the degree of variation:
     + YELLOW indicates that the survey area figure is less than 75% of the county mean;
     + GREEN indicates that the survey area figure is between 75% and 125% of the county mean; and
     + RED indicates that the survey area figure is at least 125% of the county mean.
  2. Percentage data is presented for migration and travel to work data**.**
  3. Overall, analysis indicates that there is not a considerable degree of variation in property type, size and tenure across County Durham’s delivery areas. The main exception is West Durham which has proportionately more private rented; detached and flatted dwellings; higher house prices relative to the County average.

**Table B30** Attributes of delivery areas



Source: 2012 Household Survey; Land Registry

#### **Housing market function**

* 1. The household survey identified that the vast majority (77.5%) of households moving within the preceding 5 years had moved within County Durham, so the County can be described as a self-contained delivery area (70% is the threshold used by CLG in defining a delivery area). 22.7% of households originated from outside County Durham, with 8.5% originated in Tyne and Wear, 3.2% from Tees Valley and 11% from elsewhere.
  2. The CLG suggests that a housing market is self-contained if at least 70% of households moving originate from the same area. On this basis, South Durham can be described as a self-contained delivery area and the other delivery areas are not self-contained but influenced by other migration patterns:
     + Central Durham is almost self-contained (67.7% of moving households originated from the same delivery area), with 12.7% originating from elsewhere in County Durham, 11.3% from elsewhere in the UK (outside of the North East, North West and Yorkshire and the Humber) and 5% originated from Tyne and Wear;
     + In North Durham, 59.4% of households originated from the same delivery area. A further 14% originated from elsewhere in County Durham and 14.2% originated from Tyne and Wear;
     + East Durham is one of the least self-contained delivery areas, with 48.1% of households originating from the same survey area. A further 23.6% originated from elsewhere in County Durham and 13.1% originated from Tyne and Wear;
     + Although South Durham is a self-contained delivery area, 5.9% of households originated from Tees Valley and 4.1% from elsewhere in the UK (outside of the North East, North West and Yorkshire and the Humber)
     + West Durham is the least self-contained delivery area, with 45.1% of household originating from the same survey area. A further 31.9% moved from within County Durham, 4.6% from Tees Valley and 10.9% from elsewhere in the UK.

#### Housing market typology

* 1. This study has provides up to date information on the housing stock in the County Durham and how the stock profile varies by delivery area has been presented.
  2. Across County Durham there are a total of 235,360 dwellings of which 2,169 are second homes, 10,110 vacant, 1.504 are student households and 223,081 are occupied. Overall, across the County Durham:
     + 79.3% of properties are houses, 5.0% are flats/maisonettes, 15.3% are bungalows and 0.5% are other property types (e.g. caravans);
     + 6.1% have one bedroom, 34.8% have two bedrooms, 43.7% have three bedrooms and 15.4% have four or more bedrooms;
     + 17.6% of properties were built before 1919, a further 16.5% were built between 1919 and 1944, 21.7% between 1945 and 1964, 23.1% between 1965 and 1984 and 21.2% have been built since 1985;
     + 65.8% of properties are owner-occupied, 20.3% are rented from a social landlord or an intermediate tenure (e.g. shared ownership) and 13.8% are private rented

#### Summary of market characteristics

* 1. A range of material has been gathered to help identify market drivers and the characteristics of delivery areas across County Durham and linkages with other areas.
  2. An analysis of household mobility suggests that of households moving in the past 5 years 77.5% of moving households moved within County Durham. Of the 22.5% who had moved into County Durham, 20.4% originated from Tyne and Wear and 9.3% from Tees Valley. A majority (71.9%) of households moving into County Durham were headed by someone who was economically active although a majority (56.4% worked outside the County. Key reasons for moving included wanting a larger property (17.8%), to be closer to work (14.9%) and to be closer to family and friends (13.5%). 57.4% had a weekly income in excess of £500, 53.1% of household reference people were in the 16-39 age group and 40% in the 40-59 age group.
  3. In terms of travel to work patterns, 65.2% of residents work in County Durham and 34.8% commute out to work, particularly to Tyne and Wear (19.8%) and Tee Valley (9.4%).
  4. On balance, County Durham can be described as a self contained Delivery area in terms of migration, with some areas exhibiting strong interactions with other areas. In terms of travel to work, County Durham is part of a broader functional market which extends into Tyne and Wear and Tees Valley.

### 

### Step 4.2 Trends and drivers

* 1. The main drivers affecting housing markets relate to demography, economy and dwelling stock attributes. Key observations relating to County Durham are now summarised.
  2. In summary, the following demographic drivers will continue to underpin the operation of the County Durham housing market area:
     + An increasing population, with projections prepared by Durham County Council[[30]](#footnote-30) predicting a population of 560,715 in 2030 compared with 512,994 in 2011, an increase of 47,721 (9.3%);
     + Over the next few decades, there will be a ‘demographic shift’ with the number (and proportion) of older people increasing. Durham County Council population projections indicate a baseline in 2011 of 93,014 people aged 65 and over and 23,777 aged 80 and over. By 2030, these numbers are expected to increase to 138,402 people aged 65 and over (a 48.8% increase) and 45,028 aged 80 and over (a 89.4% increase);
     + Durham County Council trend-based projections[[31]](#footnote-31) indicate that the number of households in County Durham is expected to increase from 223,636 in 2011 to 246,134 in 2030, an increase of 10.1%. This represents an annual increase to 2030 of around 1,125 households each year;
     + Although the total number of households is predicted to grow, the age profile of household reference people (heads of household) will change. Of the overall change of 22,498 households additional households between 2011 and 2030, the number of households where the household reference person is aged 65 and over is projected to increase by around 23,100 and the number of households with a household reference person aged under 44 is predicted to increase by around 7,400. However, the number of households where the household reference person is aged between 45 and 64 years is predicted to decrease by around 8,000;
     + The 2012 Household Survey indicates that the largest household groups are couples with children (23.5%), couples (under 60 no children)(13.1%), singles under 60 (12.8%), older couples (one or more 60 or over)(22.4%), older singles (60 or over)(18.0%), lone parents (7.7%) and other types of household (2.5%); and
     + Regional household projections suggest that the proportion of singles and other household types is likely to increase in the future.
  3. The following economic drivers underpin the operation of the County Durham housing market area:
* 48.9% of household reference people are economically active and are in employment according to the 2012 Household Survey rebased to the 2011 Census; a further 32.4% are retired; 8.8% are permanently sick/disabled; 5.0% are either looking after the home, are carers or volunteers; 3.9% are unemployed and available for work; and 1.0% are in full-time education/training;
* 65.2% of people in employment work within County Durham. Of those working outside County, 19.8% work in Tyne and Wear and 9.4% in Tees Valley.
* According to the ONS Annual Survey of Hours and Earnings, lower quartile earnings in 2012 across County Durham were £17,716 which compares with £17,592 for the North East region and £18,933 for England. Median incomes were £23,816, compared with a regional median of £23,676 and a national median of £26,660.
* There is considerable income polarisation across County Durham, with household survey data indicating that 44.7% of households receive less than £300 each week and 33.1% receive at least £500 each week.
  1. In terms of dwelling stock, the 2012 household survey reports that, across County Durham:
* 79.3% of properties are houses, 5.0% are flats/maisonettes, 15.3% are bungalows and 0.5% are other property types (e.g. caravans);
* 6.1% have one bedroom, 34.8% have two bedrooms, 43.7% have three bedrooms and 15.4% have four or more bedrooms;
* 17.6% of properties were built before 1919, a further 16.5% were built between 1919 and 1944, 21.7% between 1945 and 1964, 23.1% between 1965 and 1984 and 21.2% have been built since 1985;
* 65.8% of properties are owner-occupied, 20.3% are rented from a social landlord or an intermediate tenure (e.g. shared ownership) and 13.8% are private rented;
* There is a particularly strong aspiration for houses

