

**Redcar and Cleveland**  
**Strategic Housing Market Assessment**  
**2016**

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**Redcar and Cleveland Borough Council**

**Volume One: Household Survey and Affordable Housing**  
**Final Report**  
**February 2016**

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

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# Executive Summary

## Introduction

The 2015 Redcar and Cleveland Strategic Housing Market Assessment (SHMA) provides the latest available evidence to help to shape the future planning and housing policies of the area. The study will help inform the production of the Council's Local Plan and Housing Strategy. This research provides an up-to-date analysis of the social, economic, housing and demographic situation across the area. The SHMA is presented in two volumes. This first volume presents findings in relation to the current local housing market; affordable housing requirements; results of the primary household survey; and the housing needs of specific groups.

A second volume of the SHMA report presents the findings in relation to the Objectively Assessed Need for housing in the borough. This includes analysis of demographic projections; future jobs; and market signals.

The 2015 SHMA has comprised:

- A major household survey which was completed by 2,753 households, representing an 12.4% response rate;
- An online survey of key stakeholders;
- Interviews with estate and letting agents; and
- A review of existing (secondary) data.

The findings from the study provide an up-to-date, robust and defensible evidence base for policy development which conforms to the Government's National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).

## Housing market context

### House prices

Median prices in Redcar and Cleveland have been very similar to the median prices for North East England though well below those for England as a whole. Overall, prices have increased from £50,000 in 2000 to £120,000 in 2014, an increase of 140%. Prices peaked at £123,000 in 2007 but have since fallen.

During 2014, median prices across Redcar and Cleveland were £122,000 and lower quartile prices were £85,000.

### Dwelling stock

Across Redcar and Cleveland there are a total of 64,568 dwellings and a total of 61,322 households<sup>1</sup>. Overall, the 2015 Household Survey shows that:

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<sup>1</sup> 2015 Council Tax data

- 72.9% of properties are houses, 16.1% are bungalows, 10.6% are flats/maisonettes, and 0.5% are other property types (e.g. caravans);
- 9.6% have one bedroom/studio, 26.9% have two bedrooms, 46.5% have three bedrooms and 17.0% have four or more bedrooms;
- 11.9% of properties were built before 1919, a further 12.6% were built between 1919 and 1944, 21.7% between 1945 and 1964, 29.4% between 1965 and 1984, 10.6% between 1985 and 2004 and 5.2% have been built since 2005.

## Demographic drivers

The population of Redcar and Cleveland is estimated to be 134,600 in 2015<sup>2</sup> and this is projected to decrease by 0.3% to 134,200 by 2037<sup>2</sup>. Over the next few decades, there will be a marked increase in the number and proportion of residents aged 65 and over which is expected to increase by 35.6% from 29,200 in 2015 to 39,600 in 2037.

## Economic drivers

According to the 2015 household survey, across Redcar and Cleveland, 43% of households receive less than £300 each week, 24% receive between £300 and £500 each week and 33.1% receive at least £500 each week.

## Objectively Assessed Housing Need

The Objectively Assessed Need for housing in Redcar and Cleveland is set out in detail in the second volume of this report. In summary, however, this concludes that the OAN for the period 2015 – 2032 is a total of 2,256 net additional dwellings.

## Affordable housing

Affordable housing need can be 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 each sub-area and comparing this with the supply of affordable (social/affordable rent and intermediate tenure dwellings).

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<sup>2</sup> ONS 2012-based population projections



The overall gross need for affordable housing in Redcar and Cleveland is 573 dwellings each year (Table ES1). However, the annual provision of 553 social re-lets and intermediate tenure sales reduces the overall net requirement to 20 affordable dwellings each year (Table ES2).

In terms of the split between social/affordable rented and intermediate tenure products, the household survey identified tenure preferences of existing and newly-forming households. This suggests a tenure split of 72% affordable (social) rented and 28% intermediate tenure. Analysis of property type preferences suggests that, primarily, delivery of houses is a priority (47.2%), followed by bungalows (31.6%) and flats (21.2%).

**Table ES1 Gross annual affordable housing imbalance by sub area, property size and designation 2015/16 to 2019/20**

Sub-area	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Greater Eston North	106	-37	9	79
Greater Eston South	17	6	14	37
Guisborough	94	0	11	106
Lockwood	8	9	4	21
Loftus	62	5	-4	63
Marske/New Marske	32	12	9	54
Redcar	121	-17	22	126
Saltburn	41	3	8	51
Skelton/ Brotton	33	1	3	37
<b>Total</b>	514	-16	76	573

**Table ES2 Net annual affordable housing imbalance by sub area, property size and designation 2015/16 to 2019/20**

Sub-area	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Greater Eston North	-16	-107	3	-119
Greater Eston South	-41	-17	10	-48
Guisborough	71	-5	7	73
Lockwood	-12	6	3	-3
Loftus	41	1	-8	34
Marske/New Marske	22	9	6	38
Redcar	46	-37	11	20
Saltburn	32	1	7	39
Skelton/ Brotton	-4	-10	0	-15
<b>Total</b>	140	-159	40	20

## 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. This could then be compared with the current stock profile to identify any mismatches between availability and aspirations/expectation (Table ES3). Of households moving, most would like to move

to a house (62.9%), 32.7% would like to move to a bungalow and 0.9% to a flat. This compares with 64.5% who expect to move to a house, 29% to a bungalow and 5.3% a flat. A much higher proportion would like to move to a detached house (41%) but only 24.8% expect to. In contrast, higher proportions expect to move to a semi-detached house (28.9%) than would like to (14.5%).

Future development should focus on delivering to address identified mismatches and reflect household aspirations.

Table ES3 Open market dwelling stock and preferences			
Dwelling type/size summary	% Profile of new dwelling stock based on:		
	Current stock	Like	Expect
House 1/2 Beds	12.8	10.6	11.9
House 3 Beds	45.9	25.2	34.5
House 4 or more Beds	20.3	27.1	18.0
Bungalow	14.6	32.7	29.0
Flat	5.8	3.6	5.3
Other	0.5	0.9	1.2
<b>Total</b>	100.0	100.0	100.0
<i>Base</i>	48884	7936	7043

## Older people and adaptations

The majority of older people (65.9%) want to stay in their own homes with help and support when needed. Around 44.9% would consider renting from a housing association or renting sheltered accommodation and around 29.7% would consider Extra Care housing. This evidence suggests a need to continue to diversify the range of older persons' housing provision. Additionally, providing a wider range of older persons' accommodation has the potential to free-up larger family accommodation.

Across all households, particularly noted is the need for assistance with repair and maintenance of the home (28.1% stated this help is needed either now or in the next five years), help with gardening (22.2% stated this help is needed either now or in the next five years) and help with cleaning the home (17.2%). In terms of adaptations (Table 3.24), most frequently mentioned were better heating (13.7%), double glazing (12.8%) and adaptations to bathroom (11.5%).

# 1. Introduction

## Background and objectives

- 1.1 A comprehensive Strategic Housing Market Assessment (SHMA) for Redcar and Cleveland Borough Council (the Council) has been commissioned to provide an up-to-date evidence base to inform the development of the Council's Local Plan and other strategies.
- 1.2 The SHMA satisfies the requirements of the National Planning Policy Framework (NPPF) and the February 2014 Planning Policy Guidance (PPG), which replaces previous guidance including the DCLG Strategic Housing Market Assessment guidance (Version 2, 2007).
- 1.3 The SHMA is presented in two volumes. This volume presents findings in relation to the current local housing market; affordable housing requirements; results of the primary household survey; and the housing needs of specific groups.
- 1.4 A second volume of the SHMA report presents the findings in relation to the Objectively Assessed Need for housing in the borough. This includes analysis of demographic projections; future jobs; and market signals.

## National Planning Policy Framework (NPPF) requirements

- 1.5 The NPPF provides the planning policy context for this SHMA. The key sections of the NPPF which need to be taken into account in the SHMA are now summarised.
- 1.6 Paragraph 159 of the NPPF states that Local Planning Authorities should have a clear understanding of housing needs in their area and they should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where Housing Market Areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period that:
  - Meets household and population projections, taking account of migration and demographic change;
  - Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to families with children, older people, people with disabilities, service families and people wishing to build their own homes); and
  - Caters for housing demand and the scale of housing supply necessary to meet this demand.
- 1.7 PPG (para 8) states that housing needs should be assessed in relation to the relevant functional area i.e. Housing Market Area and this may identify smaller sub-markets with specific features and it may be appropriate to investigate these specifically in order to create a detailed picture of local need. It is also important to recognise that there are 'market segments' i.e. not all housing types have the same appeal to different occupants.

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

## Definitions

- 1.11 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.

## Geography

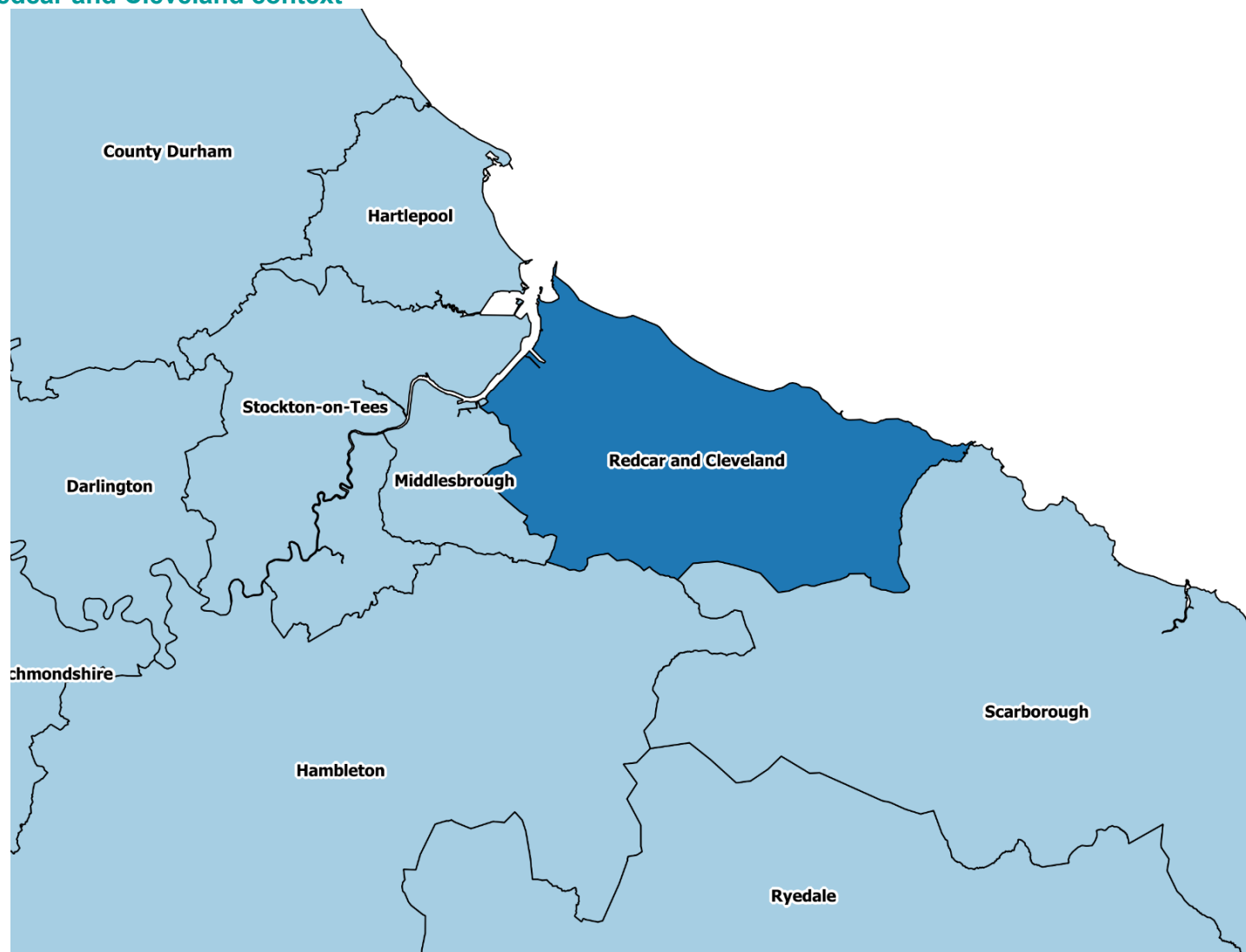
- 1.12 Map 1.1 illustrates the geographical context of Redcar and Cleveland District and its neighbouring authorities. Household survey data is available down to postcode level and for the purposes of this report, data has been presented for nine sub-areas as illustrated in Map 1.2.