### Step 4.3 Issues for future policy/strategy

* 1. This chapter has provided a wealth of material to assess the current housing market. This material assists in identifying key strategic themes which are presented in Chapter 6 of the main report.

# Technical Appendix C: The Future Housing Market

### Introduction

* 1. The purpose of this section is to review the future housing market in County Durham and provides information relating to the following stages of the SHMA process:

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

* 1. Material in this chapter provides a basis for the following SHMA core outputs:

### Core Output 3 Future households

**Stage 1: projecting changes in future numbers of households**

* 1. Estimates of the number of future households can be derived from Durham County Council 2011-based household projections. These indicate that the total number of households is expected to increase from 223,636 in 2011 to 246,134 in 2030.

**Household change and tenure requirements**

* 1. Analysis has been carried out which uses Durham County Council 2011-based household projections and the current tenure profiles of households to provide a broad prediction of change in tenure over the period 2010-2030.
  2. From the outset, it is important to note that household projections do not automatically translate into housing targets. Determining an appropriate housing target is much more complex than simply reflecting household projections. Other factors, such as deliverability constraints and strategic policies also need to be taken into account. On balance, targets need to be set with the strategic vision of the Council in mind, coupled with a realistic assessment of what is deliverable and over what timeframe.
  3. The analysis of household projections and tenure offer an insight into how household change may occur within County Durham. The 2012 household survey has established the tenure profile of households by age group of household reference person in 2012. Assuming the proportions of households in particular tenures by age group stay the same, it is possible to estimate likely household change broken down by open market and affordable tenures. This is helpful in gauging the likely proportions requiring different tenure options.
  4. Table C2 shows household projections by age band for County Durham using Durham County Council 2011-based household projections; the tenure profile by age band in 2012; and the predicted impact of changes in the profile of HRPs on overall household numbers and tenure requirements over the period 2010 to 2030.

**Table C2** Household change in County Durham 2010-2030

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Change in no. households by HRP 2011-2030** | | | | |
| **HRP** | **2011** | **2030** | **Total change** | **Annual** |
| Under 25 | 8561 | 12493 | 3932 | 197 |
| 25-34 | 27740 | 30883 | 3143 | 157 |
| 35-44 | 37706 | 38057 | 351 | 18 |
| 45-54 | 43530 | 37639 | -5891 | -295 |
| 55-64 | 41248 | 39120 | -2128 | -106 |
| 65-74 | 34155 | 39487 | 5332 | 267 |
| 75-84 | 23014 | 32547 | 9533 | 477 |
| 85+ | 7682 | 15908 | 8226 | 411 |
| **Total** | **223636** | **246134** | **22498** | **1125** |
| **Summary** |  |  |  |  |
| <44 | 74007 | 81433 | 7426 | 371 |
| 45-64 | 84778 | 76759 | -8019 | -401 |
| 65+ | 64851 | 87942 | 23092 | 1155 |
| **Total** | **223636** | **246134** | **22498** | **1125** |

* 1. In summary, Table C2 indicates that:
     + The total number of households is expected to increase by around 22,500 across County Durham;
     + The overall increase is largely attributed to an increase in the number of households with a HRP aged 65 and over which will increase by around 23,100. Additionally, the number of households with a HRP aged under 44 will increase by around 7,400, with a reduction in households with a HRP aged 45 to 64 or around 8,000.
  2. Table C3 considers the potential impact of household change on tenure requirements. This assumes that the tenure profile based on the 2012 census by HRP remains constant over the period 2011 to 2030. Analysis suggests of the increase of around 1,125 households each year, there will be an annual increase in demand from 847 households for open market accommodation and 278 affordable/intermediate tenure dwellings.

**Table C3** Change in number of households by tenure and HRP 2011-2030

|  |  |  |  |
| --- | --- | --- | --- |
| **Change in no. households by tenure and HRP 2011-2030** | | | |
| **HRP** | **Tenure** |  |  |
|  | **Open Market** | **Affordable** | **Total** |
| Under 25 | 3199 | 733 | 3932 |
| 25-34 | 2715 | 428 | 3143 |
| 35-44 | 303 | 48 | 351 |
| 45-54 | -4995 | -896 | -5891 |
| 55-64 | -1785 | -343 | -2128 |
| 65-74 | 4171 | 1162 | 5332 |
| 75-84 | 7331 | 2202 | 9533 |
| 85+ | 6007 | 2220 | 8226 |
| **Households** |  |  |  |
| **Total** | **16945** | **5553** | **22498** |
| **Annual** | **847** | **278** | **1125** |
| **%** | **75.3** | **24.7** | **100.0** |
| **Dwellings** |  |  |  |
| **Total** | **17678** | **5793** | **23472** |
| **Annual** | **884** | **290** | **1174** |
| **%** | **75.3** | **24.7** | **100.0** |

* 1. Table C4 translates household requirements into dwelling requirements and assumes a ratio of 1.0458 dwellings to households based on the 2011 census. Overall, analysis suggests around 75.3% of household growth should be accommodated in open market dwelling stock and 24.7% in affordable/intermediate tenure dwelling stock.