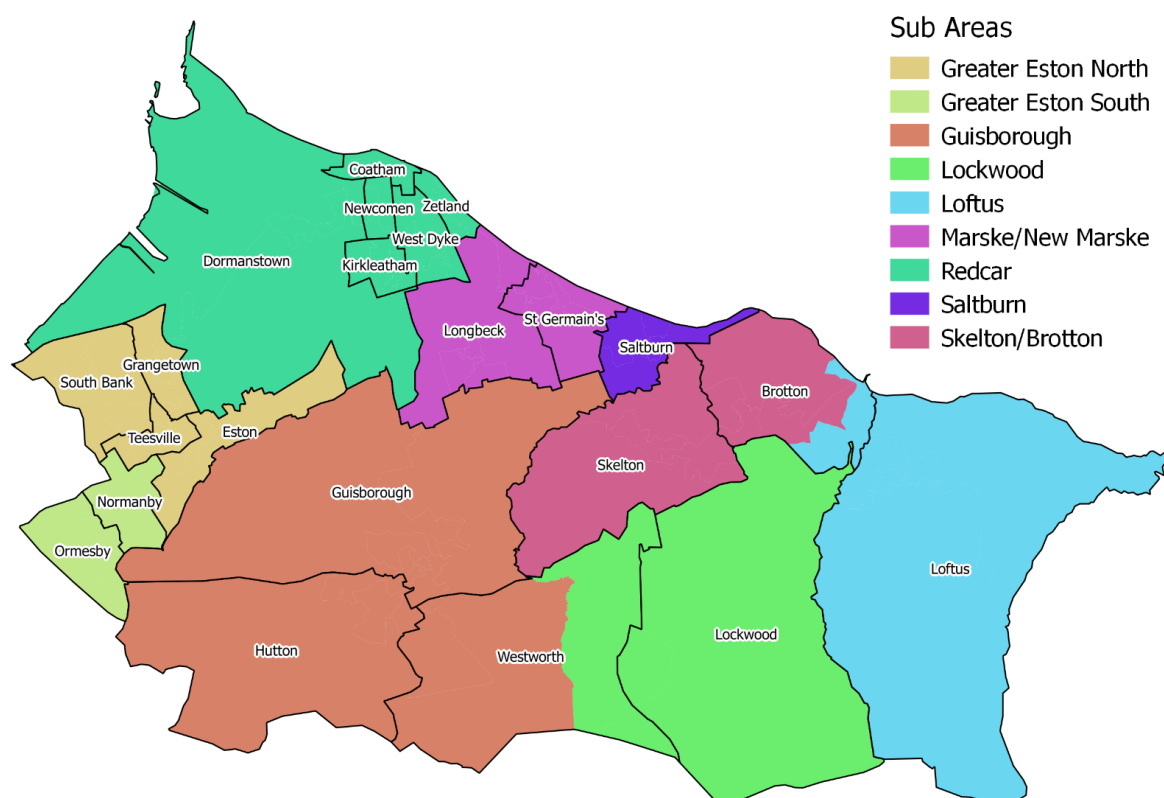
## Research methodology

- 1.13 To deliver the 2015 SHMA, a multi-method approach was adopted, which comprised:
- A sample survey of households across the Redcar and Cleveland Council area. A total of 22,109 households were contacted and 2,753 questionnaires were returned and used in data analysis. This represents a 12.4% response rate overall and the total number of questionnaires returned was well in excess of the 1,500 specified in former Government SHMA guidance (2007);
  - An online survey of key stakeholders including Local Housing and Planning Authority representatives, Registered Social Landlords (RSLs), Estate Agents, Lettings Agents, Developers and Supporting People representatives;
  - Interviews with estate and letting agents;
  - A review of relevant secondary data including the 2011 Census, house price trends, CORE lettings data and DCLG Statistics; and
  - The analysis of household and dwelling forecasts for the borough.
- 1.14 Further information on the research methodology is presented at Appendix A.

## Presentation of data

- 1.15 Data presented in this report is based on the 2015 Household Survey carried out as part of the Strategic Housing Market Assessment unless otherwise stated.
- 1.16 It is important to note that survey responses have been weighted to correct for response bias and then grossed up to reflect the total number of households and this process is explained in Appendix A. The 2,753 responses are therefore weighted and grossed up to 61,322 occupied dwellings. All survey information presented in this report is for weighted and grossed responses which are rounded up where appropriate.

**Map 1.1 Redcar and Cleveland context**

**Map 1.2 Redcar and Cleveland sub-areas**

## Report structure

- 1.17 The Redcar and Cleveland 2016 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** presents a comprehensive review of the housing market including market drivers; and
  - **Chapter 4** concludes the report with a summary of findings from the update and a consideration of strategic issues.
- 1.18 The report includes a substantial technical appendix, which provides detailed material that underpins the core outputs of the SHMA. The technical appendix material includes:
- Research methodology (Appendix A);
  - Housing need calculations (Appendix B); and
  - Monitoring and updating (Appendix C).



## 2. Policy and strategic review

### Introduction

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

### Legislative and policy background

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

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

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

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

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

- 2.10 The **National Planning Policy Framework (NPPF)** was published in March 2012. It sets out the Government's planning policies for England and how these are expected to be applied. The NPPF formed a key part of the Coalition Government's planning system reforms, simplifying national guidance (previously contained in multiple Planning Policy Statements and Planning Policy Guidance) and reducing the quantity of policy pages. Fundamentally, it must be taken into account in the preparation of local and neighbourhood plans and is a material consideration in planning decisions. The document states that, *"at the heart of the National Planning Policy Framework is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking."*<sup>5</sup>
- 2.11 The NPPF sets out 12 core planning principles to underpin both plan-making and decision-taking. It also establishes 13 aspects to achieving sustainable development, which include delivering a wide choice of high quality homes (#6) and promoting healthy communities (#8). The Framework also introduces new definitions of affordable housing covering Social Rented housing, Affordable Rented housing and Intermediate housing.
- 2.12 The NPPF is to be read alongside other national planning policies on Waste, Travellers, Planning for Schools Development, Sustainable Drainage Systems, Parking and Starter Homes<sup>6</sup>. **Planning Practice Guidance** on a range of more detailed topics has been revised and updated, made available through an online system since March 2014<sup>7</sup>. Planning Practice Guidance document topics include Duty to Cooperate, Housing and Economic Development Needs Assessments, Housing and Economic Land Availability Assessment, Housing - Optional Technical Standards, Local Plans, Neighbourhood Planning, Rural Housing and Starter Homes.

## Current and emerging policy

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

<sup>5</sup> National Planning Policy Framework (November 2012), para. 14

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

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

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

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

## Emerging legislation

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

tenants in private rented housing are found to be living in the UK illegally then there are requirements for landlords to evict illegal immigrants. Action could also be taken against landlords themselves.

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

## Overview of housing policy themes

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

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

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

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

## Building Affordable housing

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

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

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



- 2.28 In January 2016, the Prime Minister announced<sup>10</sup> that the Government will step in and directly commission thousands of new Affordable homes, seeking to fast-track housebuilding on publicly-owned land starting with five pilot sites:
- Northstowe, Cambridgeshire;
  - Daedalus Waterfront, Hampshire;
  - Old Oak Common, London;
  - Connaught Barracks, Kent; and
  - Lower Graylingwell, Chichester.
- 2.29 A range of financial incentives to encourage new housing development have been implemented. Since New Year 2016, a £1.2 billion Starter Homes Fund has been announced<sup>11</sup>, designed to prepare brownfield sites for at least 30,000 homes, along with £6.3 million of Housing Zones funding<sup>12</sup> for the 20 Housing Zones designated in March 2015. Together with eight further potential Zones these areas are considered to have the potential to deliver up to 45,000 new homes.
- 2.30 Other projects to help finance housing development include:
- Get Britain Building programme,
  - Builders Finance Fund,
  - New Homes Bonus,
  - Build to Rent Fund,
  - Community Right to Build.
- 2.31 To increase the supply of Affordable Rented homes the previous Government introduced the Affordable Rent Model<sup>13</sup>, aimed at giving providers greater flexibility on rents and use of assets, whilst at the same time providing Affordable housing for people in need. In July 2014 the Homes and Communities Agency announced the Affordable Homes Programme for 2015 to 2018, which aims to invest £1.7 billion in new affordable housing to deliver 165,000 new homes by March 2018.
- 2.32 In addition to the Affordable Rent Model, the Affordable Homes Guarantee scheme was launched in 2013 to support the building of new Affordable homes. The scheme offers a guarantee to providers on debt that they raise to deliver additional new build affordable homes. The guarantee aims to help reduce the borrowing costs of providers thus enabling them to provide more homes. As part of the 2013 budget £450 million was announced to support the delivery of up to 30,000 Affordable homes in this way.

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

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

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

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

## Improving the quality of rented housing

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

### *Social Rented housing*

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

### *Private rented housing*

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



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

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

### Helping more people to buy a home

2.37 The primacy of home ownership remains central to the Government’s housing policy approach. A number of measures promote homeownership<sup>14</sup>, including:

- Help to Buy, which includes several current products<sup>15</sup>:
  - Help to Buy ISA – since Autumn 2015 first time buyers can save money towards a new home deposit and the Government will boost the value of their savings by 25%. The minimum bonus is £400 and the maximum is £3,000, meaning individual savers need to save between £1,600 and £12,000 to be eligible. The bonus is available on homes worth up to £250,000, or £450,000 in London.
  - Help to Buy Equity Loan, where the Government lends up to 20% of the value of a new-build home so buyers only need a 5% cash deposit.
  - Help to Buy Mortgage Guarantee, enabling lenders to offer more high-loan-to-value mortgages (80% to 95%).
- Shared Ownership, where purchasers can buy between 25% and 75% of their home and pay rent on the remaining share. From April 2016, Help to Buy Shared Ownership will lift the existing limits so that anyone with a household income of less than £80,000, or £90,000 in London can buy a shared ownership home, with only military personnel being given priority.
- Starter Homes, which will soon be available to first-time buyers aged under 40 years old. New-build homes will be offered for sale with a 20% discount to eligible households. The maximum cost of a home will be £250,000, or £450,000 inside London. The cost for the developer of providing the 20% discount is to be met in lieu of delivering Affordable housing on these sites.