**Table C4** Summary of change on households and dwellings by tenure and HRP 2011-2030

|  |  |  |  |
| --- | --- | --- | --- |
| **Change in no. households and dwellings by HRP 2011-2030** | | | |
|  | **Tenure** |  |  |
|  | **Open Market** | **Affordable** | **Total** |
| **Households** |  |  |  |
| **Total** | 16945 | 5553 | 22498 |
| **Annual** | 847 | 278 | 1125 |
| **%** | **75.3** | **24.7** | **100.0** |
| **Dwellings** |  |  |  |
| **Total** | 17678 | 5793 | 23472 |
| **Annual** | 884 | 290 | 1174 |
| **%** | **75.3** | **24.7** | **100.0** |

* 1. It is important to reiterate that this analysis focuses on household numbers and these do not necessarily relate to dwelling targets.
  2. Another important trend is the growth in the number of older people living in County Durham. By 2030, Durham County Council 2011-based population projections indicate there will be 138,402 residents aged 65 or over compared with 93,014 in 2011. This demographic change will have significant policy implications including the range of properties required and the increased level of support and assistance which will be required. In terms of new housing provision, the life time homes standard will need considering as part of the Local Development Framework suite of documents. Asking for a minimum percentage of new homes to be developed using these standards will avoid unnecessary and costly adaptations in the future, and allow older people to enjoy their home, which is flexible in meeting their requirements as they get older. New markets should be explored given that around 21.5% are considering buying on the open market, 21.2% are interested in renting sheltered accommodation, 16.4% in renting extra care accommodation and 8.8% living in a co-housing scheme. There is also going to be an increased requirement for support and assistance in the home to be met through a range of agencies and initiatives such as ‘handyperson’ schemes.

**Concluding comments**

* 1. Various data have been modelled to consider the potential change in the number of households and population of County Durham. Although population and the number of households are expected to increase, this is primarily fuelled by a considerable growth in the numbers of older people.

### Stage 2: Future economic performance

* 1. The future economic trajectory of County Durham will be guided by the Council’s strategic vision and leadership driving to strengthen the economy. Linked to this, the Council has a Preferred Options forecast to increase the number of households across the County by 30,000 by 2030 and recent economic and demographic forecasting work suggests that this figure could be up to 32,000 households.
  2. An overall increase of 30,000 households to 2030 would require an additional 7,500 households above the 2011-based projection of an additional 22,500 households (Table C5). Factoring this into the household projection model, and assuming that all of the additional household growth would be in households with a HRP aged under 45, result in an overall increase of 22,000 households living in open market and 8,000 living in affordable accommodation. This additional requirement translates to 31,300 additional dwellings (22975 (73.4%) open market and 8323 (26.6%) affordable/intermediate tenure.

**Table C5** HRP by Tenure assuming a 30,000 household growth scenario by 2030

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Change in no. households by HRP 2011-2030** | | |  |  |  |  |
| **HRP** | **Households** |  |  | **Tenure** |  |  |
|  | **Initial projection** | **Additional household growth** | **Revised 2030 household base** | **Open Market** | **Affordable** | **Total** |
| Under 25 | 12493 | 3972 | 16465 | 6431 | 1473 | 7905 |
| 25-34 | 30883 | 3175 | 34058 | 5458 | 860 | 6318 |
| 35-44 | 38057 | 355 | 38412 | 609 | 97 | 706 |
| 45-54 | 37639 |  | 37639 | -4995 | -896 | -5891 |
| 55-64 | 39120 |  | 39120 | -1785 | -343 | -2128 |
| 65-74 | 39487 |  | 39487 | 4171 | 1162 | 5332 |
| 75-84 | 32547 |  | 32547 | 7331 | 2202 | 9533 |
| 85+ | 15908 |  | 15908 | 6007 | 2220 | 8226 |
| **Total Households** | 246134 | 7502 | 253636 | 22022 | 7978 | 30000 |
| **Tenure %** |  |  |  | 73.4 | 26.6 | 100 |
| **Total Dwellings** |  |  |  | **22975** | **8323** | **31298** |

### Stage 3: Future affordability

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

Market prices and interest rate changes

* 1. The CLG guidance comments that future house prices cannot be simply projected on the basis of past trends. Furthermore, predicting prices is an inherently uncertain process since changes in house prices are cyclical and periods of rapid growth can be followed by slower rates of growth and/or decline.
  2. It is possible to undertake some elementary modelling work which assesses the likely impact of price and interest rate changes on relative affordability. Table C4 presents historic market values across County Durham and how much mortgages on a median property price would have varied assuming a fixed interest mortgage based on a 10% deposit.
  3. Three future scenarios are modelled:
     + Scenario A: A continuous fall in prices through to 2015;
     + Scenario B: A short fall and recovery in 2013;
     + Scenario C: A sustained recovery starting in 2012.

**Table C8** Cost of repayment mortgage based on different house price change and interest rate assumptions

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **House Price Change** | **Median Price** | **90% LTV** | **Interest Rate 6.09% (1)** |
| Historic Market Values | | |  |  |
| 2009 |  | £105,000 | £94,500 | £621 |
| 2010 |  | £106,500 | £95,850 | £629 |
| 2011 |  | £105,000 | £94,500 | £621 |
| Scenario A: Continuous Fall | | |  |  |
| 2012 | **-5%** | £99,750 | £89,775 | £590 |
| 2013 | **-5%** | £94,763 | £85,286 | £561 |
| 2014 | **-5%** | £90,024 | £81,022 | £533 |
| 2015 | **-5%** | £85,523 | £76,971 | £507 |
| Scenario B: Short Fall and recovery | | | |  |
| 2012 | **-5.0%** | £99,750 | £89,775 | £590 |
| 2013 | **+1%** | £100,748 | £90,673 | £596 |
| 2014 | **+2%** | £102,762 | £92,486 | £607 |
| 2015 | **+3%** | £105,845 | £95,261 | £626 |
| Scenario C: Sustained recovery | | |  |  |
| 2012 | **+1%** | £106,050 | £95,445 | £627 |
| 2013 | **+5%** | £111,353 | £100,217 | £658 |
| 2014 | **+5%** | £116,920 | £105,228 | £690 |
| 2015 | **+7.5%** | £125,689 | £113,120 | £742 |
| Mortgage deals - May 2012 | | |  |  |
| Example of first time buyer rates | | | |  |
| 6.09% | Nat West | 90% LTV | 5yrs |  |

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

* 1. Figure C2 indicates how the house price scenarios would impact on monthly mortgage repayments (assuming fixed interest rates). For example, with Scenario A (continuous fall), property monthly repayments (on a 6.09% mortgage) would fall from £590 to £407 (and property values would fall by around £14,300 or 14.3%).