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<sup>14</sup> <https://www.ownyourhome.gov.uk/>

<sup>15</sup> <https://www.helptobuy.gov.uk/>

- Discounted Sales, where councils and housing associations build new homes for sale, some may be sold at a 25-50% discount. There are a number of criteria, including some set locally by the relevant council and housing associations who run the scheme. You must usually have a local connection to the area.
- Right to Buy, where council tenants with at least five years' tenancy might be eligible to buy their homes. Maximum discounts have been increased to £77,000, or £102,700 within London. In the case of secure council tenants living in their home when it was transferred to a housing association or similar there is also a 'Preserved' Right to Buy. A smaller discount has also been available under the Right to Acquire.
- Voluntary Right to Buy is a pilot scheme amongst a small number of housing associations, trialling the Conservative Government's flagship policy of extending the Right to Buy to housing associations. The Government plans to extend the Right to Buy beyond those in the pilot scheme but this will have significant funding implications.
- Self Build, where households find a plot of land and build or commission the construction of their own home, or work with a group in a Community Self Build project. Self Build was promoted by the Coalition Government, announcing 11 local authorities to become Right to Build 'vanguards' in September 2014 and passing the Self-Build and Custom Housebuilding Act 2015. This Act requires councils to maintain a register of those who have expressed an interest in buying serviced plots.

### Housing for older and vulnerable people

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

£394 million funding available and in his Autumn Statement 2015 the Chancellor committed to making a further £500 million available by 2019/20;

- Care and Support Specialised Housing Fund, to stimulate the market in specialist housing provision. The Government committed an additional £400 million to build 8,000 new specialist homes in the Autumn Statement 2015. The Care and Support Specialised Housing Fund is on track to deliver 4,000 new homes with a further allocation of £155 million expected early in 2016. However wider housing and welfare reforms, including the 1% reduction in social rents, will impact on the financial viability of both existing and proposed supported housing schemes;
- FirstStop, an independent, impartial and free service offering advice and information to older people, their families and carers about housing and care options for later life;
- Home Improvement Agencies, providing help and advice to older and disabled people, housing associations and charities; and
- Handyperson services, delivering small home repairs and adaptations.

- 2.41 Other projects of relevance to housing include the Prime Minister's Challenge on Dementia. Launched in 2012, the Challenge sought to deliver major improvements in dementia care and research by 2015, including raising awareness of the housing, care and support needs of people living with dementia and their families. In February 2015, the Prime Minister's Challenge on Dementia 2020 was published, highlighting progress and launching the next phase of the work.
- 2.42 Also relating to older people's housing is the World Health Organisation's Age Friendly Cities programme, which in 2014 saw Manchester recognised as the UK's first Age Friendly city.
- 2.43 In terms of safeguarding vulnerable adults, housing has a strong role to play alongside social services, health, the police and other agencies. The Care Act 2014 set out a new safeguarding power and places a duty on local authorities to respond to safeguarding concerns by making enquiries as necessary to decide on whether, and what, action is needed.
- 2.44 From the April 1<sup>st</sup> 2013, Health and Wellbeing Boards (including Directors of Public Health) became statutory committees of local authorities. They are responsible for encouraging integrated working on health and wellbeing issues, including development of Joint Health and Wellbeing Strategies, and Joint Strategic Needs Assessments.
- 2.45 In August 2012 the Government published its Homelessness Strategy, ***Making every contact count: A joint approach to preventing homelessness***. The Strategy focuses on prevention and identifies ten local challenges that need to be addressed by local authorities. These include having a Homelessness Strategy setting out a proactive approach; not placing any young person aged 16 or 17 in Bed and Breakfast accommodation; and not placing any families in Bed and Breakfast accommodation, except in an emergency and for no longer than six weeks.
- 2.46 In order to prevent and tackle homelessness and rough sleeping, a range of Government funding has been provided in recent years, including:

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

## National housing reviews

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

## Local strategic priorities

- 2.52 In the absence of Regional planning bodies and their associated strategies and targets, local strategies and plans have become increasingly important. The

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

need for Local Plans and Housing Strategies to have evidence-based priorities, and demonstrate how they support economic growth and reflect the economic priorities of a Local Enterprise Partnership (LEP), is increasingly important.

### Local Economic Partnership

- 2.53 The Local Growth White Paper (October 2010) set out the coalition Government's vision for empowering locally driven economic growth, encouraging business investment and promoting economic development. The paper highlighted a series of measures aimed at stimulating growth including the Regional Growth Fund. The Paper also established 24 LEPs aimed at overseeing economic growth and job creation.
- 2.54 These public/private partnerships are now the focal point for economic growth and development. Tees Valley Unlimited is the LEP covering Redcar and Cleveland Borough Council (along with neighbouring authorities of Darlington, Stockton-on-Tees, Middlesbrough and Hartlepool), and is focussed on delivering jobs and economic growth across the Tees Valley area. The LEP is doing this by tackling barriers to growth, developing key assets and further creating an environment that encourages economic growth and long-term prosperity. The LEP has adopted a Strategic Economic Plan (SEP), whereby local partners will:
- Drive the transition to a high value, low carbon economy; and
  - Create a more diversified and inclusive economy.
- 2.55 The LEP's focus is on increasing jobs, Gross Value Added (GVA) and number of enterprises, as well as raising the educational attainment of residents (increase the number of residents achieving NVQ Level 3 and 4).

### Local Plan

- 2.56 The Council is preparing its Local Plan over the next two years; this will replace existing Development Plan Documents (DPDs). Consultation on a scoping report took place in July 2015, and the Council plans to consult on a Draft Plan in January 2016, with adoption scheduled for August 2017.

### Housing Strategy

- 2.57 The Council's Housing Strategy 2012 to 2017 has a series of shared aims and objectives for improving the quality, availability and accessibility of housing in the Borough.
- 2.58 The strategy sets out six strategic aims designed to achieve these objectives, which are:
- Addressing housing market failure;
  - Delivering new homes for current and future residents;
  - Raising standards within the existing housing stock;
  - Increasing the supply of affordable housing;

- Ensuring that our housing enables people to live independently; and
- Minimising carbon emissions from housing and promoting the highest quality of design.

## Concluding comments

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

### 3. Redcar and Cleveland housing market review

#### Introduction

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

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

- 3.2 This study assumes a total of 64,568 dwellings in the borough of Redcar and Cleveland, of which 3,246 are vacant, resulting in a total of 61,322 households living in dwellings (Table 3.1). These dwelling and household figures are based on the latest 2015 Council Tax data and therefore differ from the 2011 Census figures. The overall vacancy rate is around 5%. This compares with vacancy rates of 2.7% across England<sup>17</sup>.

**Table 3.1 Dwelling stock and occupancy by sub-area**

Sub-area	Total Dwellings	Total Households	Total Vacant	%vacant
Greater Eston North	11749	11258	491	4.2
Greater Eston South	6165	5939	226	3.7
Guisborough	8774	7909	865	9.9
Lockwood CP	1669	1609	60	3.6
Loftus CP	3938	3659	279	7.1
Marske / New Marske	5487	5463	24	0.4
Redcar	17522	16663	859	4.9
Saltburn	3263	3121	142	4.4
Skelton / Brotton CP	6001	5701	300	5.0
<b>Total</b>	<b>64568</b>	<b>61322</b>	<b>3246</b>	<b>5.0</b>

Source: 2014 Council Tax

#### Property size and type

- 3.3 Table 3.2 reviews the profile of occupied dwelling stock by size and type across Redcar and Cleveland. Overall, the vast majority (72.9%) of properties are houses, 16.0% are bungalows, 10.6% are flats/apartments and maisonettes and 0.5% are other types of property including park homes/caravans. Of all occupied

<sup>17</sup> 2013 CLG Dwelling and Vacancy data



properties, 9.6% have one bedroom, 26.9% have two bedrooms, 46.5% have three bedrooms and 17.0% have four or more bedrooms. How property type varies by sub-area is illustrated in Figure 3.1 and variations in number of bedrooms by sub-area in Figure 3.2.

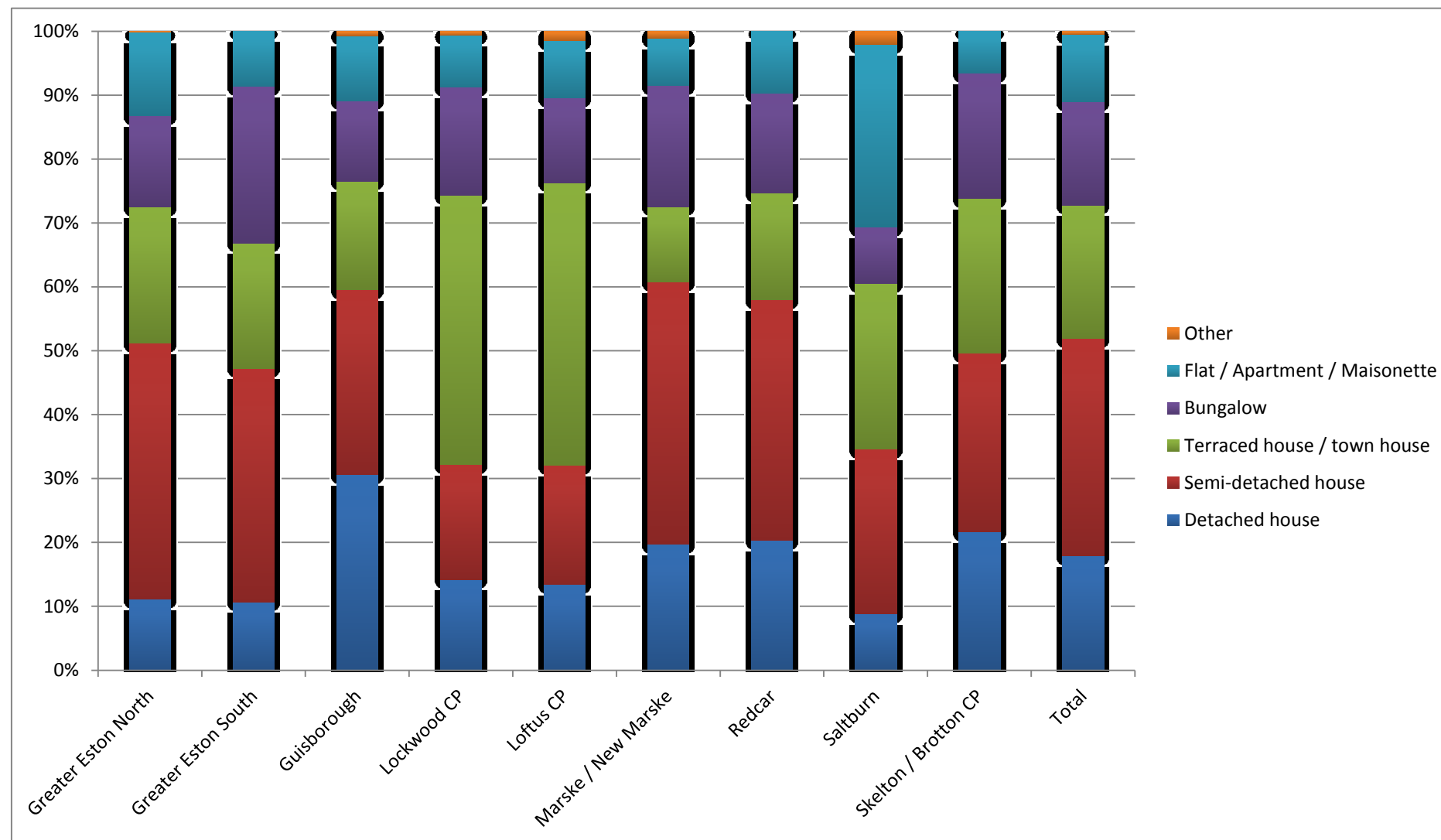
- 3.4 Notable sub-area variations include the relatively higher proportion of detached properties in Guisborough; high proportions of terraced houses in Lockwood CP and Loftus CP; and higher proportions of larger properties with four or more bedrooms in Guisborough.