**Figure C2** Monthly mortgage costs based on alternative scenarios

Source: CLG House Price summary; Nat West online mortgage calculator

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

### Stage 4: Summary and key messages

* 1. This appendix has considered the future housing market in County Durham and reflected on future household numbers, the economic growth agenda, and future affordability.
  2. In terms of the range of dwellings to be delivered, the SHMA has gathered a body of quantitative evidence and views of stakeholders which points to:
     + A need to maintain the delivery of traditional houses and in particular diversifying the range of larger/detached properties across the county;
     + The ageing population in County Durham as a major market driver. Bungalows are in short supply and any additional market provision would be useful, along with a range of older persons’ housing options including retirement apartments in urban and village centres close to amenities. Similarly, there is a need to diversify the range of older persons’ provision including the development of extra care schemes within the County; and
  3. The future economic trajectory of County Durham will be guided by the Council’s strategic vision and leadership driving to strengthen the economy.

# Technical Appendix D: Housing need calculations

**Underpins core outputs 4,5,6,7**

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|  |  |
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| Step 3.1 | Affordable dwellings occupied by households in need |
| Step 3.2 | Surplus stock |
| Step 3.3 | Committed supply of new affordable housing |
| Step 3.4 | Units to be taken out of management |
| Step 3.5 | Total affordable housing stock available |
| Step 3.6 | Total supply of social re-lets (net) |
| Step 3.7 | Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels |
| Step 3.8 | Annual supply of affordable housing |
| **Stage 4: Estimate of annual housing need** | |
| Step 4.1 | Total backlog need |
| Step 4.2 | Quota to reduce over 5 years (20%) |
| Step 4.3 | Annual backlog reduction |
| Step 4.4 | Newly-arising need |
| Step 4.5 | Total annual affordable need |
| Step 4.6 | Annual social rented capacity |
| Step 4.7 | Net Annual Shortfall |

## Introduction

* 1. A working definition of housing need is ‘the quantity of housing required for households who are unable to access suitable housing without financial assistance’. The 2012 Household Survey and secondary data provide a robust range of information to quantify housing need in County Durham and the extent to which additional affordable housing is required.
  2. Housing needs analysis and affordable housing modelling has been prepared in accordance with CLG guidance at County and delivery area. In summary, the model reviews in a step-wise process:

Stage 1: Current housing need (gross backlog)

Stage 2: Future housing need

Stage 3: Affordable housing supply

Stage 4: Housing requirements of households in need

Stage 5: Bringing the evidence together

* 1. Table D1a 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 County Durham. 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 D1b summarises the data by delivery area.

**Table D1a** CLG Needs Assessment Summary for County Durham



Source 2012 Household Survey; RSL Core Lettings and Sales data

**IMPORTANT NOTE:** There is some information available on committed supply which is presented in Table D9 but the timescale and nature of dwellings to be built is not certain. Because of these uncertainties, the basic model reviews overall requirements excluding committed new supply but the potential impact of new supply on overall net requirements is discussed further in **Para D28.**

**Table D1b** CLG Needs Assessment Summary by delivery area



## Stage 1: Current need

* 1. A working definition of housing need is ‘the quantity of housing required for households who are unable to access suitable housing without financial assistance’. The SHMA Guidance suggests types of housing that should be considered unsuitable, as summarised in Table D2.

**Table D2** Summary of current housing need across County Durham

|  |  |  |
| --- | --- | --- |
| **Category** | **Factor** | **Total Households** |
| Homeless households or with insecure tenure | N1 Under notice, real threat of notice or lease coming to an end | 2134 |
| N2 Too expensive, and in receipt of housing benefit or in arrears due to expense | 1868 |
| Mismatch of housing need and dwellings | N3 Overcrowded according to the 'bedroom standard' model | 2709 |
| N4 Too difficult to maintain | 3877 |
| N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household | 0 |
| N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation | 4530 |
| Dwelling amenities and condition | N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit | 130 |
| N8 Subject to major disrepair or unfitness and household does not have resource to make fit | 1347 |
| Social needs | N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move | 1279 |
| Total Need |  | 14896 |
| Total Households |  | 223803 |
| % households in need |  | 6.7 |

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

Source: 2012 Household Survey; rebased to 2011 census data

### 

### Step 1.1 Homeless households and those in temporary accommodation

* 1. CLG SHMA guidance suggests that information on homeless households and those in priority need who are currently housed in temporary accommodation should be considered in needs modelling. The scale of need from these types of household can be derived from several sources.
  2. Homelessness statistics for 2011/12[[32]](#footnote-32) indicate that a total of 850 decisions were made on households declaring themselves as homeless across County Durham (Table D3). Of these households, 425 were classified as homeless and in priority need. Over the four years 2008/9 to 2011/12, an average of 803 decisions have been made across County Durham area and 372 households have been declared as homeless and in priority need.

**Table D3** Homeless decisions and acceptances 2008/9 to 2010/11

|  |  |  |
| --- | --- | --- |
| Year | Decisions made | Accepted as homeless |
| 2008/09 | 911 | 381 |
| 2009/10 | 577 | 264 |
| 2010/11 | 873 | 416 |
| 2011/12 | 850 | 425 |
| Total | 3211 | 1486 |
| Annual Average | 803 | 372 |

Source: CLG Homelessness Statistics

* 1. The household survey identified a total of 2,135 households who were either under threat of homelessness or were living in temporary accommodation across County Durham. This figure has been used in needs assessment modelling.

### Step 1.2 Overcrowding and concealed households

* 1. The extent to which households are overcrowded is measured using the ‘bedroom standard’. This allocates a standard number of bedrooms to each household in accordance with its age/sex/marital status composition. A separate bedroom is allocated to each married couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex and each pair of children under 10. Any unpaired person aged 10-20 is paired if possible with a child under 10 of the same sex, or, if that is not possible, is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms (including bedsits) available for the sole use of the household.
  2. Analysis identifies 2,709 households who are currently living in overcrowded accommodation or are concealed households and are intending on moving in the next 5 years.