**Table 3.2 Property type and size of occupied dwellings across Redcar and Cleveland**

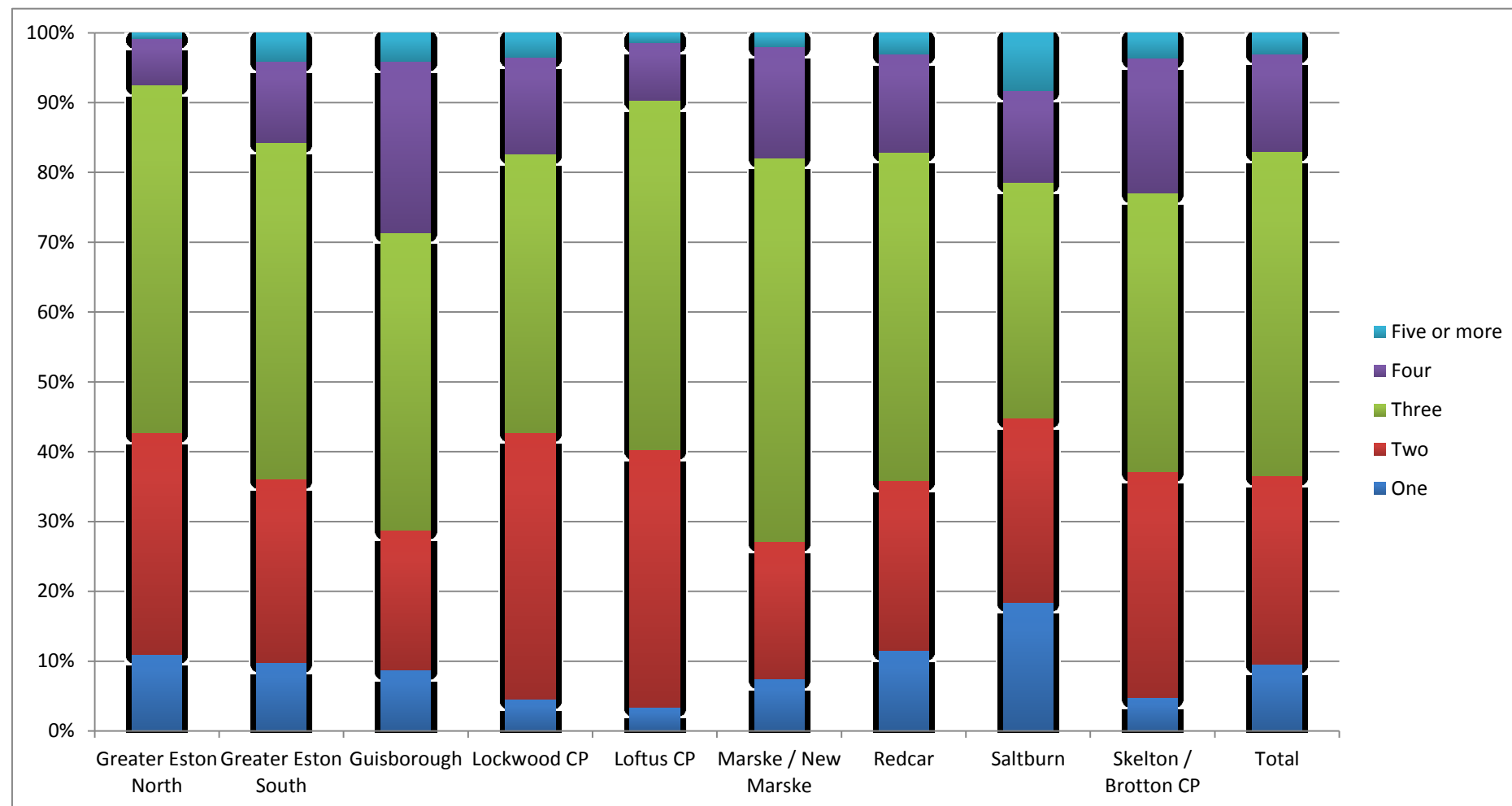
Property Type	No. Bedrooms (Table %)					Total	Base (Valid response)
	One	Two	Three	Four	Five or more		
Detached house	0.1	0.9	5.9	9.0	2.1	<b>18.0</b>	10940
Semi-detached house	0.3	4.8	25.2	3.3	0.4	<b>34.0</b>	20742
Terraced house / town house	0.5	7.5	11.2	1.2	0.5	<b>20.9</b>	12733
Bungalow	2.4	9.1	4.0	0.4	0.1	<b>16.0</b>	9774
Maisonette	0.1	0.3	0.1	0.0	0.0	<b>0.5</b>	311
Flat / apartment	6.0	4.1	0.0	0.0	0.0	<b>10.1</b>	6173
Caravan / Park Home	0.0	0.1	0.0	0.0	0.0	<b>0.2</b>	106
Other	0.0	0.1	0.1	0.0	0.0	<b>0.3</b>	164
<b>Total</b>	<b>9.6</b>	<b>26.9</b>	<b>46.5</b>	<b>14.0</b>	<b>3.0</b>	<b>100.0</b>	60943
<i>Base (Valid response)</i>	5826	16386	28342	8546	1843	60943	

Source: 2015 Household Survey



**Figure 3.1 Property type by sub-area**

Source: 2015 Household Survey

**Figure 3.2** Property size by sub-area

Source: 2015 Household Survey

## Property condition

- 3.5 The 2015 Household Survey reviewed the extent to which households were satisfied with the state of repair of their dwellings. Overall 82.3% of respondents expressed satisfaction (42.8% were very satisfied and 38.8% were satisfied); 12.5% were neither satisfied nor dissatisfied; a total of 9.2% expressed degrees of dissatisfaction, of whom 7.4% were dissatisfied and 1.8% were very dissatisfied. Table 3.3 explores how the level of dissatisfaction varied by dwelling tenure, age and type.
- 3.6 Data indicates that households in Loftus CP (13.6%) were more likely to express dissatisfaction. Levels of dissatisfaction were highest amongst private renters, at 18.3%.
- 3.7 In terms of property type and age, dissatisfaction was highest amongst respondents living in terraced properties (15.5%) and flats/apartments (14.6%) and amongst residents in properties built pre-1919 (17.7%).

**Table 3.3 Dissatisfaction with state of repair by sub-area, property tenure, age and type**

Sub Area	No. Dissatisfied	% Dissatisfied	Base
Greater Eston North	1014	9.0	11258
Greater Eston South	416	7.0	5939
Guisborough	486	6.1	7909
Lockwood CP	175	10.9	1609
Loftus CP	499	13.6	3659
Marske / New Marske	428	7.8	5463
Redcar	1516	9.1	16663
Saltburn	318	10.2	3121
Skelton / Brotton CP	694	12.2	5701
<b>Total</b>	<b>5546</b>	<b>9.0</b>	<b>61322</b>
Tenure	No. Dissatisfied	% Dissatisfied	Base
Owner Occupier	2547	6.2	40782
Private	1527	18.3	8349
Affordable	1472	12.1	12190
<b>Total</b>	<b>5546</b>	<b>9.0</b>	<b>61322</b>
Property Type	No. Dissatisfied	% Dissatisfied	Base
Detached house	236	2.2	10940
Semi-detached house	1976	9.5	20741
Terraced house / town house	1981	15.5	12762
Bungalow	388	4.0	9793
Maisonette	31	10.0	311
Flat / Apartment	902	14.6	6178
Other	4	1.5	270
<b>Total</b>	<b>5518</b>	<b>9.0</b>	<b>60995</b>
Property Age	No. Dissatisfied	% Dissatisfied	Base
Pre 1919	1281	17.7	7254
1919 to 1944	1075	14.0	7701
1945 to 1964	876	6.6	13254
1965 to 1984	886	4.9	17918
1985 to 2004	440	6.8	6439
2005 onwards	35	1.1	3154
<b>Total</b>	<b>5546</b>	<b>9.0</b>	<b>61402</b>

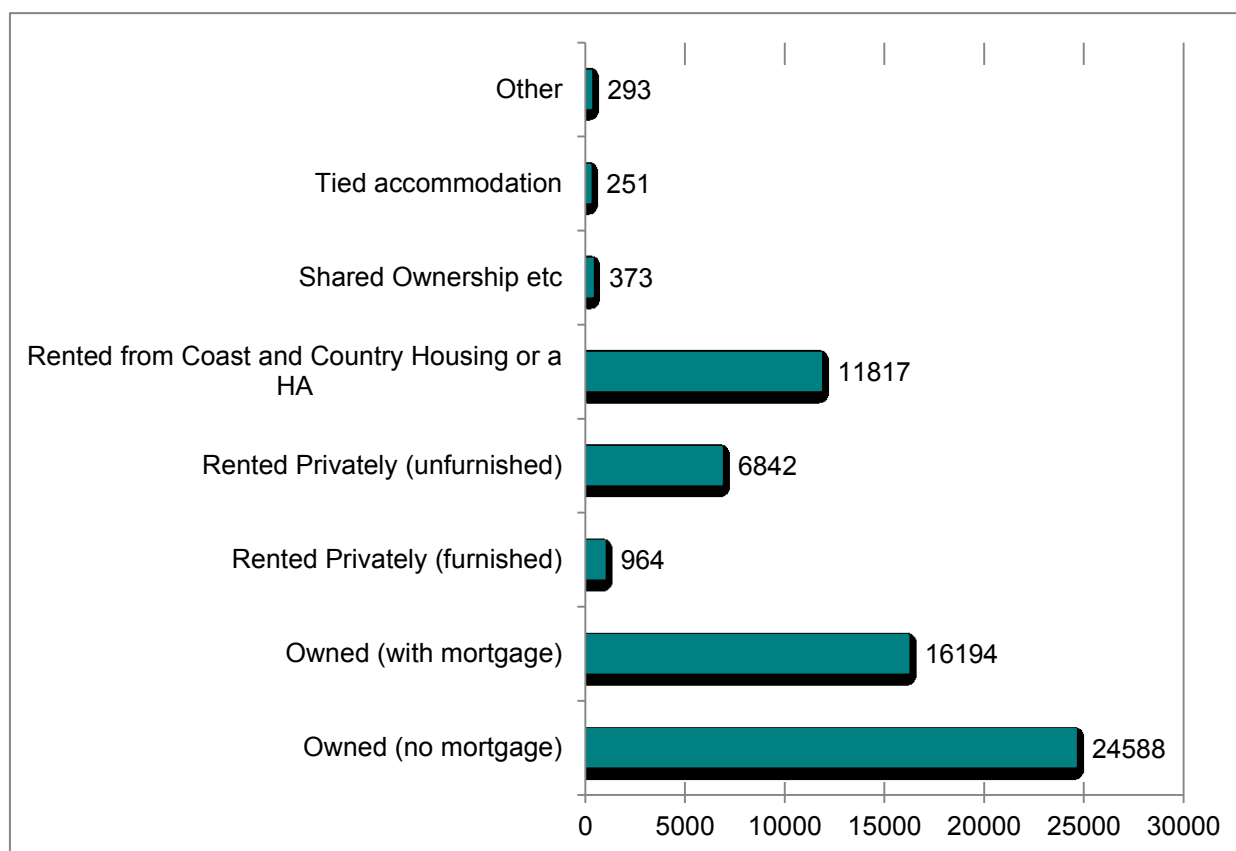
Source: 2015 Household Survey

## Property tenure

- 3.8 The tenure profile of the Redcar and Cleveland area is summarised in Figure 3.3. Variations in broad tenure groups by sub-area are summarised in Figure 3.4. Overall, based on survey evidence, 66.5% of occupied dwellings are owner-occupied, 13.1% are private rented (including tied accommodation), 19.9% are