### Step 1.3 Other groups

* 1. Table D2 identified a series of households who were in housing need for other reasons including the property is too expensive, difficult to maintain, household containing people with mobility impairment/special need, lacking amenities, disrepair and harassment.
  2. A total of 10,052 households across County Durham were identified to be experiencing one or more of these needs factors and intending to move in the next five years. This figure is taken as the five year backlog of need from other groups.

### Step 1.4 Total current housing need and financial testing

* 1. Having established the scale of need in Steps 1.1, 1.2 and 1.3, the extent to which households could afford open market prices was considered.
  2. An ‘affordability threshold’ of households was calculated which takes into account household income, equity and savings. The household income component of the affordability threshold is based on 3.5 x gross annual income.
  3. The affordability threshold was then tested against median property prices and the cost of privately renting. Lower quartile prices at sub-area level for the financial year 2012/13 were derived using Land Registry address-level data (Table D4).
  4. Information on prevailing private sector rents was obtained from a search of lettings during 2012 and summarised in Table D5. The cost of letting a property according to the number of bedrooms required by a household was factored into affordability testing.
  5. Using evidence from the household survey, we have identified the extent to which households identified in Steps 1.1 could afford open market prices; and based on Steps 1.2 to 1.3, using evidence from the household survey, we have identified the extent to which households are in housing need in County Durham ***and*** whether they want to move to offset that need. A total figure for this is 13,500 households. The extent to which these households in need can afford open market solutions to address their need has been assessed.

**Table D4** Lower quartile house prices by survey area (Feb 2012–Jan 2013)

|  |  |
| --- | --- |
| **Delivery area** | **Lower Quartile Price** |
| Central Durham | £85,000 |
| East Durham | £58,000 |
| North Durham | £67,500 |
| South Durham | £60,000 |
| The Dales | £80,000 |
| Total | £67,000 |

Source: Land Registry Price Paid Data 1 Feb 2012 to 29 Jan 2013

**Table D5** Private rental prices by property type, size and delivery area

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **No. Bedrooms** | **Price** | **Delivery area and Rent Per Calendar Month (£)** | | | | | |
|  |  | Central Durham | North Durham | East Durham | South Durham | West Durham | County Durham |
| 1 | Lower Quartile | 340 | 270 | 525 | 340 | 362.5 | 272.5 |
|  | Median | 395 | 275 | 712.5 | 397.5 | 377.5 | 325 |
| 2 | Lower Quartile | 395 | 395 | 395 | 362.5 | 375 | 385 |
|  | Median | 450 | 450 | 425 | 395 | 400 | 425 |
| 3 | Lower Quartile | 450 | 450 | 375 | 400 | 450 | 450 |
|  | Median | 495 | 525 | 450 | 452.5 | 500 | 495 |
| 4 | Lower Quartile | 672.5 | 625 | 500 | 595 | 650 | 640 |
|  | Median | 750 | 695 | 550 | 687.5 | 700 | 725 |
| 5 | Lower Quartile | 665 | 850 | 1200 | 700 | . | 687.5 |
|  | Median | 1337 | 975 | 1200 | 1200 | . | 1200 |
| 6 | Lower Quartile | 2070 | 1400 | . | . | . | 1400 |
|  | Median | 2935 | 1400 | . | . | . | 1670 |
| All | Lower Quartile | 400 | 375 | 395 | 375 | 395 | 395 |
|  | Median | 475 | 450 | 450 | 424 | 450 | 450 |
| Source: Internet search of private lettings agents 2012 | | | | | | | |

### Summary of Stage 1: Current need

* 1. In summary, of the households identified in Steps 1.1, 1.2 and 1.3, 7,361 households across County Durham could not afford to move in the open market to offset their need.

### Step 2.1 New household formation (gross per year)

* 1. The needs analysis assumes past rates of household formation as a basis for determining the likely scale of household formation over the next five years. A gross household formation rate of 2,359 is therefore assumed.

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

* 1. Analysis of lower quartile market prices relative to the income/savings of households who have formed in the past five years suggests that 54% could not afford lower quartile house prices or private sector rents.
  2. Therefore, the total number of newly-forming households who could not afford open market prices or rents across County Durham is calculated to be 1,274.

### 

### Step 2.3 Existing households expected to fall into need

* 1. An estimate of the number of existing households falling into need each year has been established by drawing upon the RSL lettings data. This suggests that over the period 2010/11, a total of 705 households moved into the social rented sector because they had fallen into housing need and were homeless.

### 

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

* 1. Total newly arising need is calculated to be 1,976 households each year across County Durham

## 

## Stage 3: Affordable housing supply

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

### Step 3.1 Affordable dwellings occupied by households in need

* 1. 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[[33]](#footnote-33).
  2. A total of 2,456 households are current occupiers of affordable housing in need (Table D1). 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

* 1. 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 County Durham.

### Step 3.3 Committed supply of new affordable units

* 1. The Homes and Communities Agency (HCA) Affordable Homes Programme is likely to deliver around 235 affordable rented homes per annum in the next three years through the Council’s partner housing associations. Added to this the HCA’s empty homes programme should deliver an additional 50 units each year and the FirstBuy scheme another 50 units of shared equity properties (via private builders). It is therefore anticipated an overall total of around 335 units each year. The previous two years have averaged around 350 units each year. In addition, there is an anticipated 25 units each year from private sector s106 agreements.

### Step 3.4 Units to be taken out of management

* 1. 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

* 1. It is assumed that there are **2,635** social (affordable) rented dwellings available over the 5 year period arising from households moving within the stock.