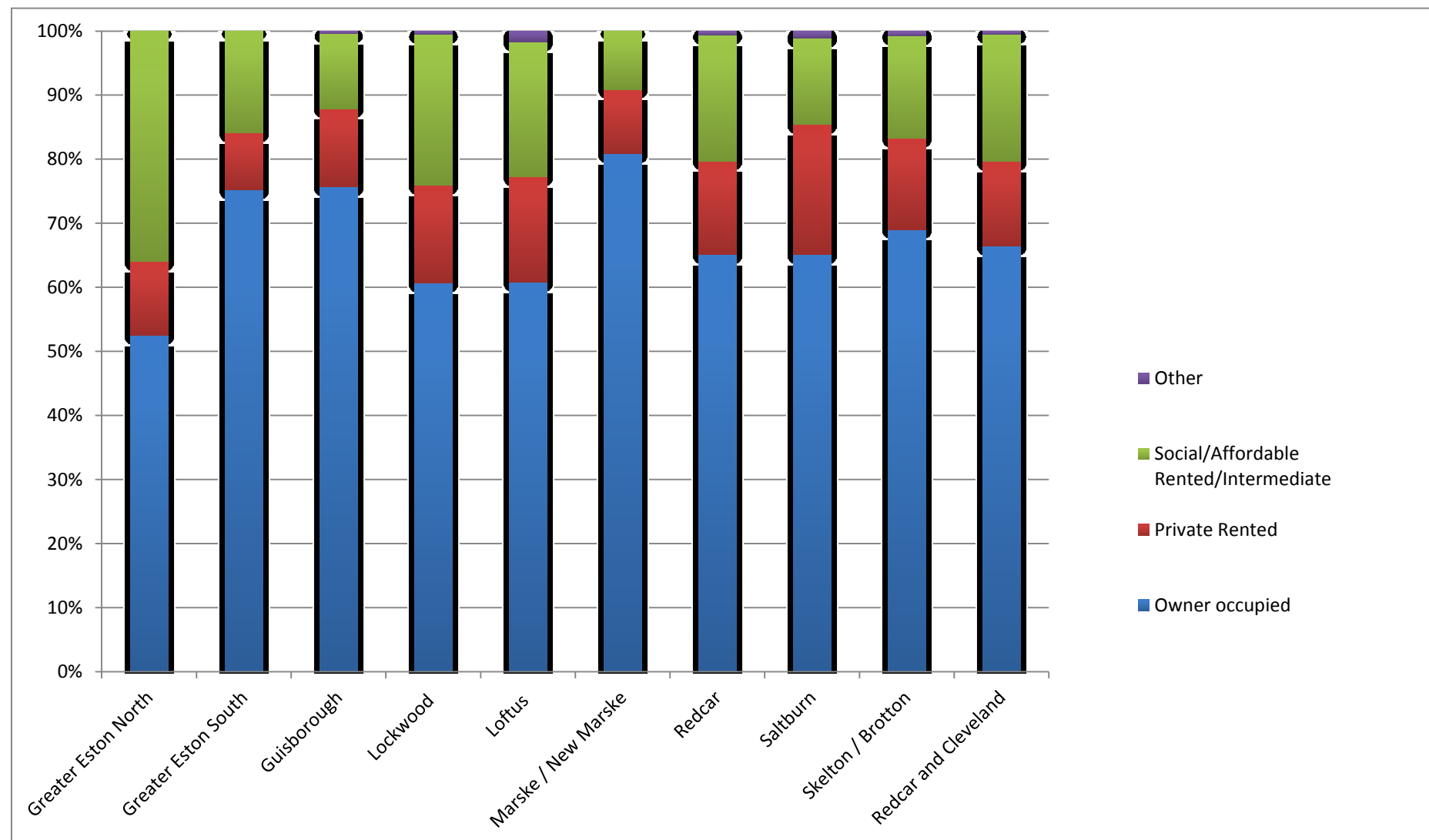
rented from a social housing provider and 0.5% are intermediate tenure dwellings.

**Figure 3.3 Redcar & Cleveland Borough: tenure profile of occupied dwellings**



Source: 2015 Household Survey

- 3.9 Tenure profile varies across Redcar and Cleveland (Figure 3.4). The proportion of owner occupied dwellings is highest in Marske/New Marske (80.8%) and Guisborough (75.6%); private renting in Saltburn (20.3%) and Loftus (16.5%); and social renting in Greater Eston North (36.0%) and Lockwood CP (23.6%).

**Figure 3.4 Redcar and Cleveland tenure profile by sub-area**

Source: 2015 Household Survey

## Tenure characteristics

### Market Overview

- 3.10 Redcar and Cleveland is a unitary authority in Tees Valley, formed in 1974 (then called Langbaurgh-on-Tees), with a population of approximately 135,000 (Census 2011). The borough fringes the urban area of Middlesbrough, the North Sea and the northern edge of the North York Moors (a National Park). The main settlements are the towns of Redcar, Saltburn and Guisborough with smaller discrete settlements of Brotton, Loftus, Marske and Skelton, and the suburban spread of Eston, Dormanstown and Normanby, which are part of the Teesside urban area.

### Owner-occupied market

- 3.11 66.5% (40,782) of households across Redcar and Cleveland are owner occupiers. 40.1% of all households (24,588) own outright and 26.4% of all households (16,194) have a mortgage.
- 3.12 The household survey provides the following information on owner occupied stock:
- Most owner-occupied properties are houses, with 39.4% semi-detached, 18.6% terraced and 24.0% detached; a further 16.0% are bungalows, 1.5% flats/maisonettes and 0.5% other property types;
  - 55.0% of properties have three bedrooms, 23.9% have four or more bedrooms, 20.2% have two bedrooms and 0.9% have one bedroom;
  - Around 12.3% of owner-occupied stock was built pre-1919, 36.9% was built between 1919 and 1964; 32.7% was built between 1965 and 1984 and 16.8% has been built since 1985;
  - 83% of owner-occupier households are satisfied or very satisfied with the state of repair in their accommodation, 10.2% are neither satisfied nor dissatisfied and 6.3% expressed degrees of dissatisfaction.
- 3.13 Over the period 2000 to 2014, lower quartile and median house prices across Redcar and Cleveland have increased dramatically as summarised in Table 3.4.
- 3.14 It is interesting to note that in 2000, a household income of £10,286 was required for a lower quartile price to be affordable; by 2014 this had increased to £24,286. In comparison, an income of £14,286 was required for a median priced property to be affordable in 2000 compared with £34,286 in 2014.

Table 3.4 Lower Quartile and median price and income required to be affordable				
Redcar and Cleveland	House Price (£)		Income to be affordable*	
	2000	2014	2000	2014
Lower Quartile	36,000	85,000	10,286	24,286
Median	50,000	120,000	14,286	34,286

Source: DCLG / Land Registry

\*Assuming a 3.5x income multiple

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

- In terms of household type, 23.7% of owner occupiers are couples with children, 32.6% are older (60 or over) singles and couples, 22.0% are couples (under 60 with no children), 25.8% are singles, 5.4% are lone parents and 3.5% are other household types;
- Just under half of Household Reference People (Heads of Household) living in owner occupied dwellings are in employment (49.1%) and a further 37.5% are wholly retired from work. The proportion retired is considerably higher for outright owners (61%);
- In terms of length of residency, 44.8% of owner occupiers have lived in the same property for 20 years or more (and the figure is 61.6% for outright owners).

#### *Views of estate agents*

3.16 Views were sought about current market activity from a range of estate agents working across Redcar and Cleveland; these are now summarised. arc<sup>4</sup> approached the following agents in Redcar and Cleveland:

- Robson Carter
- Selwyn Hedgeley
- Kings
- Michael Poole
- Your Move
- Selectiv Properties

And conducted interviews with the following agents:

- Robson Carter
- Selwyn Hedgeley
- Kings
- Michael Poole

#### *General market*

3.17 Agents reported that they were having a good year in the sales market and a very good year for rentals, with more activity than the previous year and the numbers of transactions generally rising, though this was not universal with two reporting a stable level of sales. The main issue that everyone agreed with when talking about the sales market was that prices were not rising at all and still remained around 20% below the 2008 peak.

3.18 It appeared that sellers were being realistic in their asking prices given that they were benefiting if they were purchasing another property themselves. Sellers



- were taking their agents' advice on valuations and this meant that properties were being priced to sell.
- 3.19 All of the agents agreed that there were no major impacts on the market from employment issues, although this was prior to the announcement of the closure of the SSI steelworks.
- 3.20 The changes to stamp duty had stimulated the higher end of the market and the agents were all acting for the house builders in selling part exchanged homes arising from second movers purchasing larger, more expensive new homes.
- 3.21 In terms of popularity; Saltburn, Redcar East, Redcar Racecourse, Ings Farm, Mickledales and Guisborough were most sought after, with the Redcar West and Dormanstown areas plus the Brotton/Liverton/Skelton settlements being less popular (rather than actually unpopular) than elsewhere.
- 3.22 None of the agents felt that the quality of schools is a major factor which influences where people buy homes.
- 3.23 All agents advised that the sales market in Redcar and Cleveland has picked up over the last year and felt that this was in line with the gradual economic recovery. One agent had sold 21 properties in July and expected to complete 25 sales in August, a big increase on last year. None felt that the sales market was strongly seasonal in the way that it is popularly portrayed in the media. Whilst the busiest times tend to be October and November these concentrations had reduced considerably over recent years.
- 3.24 Agents felt that demand had improved and would remain so as long as sellers continued to be sensible on asking prices. Prices remained considerably down on the 2008 peaks though transactions were now almost back to pre-recession levels reflecting this sensible approach to home valuation.
- 3.25 The most desirable areas are Redcar East, Ings Farm, Mickledales, Guisborough, Saltburn and Marske and 2/3 bed bungalows and 3 bed family homes are in the most demand.
- 3.26 Most buyers of family homes were local who know the area well and were very specific in their demands. Bungalow buyers were also locals (or returning locals) who knew the area well and wanted to be near relatives and facilities.
- 3.27 Property prices in the area vary between £35,000 - £350,000 with a small number of exceptional properties commanding higher prices. Most properties sell quickly, a typical 3-bed semi-detached property will usually sell within a couple of months whilst terraced houses and flats usually located closer to the town centre (and which are valued at around £50,000) continue to be extremely popular amongst investors due to the rental yields they offer.

### First time buyers

- 3.28 The first time buyer market seems to be steadily improving and most now miss out the flat/terraced house stage and buy 3 bed semis in better locations or are able to use the Help to Buy and shared ownership products now aimed at stimulating the market. Mortgage availability has also improved recently, further boosting demand.

- 3.29 All agents felt that first time buyers had re-entered the housing market but not in very significant numbers and none were reporting that finding deposits was an issue, as most first time buyers had been saving for a longer period than normal and many still had access to the 'bank of mum and dad'

### Newbuild

- 3.30 New build properties in the area sell well and provide a steady source of business to agents in the form of properties taken in part exchange by developers. One small 14 house project in Marske has sold off plan to local buyers.
- 3.31 New build homes in the Skelton area were particularly highlighted as a section of the market where current values lag well behind current valuations.
- 3.32 Any new build in Saltburn would be extremely popular as there has been no large development recently and none are in the pipeline so scarcity is the issue here.
- 3.33 Family accommodation continues to be built around the racecourse and in pockets in Marske which is very popular.
- 3.34 Help to Buy had been used by a small number of buyers but agents felt that this was being exploited by the large house builders who were active in the borough.

### Specialist accommodation

- 3.35 Very little specialist accommodation has been provided for the elderly to buy in the borough, with only three schemes (one in Redcar, one in Guisborough and one in Skelton) being built. There are a number of planned or ongoing schemes to create apartments in older buildings close to the sea front in both Redcar and Saltburn and they both appear to be popular locations among the elderly and retired population.
- 3.36 There is a steady flow of people who were born in the area returning on retirement who seek bungalow accommodation which is in very short supply throughout the borough but most retirees are locals.

### Summary

- 3.37 Key issues relating to the current housing market offer include:
- Demand for housing is growing across the borough;
  - The sales market has picked up over the past year and confidence within the market is growing, demonstrated by the increasing number of completed transactions
  - House prices remain well below their 2007/8 peak which is, anecdotally, suppressing the number of homes coming to the market;
  - 2 and 3 bed bungalows and 3 bed family homes with gardens and parking are the highest in demand;

- The area has a very strong investor market due to high rental yields available to landlords; and
- The elderly market is increasing in the area. There is some specialist accommodation coming onto the market to satisfy this demand, including a 40 apartment scheme in Guisborough, but demand is expected to grow for this type of development.

### *Stakeholder views on new housing provision*

- 3.38 The key stakeholders who responded to the online survey were involved with a range of new housing provision across Redcar and Cleveland. This includes open market housing and Extra Care schemes. One major housebuilder noted they have extensive interest in a number of sites across the borough and hope to bring these forward within the near future. The overall consensus indicated that more development was needed throughout Redcar and Cleveland and respondents believed that this would help the overall housing market's performance within the area.
- 3.39 The main barriers to development that stakeholders identified were:
- Site viability, including a range of cost factors;
  - Market attractiveness of localities within the borough;
  - Planning, including the need for a Local Plan; and
  - A lack of attractive development opportunities in the area.
- 3.40 Overall, Redcar and Cleveland is viewed as an attractive area to develop. The general view of stakeholders being that they wish to continue development within the area in the future.
- 3.41 Stakeholders were asked what locations of the borough should be prioritised for housing growth. A range of views were provided as to where new housing should be built including:
- A mix of Greenfield and Brownfield land with a strong focus on S.106 contributions and;
  - Larger settlements such as Redcar and Guisborough. Upleatham, offering attractive properties if they are to compete with the Greenfield sites in the south of Middlesbrough;
  - Kirkleatham Village, Saltburn, Marske and the town centre were also noted as key areas for development and;
  - Supported accommodation was suggested as being needed across the borough.
- 3.42 The general view of respondents was that demand for new housing was from households currently living within the area. Asked to identify what types of housing they thought should be built, the view was that a broad range of new housing is required in Redcar and Cleveland, to meet a spectrum of needs and demands. The following points were made:
- A focus on open market family units;

- A mix of smaller 2/3 and larger 5 bed properties;
  - Bungalows built to long life standards; and
  - High-quality, large, detached, executive houses.
- 3.43 Several stakeholders commented that the area needed to focus on balance in terms of the properties it offers. By offering a range of units from smaller properties up to larger properties, respondents felt that this would help to create sustainable and balanced communities whilst larger homes are believed to support job creation and economic growth.
- 3.44 In relation to Black and Minority Ethnic (BAME) households, it was noted that many groups have their own small community within Redcar and Cleveland. Stakeholders believed that this can result in language barriers however telephone support systems are offered to address this.
- 3.45 The general feeling from stakeholders is that, with improvements in the economy, the overall housing market within the area is predicted to pick up however, new viable and attractive sites were viewed as key to ensuring any growth is achieved.
- 3.46 In terms of key strategic messages about housing markets to be identified in the SHMA, stakeholders identified the following:
- An increase in affordable single person accommodation;
  - Greater assessment of the key drivers of housing demand in all areas of the borough with a key focus on migration trends to and from the surrounding areas;
  - More specialised supported housing models;
  - More support to improve existing stock; and
  - Setting developer contributions at a level that has been demonstrated to be viable, and which is sufficiently flexible so as not to prevent the delivery of new housing.

### Private rented sector

- 3.47 Nationally, the private rented sector has established itself as an important dimension of the housing market to complement owner occupation and social renting. The sector plays a major role in facilitating labour mobility and is diverse in terms of the range of households it accommodates and the types of properties available. A report 'The Modern Private Rented Sector'<sup>18</sup> 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;

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<sup>18</sup> 'The Modern Private Rented Sector' David Rhodes, 2006 University of York with CIH/JRF

- 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).
- 3.48 Given the range of roles of the private rented sector, there is a considerable diversity in the characteristics of private renting tenants. Evidence from the 2001 Census (Rhodes, 2006) indicates that households living in private rented accommodation:
- tend to have younger Heads of Household;
  - are ethnically diverse;
  - singles, lone parents and other multi-adult households are over-represented compared with other tenures;
  - people in professional and higher technical occupations are over-represented compared with other tenures;
  - are more likely to be highly mobile geographically and turnover rates are high; and
  - are more likely to accommodate international migrants.
- 3.49 The report 'The Private Rented Sector: its contribution and potential'<sup>19</sup> identified that the private rented sector is complex and distinct sub-markets include:
- Young professionals;
  - Students, whose needs are increasingly being met by larger, branded, institutional landlords;
  - The housing benefit market, where landlord and tenant behaviour is largely framed by housing benefit administration;
  - Slum rentals at the very bottom of the PRS, where landlords accommodate often vulnerable households in extremely poor quality property;
  - Tied housing, which is a diminishing sub-sector nationally but still has an important role in some rural locations;
  - High-income renters, often in corporate lettings;
  - Immigrants whose most immediate option is private renting;
  - Asylum seekers, housed through contractual agreements with government agencies;
  - Temporary accommodation, financed through specific subsidy from the Department for Work and Pensions; and
  - Regulated tenancies, which are a dwindling portion of the market.

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<sup>19</sup> The Private Rented Sector: its contribution and potential' Julie Rugg and David Rhodes, Centre for Housing Policy The University of York 2008

- 3.50 The report concludes that the PRS needs to become a flexible, well-functioning element of the housing market. To this end, its recommendations include:
- More policy to encourage a better understanding of managed rented housing and mandatory regulation of managing agents to ensure better quality management standards and Registered Providers should be encouraged to enter this market place;
  - Initiatives to 'grow' the business of letting, encouraging smaller, good landlords to expand their portfolios and view this as a business;
  - Equalising rental choice so low-income households can make a real choice between a social or private let and see both as being equally desirable;
  - Light-touch licensing and effective redress to encourage local authorities to target the very worst landlords and a permit/licence would be required by all landlords that would be revoked if the landlord did not meet statutory requirements on housing management and quality.
- 3.51 The private rented sector accommodates around 13.1% (7,806) of households across Redcar and Cleveland. Of these households, 6,842 rent unfurnished properties, 964 rent furnished accommodation and 251 rent with their job (tied accommodation). Table 3.5 summarises the number of private rented dwellings by sub-area and indicates that 30.4% are in Redcar, 15.5% in Greater Eston North and 12.0% in Guisborough.
- 3.52 Most private rented properties (65.9%) are houses (of which 35.1% are terraced, 24.1% are semi-detached and 6.8% are detached); a further 25.4% are flats, 8.4% are bungalows and 0.2% are other property types. 18.5% have one bedroom, 40.9% have two bedrooms, 33.5% have three bedrooms and 7.3% have four or more bedrooms.
- 3.53 The characteristics of tenants are diverse and in particular the private rented sector accommodates lone parents (21.4%), singles under 60 (29.6%), couples (no children) (22.7%) and couples with children (15.9%).
- 3.54 29.1% of private renting households have lived in their accommodation for less than two years.
- 3.55 In terms of income, 42.7% of privately renting households receive less than £13,000 gross per year, 30.3% receive between £13,000 and £26,000 per year and 14.2% receive at least £26,000 per year, indicating that the private rented sector tends to accommodate lower income households.
- 3.56 50.0% of Household Reference People (Heads of Household) living in private rented accommodation are employed, 10.6% are unemployed, 12.2% are permanently sick/disabled, 4.3% are carers or looking after the home and 12.2% are wholly retired from work.

**Table 3.5** Profile of private rented sector in Redcar and Cleveland

Sub Area	Tenure						Total	
	Rented Privately (furnished)		Rented Privately (unfurnished)		Tied accommodation			
	Count	% of PRS	Count	% of PRS	Count	% of PRS	Count	% of PRS
Greater Eston North	157	1.9	1046	12.5	89	1.1	1292	15.5
Greater Eston South	65	0.8	437	5.2	21	0.3	523	6.3
Guisborough	48	0.6	916	11.0	0	0.0	999	12.0
Lockwood CP	8	0.1	237	2.8	0	0.0	253	3.0
Loftus CP	61	0.7	541	6.5	0	0.0	663	7.9
Marske / New Marske	101	1.2	415	5.0	34	0.4	550	6.6
Redcar	432	5.2	1894	22.7	108	1.3	2542	30.4
Saltburn	82	1.0	554	6.6	0	0.0	669	8.0
Skelton / Brotton CP	10	0.1	801	9.6	0	0.0	859	10.3
Total	964	11.5	6841	81.9	252	3.0	8350	100.0

Source: 2015 Household Survey



*Estate agent views on the private rented sector*

- 3.57 All agents reported that the rental market was at least strong and at best buoyant. They could not, however identify one single factor driving the market.
- 3.58 Potential renters included those coming out of relationship breakdowns, some coming into the area and sizing up the market before buying and some downsizers who retained their original home as a source of income before renting but none of these factors was dominant.
- 3.59 A small number of social housing tenants had moved to the private rented sector to avoid the bedroom tax (this had also pushed up demand for 1 bed homes).
- 3.60 All of the agents provided full management services to the rented sector and prided themselves on the quality of their service and generally the quality of homes under their management, especially the lack of hassle to both landlord and tenant, which they felt allowed tenants to feel more secure and settled in the rented sector.
- 3.61 Agents felt that they were seeing more single person households which was, again pushing up demand for smaller homes.
- 3.62 One estate agent reported that they had had a couple of lettings to construction workers involved in the new potash mine but they did not expect a noticeable improvement in the market resulting from this new plant.
- 3.63 The area has seen a growing trend in elderly people seeking rental properties. Agents believed they felt this offered them more security when it comes to maintenance of a property whilst still allowing them their independence. Agents stated that the elderly tenants usually prefer to pay 6 months' rent up front and rarely move around once they are settled in one property.
- 3.64 Agents believe the rental market is consistently strong throughout the year however, after Christmas is busier as some people have to secure alternative accommodation following relationship break-downs over the festive period.
- 3.65 Many people now stay in rented accommodation for longer. Agents believed this was partly down to a change in attitude towards rental properties whilst others believed it was simply because they had no other option. In addition, many people are happy to rent and avoid the costs and complications of ownership. Agents prided themselves on providing a less interfering management service where they wanted to avoid people moving on after the first 6 month assured short hold tenancy came to an end.
- 3.66 The last few years has seen a small number of homeowners move back into rental property in order to free up the equity in their homes whilst a number of elderly homeowners often sell their properties and move into smaller rented accommodation.
- 3.67 None of these trends represented a major part of the overall market in Redcar and Cleveland and were unlikely to grow significantly in the near future.
- 3.68 All agents considered that a home becoming available to rent in the area will find a tenant and location was not a huge issue for many as, for example, most schools are of a decent quality and the lack of a single major employer does not influence the choice of the location of a new home.