### Steps 3.6 Annual supply of social re-lets

* 1. The CLG model considers the annual supply of social re-lets. Address-level RSL CORE lettings data has been analysed for the three years 2010/11, 2011/12. This information can be used to accurately assess the likely capacity of the social rented sector by location, size of property and designation (whether the property is general needs or older person). For the purposes of analysis, it is important to focus on the ability of households requiring affordable housing to access it. Therefore, the annual supply figures derived from CORE lettings data and used in modelling:
     + **Exclude** those moving into accommodation from outside County Durham and households moving within the social rented stock; and
     + **Include** households who moved from within County Durham into social renting from another tenure; newly-forming households originating in County Durham and moving in social renting; and households moving from specialist/supporting housing from within County Durham into affordable housing.
  2. Analysis suggests that there is an annual average of 2,267 social rented dwellings let to new tenants i.e. households originating in County Durham who either moved into social renting from another tenure, were newly-forming households, or who moved from supported/specialist accommodation.
  3. Modelling therefore assumes an annual capacity of **2,267** dwellings for new tenants across County Durham. Table D6 illustrates how the annual capacity figure is broken down by delivery area, designation (general needs and older person) and property size.

**Table D6** Annual social rented re-lets by delivery area

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **AgeGroup** | **No. of bedrooms** | **Planning policy area** | |  |  |  |  |
|  |  | North | Central | East | The Dales | South | Co. Durham |
| General needs | 1 | 88 | 91 | 99 | 14 | 87 | 379 |
|  | 2 | 286 | 147 | 235 | 56 | 409 | 1133 |
|  | 3 | 180 | 89 | 87 | 23 | 159 | 537 |
|  | 4 | 2 | 2 | 5 | 1 | 5 | 16 |
| Older person | 1 | 8 | 16 | 37 | 8 | 12 | 80 |
|  | 2 | 50 | 18 | 22 | 9 | 19 | 117 |
|  | 3 | 0 | 1 | 1 | 0 | 1 | 4 |
|  | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total |  | 615 | 364 | 485 | 111 | 692 | 2267 |

Source: RSL CORE data 2009/10 to 2011/12

### Steps 3.7 Annual supply of intermediate re-lets/sales

* 1. Table D7 presents a summary of the average supply of intermediate tenure dwellings which have either been sold or relet over the three year period 2008/9, 2009/10 and 2010/11 as recorded in CORE Sales data.

**Table D7** Intermediate tenure sales/relets

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **AgeGroup** | **No. of bedrooms** | **Planning policy area** | |  |  |  |  |
|  |  | North | Central | East | The Dales | South | Co. Durham |
| General needs | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
|  | 2 | 1 | 1 | 0 | 0 | 3 | 6 |
|  | 3 | 2 | 0 | 1 | 0 | 1 | 4 |
|  | 4 | 0 | 1 | 0 | 0 | 0 | 1 |
| Older person | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
|  | 2 | 1 | 1 | 0 | 1 | 2 | 5 |
|  | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
|  | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total |  | 4 | 3 | 1 | 2 | 5 | 15 |

Source: RSL CORE data 2009/10 to 2011/12

### 

### Summary of Stage 3

* 1. Overall, the model assumes an existing affordable supply of 2,456 and an annual supply of 2,267 social (affordable) lettings and an annual supply of 15 intermediate tenure lettings/sales.

## Stage 4: Estimate of annual housing need

**Overview**

* 1. Analysis has carefully considered how housing need is arising within County Durham 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.
  2. This has been reconciled with the supply of affordable dwellings which considers location, size and designation (i.e. for general needs or older person). Based on the CLG modelling process, analysis suggests that there is an overall annual net shortfall of **674** dwellings. If expected newbuild is also taken into account (which is expected to be around 335 units each year across County Durham, the net impact is to reduce the overall annual net shortfall to 608.
  3. For critical stages of the needs assessment model (Step 1.1, Step 1.4, Step 2.4 and Step 3.8), information is broken down by delivery area, designation (general needs and older) and property size. This goes beyond the requirement of the SHMA guidance but allows a detailed assessment of the overall housing requirements of households in need and provides clear affordable requirement information. In turn, this can help identify where there are shortfalls and sufficient capacity of affordable housing, and help to shape policy responses.
  4. Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall.
  5. Step 4.1 is the total backlog need which is derived from the number of households in Step 1.4 minus total affordable housing stock available (Step 3.5)
  6. 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).
  7. Step 4.3 is the annual backlog reduction based on step 4.2.
  8. Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need
  9. Step 4.5 is the total annual affordable need based on steps 4.3 and 4.5.
  10. Step 4.6 is the annual social rented capacity based on step 3.8.

**Total net shortfall**

* 1. Table D8 summarises the overall annual net affordable housing requirements for County Durham by delivery area, designation (general needs and older person) and property size. Table D10 summaries the same data by survey area. Overall, analysis suggests a shortfall in affordable housing across County Durham.

**Table D8** Net affordable housing requirements – annual requirements 2012/13 to 2016/17

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Delivery area** | **General** | | **Older Person** | **TOTAL** |
|  | **Smaller 1/2 Bed** | **3+Bed** |  |  |
| North Durham | 72 | -27 | 110 | 156 |
| Central Durham | 68 | 31 | 90 | 189 |
| East Durham | 70 | -26 | 108 | 152 |
| The Dales and South Durham | -1 | -33 | 210 | 177 |
| Total | **210** | **-54** | **519** | **674** |

Sources: 2012 Household Survey; RSL CORE Lettings and Sales

NOTE sum rows/columns may appear not add up correctly due to rounding

## Tenure and dwelling type profile of affordable dwellings

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

#### Household preferences

* 1. Households were asked to state tenure preferences.Table D9 summarises the preferences of both existing households in need and newly forming households by tenure. Overall, this gives a tenure split of around 76.7% social/affordable rented and 23.3% intermediate tenure across County Durham.

**Table D9** Affordable tenure preferences

|  |  |  |  |
| --- | --- | --- | --- |
| **Tenure** | **Existing households in need** | **Newly-forming households** | **Total** |
| Affordable (Social) Rent | 82.6 | 72.2 | 76.7 |
| Intermediate Tenure | 17.4 | 27.8 | 23.3 |
| Total | 100.0 | 100.0 | 100.0 |
| Base (annual requirement) | 980 | 1274 | 2254 |

Source: 2012 household survey

* 1. An analysis of the ability of existing households in need and newly-forming households to afford intermediate tenure is summarised in Table D10. Analysis suggests that intermediate tenure options remain relatively affordable to households in need and newly-forming households, with 38.6% able to afford a property

**Table D10** Ability of existing households in need and newly-forming households requiring affordable housing to afford intermediate tenure dwellings

|  |  |  |  |
| --- | --- | --- | --- |
| **Price** | **% could afford** | |  |
|  | **Existing households in need** | **Newly-forming households** | **Total** |
| £80,000 up to £100,000 | 37.8 | 29.1 | 32.9 |
| £100,000 up to £120,000 | 33.7 | 24.0 | 28.2 |
| £120,000 up to £150,000 | 27.7 | 16.8 | 21.6 |
| Base | 980 | 1274 | 2254 |

Source: 2012 household survey

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

#### Dwelling type

* 1. Table D11 considers the range of affordable property types households would consider, based on the aspirations of existing households in need and newly-forming households requiring affordable accommodation. Analysis of property type preferences suggests that, primarily, delivery of houses is a priority (with 62.8% stating an expectation of moving to a house), followed by bungalows (27.2 %) and flats (10%).