- 3.69 Dormanstown and the surrounding area are not attractive to everyone and the more remote settlements to the south of the borough are lower cost and less in demand, however there is a market for everything at the right price
- 3.70 Unfurnished properties are in most demand and there are only a handful of furnished homes available to rent in the borough. All agents did however state that they would sort out whatever furniture option someone requested and all said that more and more unfurnished homes included white goods as a matter of course.
- 3.71 Rental properties tend to move quickly and it is only the comprehensive vetting process and other necessary administrative steps which the agents need to take that hold up lettings; finding a potential tenant happens very quickly.
- 3.72 The range of market rental values are:
- 1 bed flat or apartment – £400 to £450;
  - 2 bed terraced (no parking/gardens) - £350 to £400;
  - 3 bed semi detached house (parking and gardens) - £550 - £650;
  - 4 + Bed - £550+.
- 3.73 Landlords are typically investors seeking terraced housing in need of general cosmetic work or flats bought for buy to let purposes. Generally, investors tend to be from outside the area although agents highlighted that local investors are still present. They felt that properties in the area offered a great investment opportunity as they presented excellent yields and usually require little to no renovation prior to moving in tenants and demand is consistently high. One agent reported that he had sold 6 homes to a variety of investors who were using the recent pension freedoms to release funds to spend on homes, and all were very happy with the returns so far.

### *Agent Services and Fees*

- 3.74 All of the agents interviewed offered the full range of management services to landlords and all claimed that their charges were extremely competitive.
- 3.75 Deposits are taken in addition to a bond which are both usually equal to one month's rent upfront - this was considered variable if the tenants had pets, poor credit or presented any other liability to landlords
- 3.76 Vetting checks are outsourced and take on average 1 day; typical delays are employer references
- 3.77 Anyone over 18 would also be vetted alongside a guarantor if one were needed.
- 3.78 Professional photo inventories can be requested, usually at a higher fee.
- 3.79 A check on immigration status is available
- 3.80 Levels of management offered to landlords were:

### *Standard*

3.81 Initial set up charge of 1 month's rent (plus VAT)

3.82 Service includes:

- Marketing the property;
- Conducting all viewings with prospective tenants;
- Interviewing prospective tenants;
- Carrying out full credit checks;
- Contacting character referees, taking up references at their place of work and with previous Landlords;
- Providing the tenancy agreement, installing the tenants in the property (which includes showing where water stop tap is, showing how alarm/ gas central heating systems work etc);
- Helping the tenants set up payment accounts to pay their bills whilst in residence;
- Undertake general background details, banking details plus the tenants National Insurance number; and
- Comprehensive inventory including condition photographs.

### *Part Managed*

3.83 The landlord must find tenant and property will be managed by agents. Properties can also be managed with no tenant present for the same price. Includes full day-to-day management charged at 15%pcm (plus VAT).

### *Fully Managed*

3.84 First month's rent (plus VAT) which is deducted from the first month's rent includes full day to day management charged at 15% pcm (plus VAT).

- Inspections of the rented property every 3 months.;
- Employment and instruction of reputable contractors with the relevant Liability Insurance to carry out any necessary repairs;
- Statements forwarded monthly either by post or e-mail;
- Rent payment management;
- Making sure each property complies with new legislation;
- Rental market assessment and advice; and
- Some agents included professional photo Inventories whilst others offered to arrange this at an extra cost.

*Stakeholder views on the private rented sector*

- 3.85 The general feeling about the private rented sector in Redcar and Cleveland is that it is too big and that it needs to have better regulation. At present, it is viewed as having quite a poor reputation with unfair treatment of tenants being at the core of this. A key concern raised by stakeholders was the high levels of low quality street housing that are typical in the area. Stakeholders felt that this type of housing is no longer attractive.
- 3.86 The general focus of the private rented sector is considered to be in typical locations including; South Bank, Brotton, Redcar, Marske parts of Grangetown and Guisborough.
- 3.87 The need for better regulation of the sector was raised extensively and stakeholders felt that the lack of regulation is influencing demand alongside;
- The quality of properties on offer;
  - Transportation links;
  - Market conditions; and
  - Access to services.
- 3.88 Stakeholders generally felt that the demand for rental properties was from a mixed demographic and that all types of households are seeking rental properties as an alternative option to affordable rent and home ownership. Furthermore, those on lower income who are unable to obtain properties via housing associations due to rent arrears and anti-social behaviour (ASB) are also thought to be driving the local market.
- 3.89 Stakeholders felt strongly that there were major issues with stock condition locally. They felt that a lack of regulation and high levels of absent landlords were leading to major problems with the stock, most noticeably on the estates in Grangetown and the South Bank.
- 3.90 When asked about the role of buy-to-let within the local market, limited feedback was given and no overall consensus of opinion emerged. One respondent considered its growth key to assisting the overall market and a way to help improve its quality. Whilst another believed that there were a large number of buy to let properties available yet felt that the quality of these needed to be improved.
- 3.91 When asked about the impact of changes in the economy and welfare on the sector, changes to mortgages and the impact of welfare reforms were raised as pivotal drivers to the reduction in demand for larger properties. The view was that these are now becoming an unattractive and unaffordable option for most.
- 3.92 Stakeholders did not provide much information on movement between tenures, however some was noted in areas of low demand. One respondent suggested that movement is present between all tenures and they felt that this is becoming more difficult to manage in the areas where demand is perceived as being high as people do not want to give up what they have and this means choice is limited.

- 3.93 No significant demand for private rented housing from ethnic minority groups was discussed however, small pockets were noted in the South Bank and where existing BME communities are located.
- 3.94 In terms of key strategic messages about the sector to be identified in the SHMA, stakeholders identified the following:
- More regulation of the sector;
  - Better control over the stock and the quality available within the sector;
  - The introduction of a registered landlord scheme; and
  - More support for residents where issues such as poor conditions and a lack of repairs is present.

### Affordable sector

- 3.95 According to the 2015 household survey, there are around 12,190 households who live in an affordable (social rented or shared ownership) property across Redcar and Cleveland, accounting for 19.9% of all occupied dwellings.
- 3.96 Houses account for 47.8% of occupied affordable dwelling stock, 30.2% are flats/apartments and maisonettes and 21.7% are bungalows. Affordable dwellings tend to have one (32.3%), two (39.7%) or three (27.2%) bedrooms, with a further 0.9% having four or more bedrooms.
- 3.97 32.1% are older singles and couples, a further 32.1% of households living in affordable dwellings are singles under 60, 8.0% are couples with children, 8.6% are lone parents, 6.9% are couples/lone parents with adult children, 17.6% are couples with no children and 4.4% are other household types.
- 3.98 21.5% of Household Reference People living in affordable housing are in employment. A further 30.0% are wholly retired from work, 22.1% are permanently sick/disabled, 8.6% are unemployed, 8.4% look after the home/are caring for someone and 0.0% are in full-time education/training.
- 3.99 Incomes are generally low, with 57.9% receiving an income of less than £13,000 gross per year and 31.3% receiving less than £7,800 gross per year.

### Stakeholder views on affordable housing

- 3.100 Few stakeholders commented on whether the Decent Homes Standard had been met within the borough's affordable housing stock, but those who did said that this standard had been achieved amongst their stock. The stakeholder survey included a range of affordable housing providers from across the borough offering a mix of affordable sale and rent of 2/3 bed houses and bungalows. There is also some demand for smaller 1/2-bed flats. These properties typically cater to general needs and older people.
- 3.101 Stakeholders were developing affordable stock for both rent and sale within the area yet details about demand areas and profiles were limited. It was noted that 3 bed properties can be risky and tend to either be very popular or difficult to move however, smaller 2 bed houses with en-suites in good locations tend to prove popular.

- 3.102 The key client base for those seeking affordable housing locally was highlighted as single young people and young families. Stakeholders further indicated that the characteristics of those demographics tends to be lower income or unemployed households who are greatly affected by affordability levels.
- 3.103 ASB was identified by stakeholders as problematic in specific areas. The view was that this is linked to the neighbourhood, property types and the layout of some estates. Parts of Church Lane North and Grangetown were highlighted as locations where ASB is a problem. It can often lead to excessive noise and criminal behaviour.
- 3.104 Stakeholders' customer satisfaction levels were generally high however some noted that the accommodation they offer is only temporary.
- 3.105 In terms of key messages for the SHMA in respect of affordable housing, stakeholders identified the following:
- The need for setting responsible affordable housing targets that fall in line with the evidence base;
  - A greater focus on providing desirable sites for development in terms of location, employment opportunities and economically viable areas that can help attract people to Redcar and Cleveland;
  - More assistance provided to allow stakeholders to improve the quality of their customer offer and provide more specialist housing provision; and
  - More focus on energy efficient properties.

### Executive housing

- 3.106 Although it is difficult to define executive housing, distinctive features include:
- High property values linked to desirable locations, with high incomes/equity required to support the purchase; and
  - High quality construction including exterior and interior fittings.
- 3.107 This SHMA has sought to investigate the requirements for executive housing through a review of existing provision, stakeholder discussions and analysis of household survey evidence. Overall, in Redcar and Cleveland, executive housing provision will have a role in response to the need for diversification and expansion of the sub-regional economy and in contributing towards achieving wider population and economic growth objectives for the Region.
- 3.108 Stakeholders highlighted a need for additional executive housing in Redcar and Cleveland.
- 3.109 The household survey can be used to explore the housing options being considered by higher income groups (with a weekly income of at least £950). Although the executive housing market is a niche market, reviewing the housing aspirations of high income groups is an appropriate way of investigating the potential demand for executive housing.
- 3.110 The household survey identifies 12,868 households with an income of at least £950 each week. Of these households, 2,988 are intending to move in the



next five years. Of this group of high income households, a majority (83.2%) stated a first preference location within Redcar and Cleveland (particularly the Guisborough sub-area). A further 10.5% stated Marske/New Marske, 7.9% Skelton/Brotton and 7.5% Greater Eston South.

- 3.111 In terms of dwelling preferences, likes and expectations are summarised in Table 3.6. This indicates strongest aspiration towards detached houses with four or more bedrooms; and this is broadly in line with what households expect to move to.