**Table D11** Property type preferences

|  |  |  |  |
| --- | --- | --- | --- |
| **Type preferences** | **Existing (%)** | **Newly-forming (%)** | **Total (%)** |
| Detached | 15.0 | 6.8 | 10.4 |
| Semi-detached | 19.9 | 32.0 | 26.7 |
| Terraced | 13.4 | 35.2 | 25.7 |
| Flat | 12.8 | 7.9 | 10.0 |
| Bungalow | 39.0 | 18.1 | 27.2 |
| Total | 100.0 | 100.0 | 100.0 |
| Base (annual requirement) | 980 | 1274 | 2254 |

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

Source: 2012 household survey

#### Implications for planning

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

# 

# Technical Appendix E: Monitoring and updating

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

### Introduction

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

### Updating of baseline housing needs and affordable housing requirements

* 1. A baseline assessment of housing need across County Durham has been derived from the household survey. This information should be taken as a baseline from which annual reviews of key aspects of the model proceed. It is recommended that the baseline information has a shelf-life of three to five years (with a recommended refresh of household information after 2015/16 through primary surveying).
  2. Key elements of the needs assessment model can be readily updated on an annual basis to reflect:
     + changes in house prices and rental costs;
     + capacity of the social rented sector;
     + availability of intermediate tenure housing.

### Changes in house prices and rental costs

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

### Capacity of the social rented sector

* 1. The capacity of the social rented sector needs to be reviewed annually using RSL CORE lettings data (**Step 3.6)**.
  2. A dataset has been prepared for RSL CORE data for 2009/10, 2010/11 and 2011/12 as part of this research. This includes some additional variables identifying the characteristics of households (by designation i.e. under 65 or over 65) and previous housing circumstances (from out of area, previously social renter, previously other tenure and from supported/specialist accommodation). The capacity of the social rented sector is based on the number of lettings to households from within the Local Authority District who were previously living in (non social rented or intermediate) tenure.

### Availability of intermediate tenure housing

* 1. CORE Sales data can identify the availability of intermediate tenure housing **(Step 3.7)**. Data has been assembled for 2009/10, 2010/11 and 2011/12.

### Annual adjustments to affordable requirements

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

## Updating of contextual information

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

## Reflections on the general strategic context and emerging issues

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

## Additional census data releases

* 1. 2011 Census data relating to travel to work and migration patterns is due for publication during 2013 and this should be considered in any further updates of the SHMA.

## Concluding comments

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

# Technical Appendix F: Statement of conformity to SHMA guidance

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

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

* 1. In considering delivery areas, the starting point of the SHMA was the existing SHMA evidence base. The 2012 SHMA has used migration, travel to work and house price analysis (in accordance with CLG advice note on defining market areas). The approach to define market areas has therefore been consistent with other approaches to identifying markets and follows national best practice.

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

* 1. Although specific focus of this research has been County Durham, research has considered inter-relationships with other areas, notably with Tyne and Wear, Tees Valley and North Yorkshire. This has been achieved through a review of migration, travel-to-work, house prices and household aspirations.

Involves key stakeholders, including house builders

* 1. The research has been overseen by a steering group comprising Local Authority housing and planning officers. During the course of the research, stakeholder interviews have been carried out with a wide-range of interest groups including estate agents, supporting people representatives, house builders and private lettings agents. The research has therefore ensured that the views of a range of key stakeholders are represented in the study.

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

* 1. The research has been multi-method and involved secondary data analysis, a major household survey and stakeholder consultation. The study methodology was summarised in Chapter 1. The range of data assembled is in accordance with the SHMA guidance. In order to understand housing market dynamics more fully, the research has placed a particular emphasis on primary fieldwork to enhance and supplement the review of secondary data sources. Within the text of the report, any particular observations relating to data including limitations and interpretation have been presented.

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

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

Uses and reports upon effective quality control mechanisms

* 1. Throughout the research process, we have ensured that the most up-to-date and robust data sources have been used. Most notably, data from 6,216 households was secured through primary fieldwork. This data was appropriately weighted (to address response bias) and grossed (to reflect total households). We have a series of internal quality control mechanisms relating to data analysis and interpretation; project management; and client liaison. By having these quality control mechanisms in place, we trust that this is evidenced in the quality of research and output we produce.

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

* 1. A series of recommendations for updating the study have been presented at Appendix E.

# Technical Appendix G: Affordable housing policy considerations

## Introduction

* 1. This research provides the Council with comprehensive information in respect of current and projected future affordable housing needs and requirements within their respective areas. This information will enable the Council to review its current affordable housing policies and practices to ensure that all opportunities to address identified shortfalls are explored - evidence from this study will help the Council when making decisions about their housing numbers and how best to tackle their respective affordable housing shortfalls.
  2. When reviewing affordable housing policies and planning guidance other key local and sub regional strategic priorities will need to be considered, as will the evolving national strategic housing and planning context, including:
     + Implications of the Localism Act;
     + Pending publication of the National Planning Framework;
     + Impact of the affordable rent model; and
     + Government priorities set out within the National Housing Strategy.
  3. Combine with these factors the current economic climate, and it is clear that the context for affordable housing delivery in County Durham is both challenging and evolving.
  4. In these circumstances robust and up to date evidence of the need for affordable housing, which can be used to support appropriate planning policy responses, is particularly important. Given the availability of this up to date evidence, there is merit in the Council reviewing its existing mechanisms and considering new options and approaches to affordable housing delivery in the future, this includes exploring the potential for increased flexibility within planning policy approaches.
  5. Any review of affordable housing policy will also need to be mindful of issues of economic viability, an assessment of which does not form part of this research.

## Local Planning Policy Context

* 1. There is a comprehensive summary of the policy context set out in Section Two of this report, and the affordable housing requirements need to be reviewed within this context. The Durham Local Plan is currently being prepared and the 2012 SHMA demonstrates an ongoing requirement for affordable housing across County Durham.

## Planning Policy Considerations

* 1. There are areas that the Council may wish to consider, these include reviewing:
     + Targets and tenure;
     + Type of housing; and
     + Use of funding.

### Targets and tenure

* 1. Evidence from this research indicates that there remains a sustained and unmet need for affordable housing both for social rent and for intermediate tenure. Survey evidence suggests a tenure split of 76.7% social (affordable) rent and 23.3% intermediate tenure would reflect household aspirations. However, any site by site assessment would require an economic viability assessment to establish an appropriate tenure split for a particular development.

### Type

* 1. In terms of property type, the affordable housing requirements identified indicate a range of needs. It is important to review these requirements against potential development capacity across the County, before deciding whether to seek a pro-rata match of private housing on all new developments, or stipulate specific property size requirements on a site by site basis.
  2. Whichever approach is adopted, it will need to be viable on individual sites, with some developments providing greater opportunities to deliver certain types of homes than others. Given the identified property preferences (house 62.8%, bungalow 27.2% and flats (10%), the Council could consider adopting a plan, monitor, manage approach to the type of affordable housing delivered, setting targets for individual property types within specific areas.

### Use of HCA funding

* 1. This policy advice is based on an assumption that affordable housing will need to be delivered without grant or other public subsidy. Indeed, the 2010 Comprehensive Spending Review saw a drastic cut in the housing capital budget (in excess of 60%), and the advent of the affordable rent model. It is not yet clear what the impact of the affordable rent model will be within County Durham.
  2. Resources under the Affordable Homes Programme have now been allocated by the HCA, and Registered Providers have identified the sites and schemes on which they anticipate investing these resources, it is not clear to what extent these resources will be available to subsidise social rented housing planning obligations in the future.

## Policy Recommendations

* 1. This research has identified shortfalls in affordable housing across County Durham which needs to be addressed if the Council is to deliver balanced and sustainable communities over the long-term. This research can further help enhance the Council’s affordable housing planning policy approaches through provision of up-to-date information on housing need and demand, affordability, and property type and tenure requirements.
  2. It is recommended that the Council considers and further explores:
     + Applying affordable housing requirements with flexibility whilst the market is in recession subject to the provision of robust viability evidence from developers when flexibility is sought;
     + Working with developers to explore innovative ways to deliver affordable housing in their areas;
     + Discuss with the HCA and Registered Provider partners options to maximise and facilitate affordable housing delivery in current market conditions, including investment opportunities and the future use of funding;
     + Monitoring, reviewing and responding to the changing national policy agenda to be implemented through the National Planning Framework; and
     + Continued monitoring of affordable housing delivery (effective monitoring of delivery is increasingly important when applying policy flexibly)

1. County Durham 2011-based Population Projections [↑](#footnote-ref-1)
2. Regional Spatial Strategies have not yet formally been revoked but this is the Government’s intention [↑](#footnote-ref-2)
3. [http://www.homesandcommunities.co.uk/news/Homes and Communities Agency-announces-successful-bidders-affordable-homes-funding](http://www.homesandcommunities.co.uk/news/hca-announces-successful-bidders-affordable-homes-funding) [↑](#footnote-ref-3)
4. CLG National Planning Policy Framework March 2012 para 7 [↑](#footnote-ref-4)
5. CLG National Planning Policy Framework March 2012 paras 12 and 13 [↑](#footnote-ref-5)
6. CLG National Planning Policy Framework March 2012 para 47 [↑](#footnote-ref-6)
7. CLG National Planning Policy Framework March 2012 para 50 [↑](#footnote-ref-7)
8. CIH *Summary Laying the Foundations: A Housing Strategy for England* November 2011 [↑](#footnote-ref-8)
9. The North Eastern Local Enterprise Partnership Proposal to the Secretaries of State for Business, Innovation and Skills and Communities and Local Government, Executive Summary [↑](#footnote-ref-9)
10. County Durham 2011-based Population Projections [↑](#footnote-ref-10)
11. Identifying sub-regional Delivery areas, CLG Advice Note April 2007 [↑](#footnote-ref-11)
12. This is based on the survey responses of the oldest and next oldest person in the household so excludes the workplace of others in the household [↑](#footnote-ref-12)
13. 2011 Housing Strategy Statistical Appendix [↑](#footnote-ref-13)
14. Based on 2011 census [↑](#footnote-ref-14)
15. HIP return 2001 [↑](#footnote-ref-15)
16. Land Registry House Price information [↑](#footnote-ref-16)
17. ‘The Modern Private Rented Sector’ David Rhodes, 2006 University of York with CIH/JRF [↑](#footnote-ref-17)
18. 2011 Census [↑](#footnote-ref-18)
19. Regional Housing Aspirations Study (NLP 2005) and the North East Executive Housing Study (NLP 2005). [↑](#footnote-ref-19)
20. Durham County Council 2011-based population projections [↑](#footnote-ref-20)
21. Durham County Council 2011-based household projections [↑](#footnote-ref-21)
22. CLG Housing Market Statistics Table 588 Property sales based on Land Registry data [↑](#footnote-ref-22)
23. Homes and Communities Agency website [↑](#footnote-ref-23)
24. CLG Homeless Statistics [Table 627: Local Authorities' action under the homelessness provisions of the 1985 and 1996 Housing Acts, by district](http://www.communities.gov.uk/documents/housing/xls/141476.xls) [↑](#footnote-ref-24)
25. See Paragraph 1.4 for a definition of intermediate tenure housing [↑](#footnote-ref-25)
26. Council Tax 2011 [↑](#footnote-ref-26)
27. Census 2011 [↑](#footnote-ref-27)
28. HIP return 2001 [↑](#footnote-ref-28)
29. 2011 Council Tax [↑](#footnote-ref-29)
30. Durham County Council 2009-based population projections [↑](#footnote-ref-30)
31. Durham County Council 2009-based household projections [↑](#footnote-ref-31)
32. CLG Homeless Statistics [Table 627: Local Authorities' action under the homelessness provisions of the 1985 and 1996 Housing Acts, by district](http://www.communities.gov.uk/documents/housing/xls/141476.xls) [↑](#footnote-ref-32)
33. Strategic Housing Market Assessment Guidance (CLG, August 2007) [↑](#footnote-ref-33)