Table 3.6 High income household dwelling aspirations and expectations					
Like/Aspiration					
No. Beds	Property type (Table %)				Total
	Detached house	Semi-detached house	Flat/Apartment	Bungalow	
Two	7.20%			11.10%	18.30%
Three	11.30%			3.70%	15.00%
Four	44.80%				44.80%
Five or more	20.00%	1.90%			21.90%
<b>Total</b>	83.40%	1.90%		14.80%	100.00%
Expectation					
No. Beds	Property type (Table %)				Total
	Detached house	Semi-detached house	Terraced house	Bungalow	
Two	6.90%	3.20%		7.40%	17.50%
Three	11.50%	14.30%	3.20%	3.60%	32.60%
Four	25.70%	7.10%		3.20%	36.00%
Five or more	12.10%	1.80%			13.80%
<b>Total</b>	56.10%	26.50%	3.20%	14.20%	100.00%

Base: 12,868 households with an income of more than £950 planning to move in next 5 years

Source: 2015 Household Survey

## Suggested future development profile of market dwellings

- 3.112 The current stock of open market dwellings is summarised in Table 3.7. Table 3.8 then suggests an annual profile of dwellings to be built to reflect the current stock profile, household aspirations and expectations.
- 3.113 This analysis would suggest a particular focus on the delivery of three and four bedroom houses, detached properties and bungalows.
- 3.114 Table 3.9 considers the current dwelling stock profile of open market dwellings by sub-area and then the extent to which this varies from the stock profile based on the aspirations of households planning to move (using borough-level data). Where cells are colour coded: a green spot indicates that the current proportion of dwelling stock is greater than the aspiration for that dwelling stock; a red spot indicates that the proportion of dwelling stock is lower than the aspiration. Therefore a red spot suggests there is a lack of that particular dwelling type and size in the sub-area.



**Table 3.7 Open market dwelling stock and preferences**

Dwelling type/size	Dwelling stock, likes and expectations		
	Current Private Stock %	Like %	Expect %
Detached house/cottage 1-2 Beds	0.8	4.4	2.1
Detached house/cottage 3 Beds	6.5	14.0	10.1
Detached house/cottage 4 or more Beds	13.8	22.6	12.6
Semi-detached house/cottage 1-2 Beds	3.9	1.7	2.9
Semi-detached house/cottage with 3 Beds	28.3	9.1	21.4
Semi-detached house/cottage 4 or more Beds	4.6	3.7	4.6
Terraced house/cottage 1-2 Beds	8.1	4.5	6.9
Terraced house/cottage 3 Beds	11.2	2.1	3.1
Terraced house/cottage 4+ Beds	2.0	0.8	0.9
Bungalow 1-2 Beds	9.0	16.9	19.9
Bungalow 3+ Beds	5.7	15.7	9.1
Flat/Apartment 1 Bed	2.6	0.3	0.8
Flat/Apartment 2 Beds	3.1	3.1	4.5
Flat/Apartment 3+ Beds	0.1	0.1	0.0
Other 1-2 Bed	0.2	0.7	0.9
Other 3 Bed	0.2	0.2	0.3
Other 4+ Bed	0.0	0.0	0.0
Total	100.0	100.0	100.0
Base	48884	7936	7043

Source: 2015 Household Survey

**Table 3.8 Open market dwelling stock and preferences**

Dwelling type/size summary	% Profile of new dwelling stock based on:		
	Current stock	Like	Expect
House 1/2 Beds	12.8	10.6	11.9
House 3 Beds	45.9	25.2	34.5
House 4 or more Beds	20.3	27.1	18.0
Bungalow	14.6	32.7	29.0
Flat	5.8	3.6	5.3
Other	0.5	0.9	1.2
Total	100.0	100.0	100.0
Base	48884	7936	7043

Source: 2015 Household Survey

**Table 3.9 Comparison between current dwelling stock and market aspirations**

Dwelling stock relative to aspirations											
Dwelling type	Sub-area										
	Greater Eston North	Greater Eston South	Guisborough	Lockwood	Loftus	Marske/ New Marske	Redcar	Saltburn	Skelton/ Brotton	Total	
Detached house/cottage 1-3 Beds	● -12.6	● -16.0	● -9.9	● -14.6	● -7.8	● -7.6	● -8.9	● -15.6	● -13.5	● -11.1	
Detached house/cottage 4 or more Beds	● -16.7	● -13.0	● 3.3	● -9.3	● -17.8	● -12.3	● -7.4	● -15.2	● -2.2	● -8.9	
Semi-detached house/cottage 1-2 Beds	● 9.4	● -0.1	● 0.8	● 2.0	● 2.6	● 0.1	● 2.0	● -1.2	● 0.5	● 2.2	
Semi-detached house/cottage with 3 Beds	● 20.6	● 23.5	● 16.3	● 4.7	● 6.9	● 26.0	● 23.1	● 10.0	● 15.1	● 19.2	
Semi-detached house/cottage 4 or more Beds	● 0.1	● 3.0	● 1.5	● -2.7	● -2.4	● 4.2	● 0.0	● 3.6	● -0.7	● 0.9	
Terraced house/cottage 1-2 Beds	● 2.0	● 2.9	● 2.9	● 15.4	● 13.4	● 1.3	● 1.3	● 3.2	● 7.6	● 3.6	
Terraced house/cottage 3+ Beds	● 11.5	● 8.6	● 5.4	● 25.4	● 27.5	● 3.4	● 9.1	● 17.5	● 10.1	● 10.3	
Bungalow	● -15.9	● -7.8	● -22.3	● -20.4	● -23.9	● -12.6	● -20.7	● -25.2	● -15.7	● -18.0	
Flat	● 2.0	● -0.2	● 2.6	● -0.2	● 0.5	● -2.5	● 2.4	● 21.4	● -0.3	● 2.2	
Other	● -0.5	● -0.9	● -0.5	● -0.1	● 1.1	● 0.0	● -0.9	● 1.6	● -0.9	● -0.4	
	●	Insufficient dwellings available relative to aspiration									
	●	Sufficient dwellings available relative to aspiration									

Source: 2015 Household Survey

## Past trends in housing delivery

3.115 Over the past 13 years 2002/03 to 2014/15, there has been an annual average completion of 311 dwellings (Table 3.10).

Table 3.10 Dwelling completions 2002/03 to 2014/15			
Year	Private	Affordable	Total
2002/03	450		450
2003/04	330	10	340
2004/05	290	30	320
2005/06	150	30	180
2006/07	380	50	430
2007/08	240	10	250
2008/09	270	130	400
2009/10	140	60	200
2010/11	150	100	250
2011/12	210	50	260
2012/13	150	80	230
2013/14	240	40	280
2014/15	280	170	450
<b>Total (13 years)</b>	<b>3280</b>	<b>760</b>	<b>4040</b>
<b>Annual average</b>	<b>252</b>	<b>58</b>	<b>311</b>

Source: DCLG House Building Statistics

## Key market drivers

3.116 Essentially, there are three key primary drivers influencing the current (and future) housing market: demographic; economic and dwelling stock characteristics, as summarised in Table 3.11.

Table 3.11 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

3.117 In summary, the following demographic drivers will continue to underpin the operation of the Redcar and Cleveland Housing Market Area:

- An increasing population, with ONS 2012-based population projections (Table 3.12) indicating an decrease of -0.3% from 134,600 in 2015 to 134,200 by 2037;
- Over the period 2014 to 2037, the number of residents aged under 65 will fall 27.9% from 105,400 in 2015 to 94,600 in 2037. The number aged 65 will increase by 29.5% from 29,200 in 2015 to 39,600 in 2037;
- The 2015 Household Survey indicates that the following range of household groups currently live in Redcar and Cleveland: singles under 65 (18.8%); couples with younger children (13.6%); couples (under 65 with no children) (34.4%); couples with adult children (6.5%); singles aged 65 or over (14.0%); couples 65 or over (15.6%); lone parents (5.7%); lone parents with adult children (3.2%) and other household types (3.7%); and
- Regional household projections suggest that the proportion of singles and other household types is likely to increase in the future.

**Table 3.12 Projected population change, 2014 to 2037**

Age Group	2014	2021	2037	Change 2014-37
0-14	22,400	23,000	21,100	-5.8
15-39	37,800	37,000	35,400	-6.3
40-64	45,200	43,300	38,100	-15.7
65+	29,200	31,700	39,600	35.6
<b>TOTAL</b>	134,600	135,000	134,200	-0.3
% aged 65+	21.7	23.5	29.5	
% aged 75+	9.1	9.2	9.5	

Source: ONS 2012-based population projections

3.118 The following economic drivers underpin the operation of the Redcar and Cleveland Housing Market Area:

- 46.3% of Household Reference People are economically active and are in employment according to the 2015 Household Survey; a further 34.5% are retired; 8.5% are permanently sick/disabled; 5.1% are either looking after the home or provide full-time care; 4.6% are unemployed and available for work; and 0.8% are in full-time education/training;
- 56.9% of residents in employment work in Redcar and Cleveland. A further 20.6% work in Middlesbrough, 10.5% work in Stockton on Tees, 2.6% work in Hambleton, 1.3% work in Darlington and 1.1% work in Hartlepool;
- According to the Office for National Statistics (ONS) Annual Survey of Hours and Earnings, lower quartile earnings in 2014 across Redcar and Cleveland were £17,227.60 each year which compares with £18,200.00 for the North East England region and £19,396 for England. Median incomes were £24,835.20, compared with a regional median of £24,809.20 and a national median of £27,227.20.

- There is considerable income polarisation across Redcar and Cleveland, with 43.0% of households receiving less than £300 each week, 24.0% receiving between £300 and £500 each week and 33.1% receiving at least £500 each week.
- 3.119 In terms of dwelling stock, the 2015 Household Survey reports that, across the Redcar and Cleveland area:
- 72.9% of properties are houses, 16.1% are bungalows, 10.6% are flats/maisonettes, and 0.5% are other property types (e.g. caravans);
  - 9.6% have one bedroom/studio, 26.9% have two bedrooms, 46.5% have three bedrooms and 17.0% have four or more bedrooms;
  - 11.9% of properties were built before 1919, a further 12.6% were built between 1919 and 1944, 21.7% between 1945 and 1964, 29.4% between 1965 and 1984, 10.6% between 1985 and 2004 and 5.2% have been built since 2005;
  - 66.5% of properties are owner-occupied, 13.1% are rented from a social landlord, 19.9% are private rented/tied accommodation and 0.5% are intermediate tenure;
  - There is a particularly strong aspiration for houses and these tend to be larger 4 or 5 plus bedroomed.

#### *Stakeholder views on key market drivers*

- 3.120 Stakeholders were asked to identify what they perceive to be the local housing market drivers in Redcar and Cleveland, these include:
- Demographics, including an ageing population and young single people;
  - Population and household growth;
  - Migration;
  - Economy;
  - Employment and income; and
  - Accessibility to road and rail networks – travel to work areas.
- 3.121 Stakeholders recognised that a number of factors have a role to play in driving housing demand within the borough and made the following comments:
- 3.122 The general view recognised that the quality of the housing offer in the area was key to supporting any future growth within the market. The importance of the outright sale market requirement for the security of tenure was also raised as a key factor.
- 3.123 One stakeholder noted that demand across Redcar and Cleveland varies greatly and felt that due to the introduction of the bedroom tax and welfare reforms, demand for 3 bed properties is falling leaving a potential oversupply in some areas. This is thought to be due to unaffordable rent levels now commonplace for some families.

- 3.124 Another stakeholder noted that migration was an issue due to the lack of sites present. They suggested that due to the competition from sites in Middlesbrough, some population loss is now present and that the provision of more sites in the area needs to become a priority to address this. This view was further supported by another stakeholder who also recognised the decrease in local population. They felt that this was due to those with medium wages seeking housing in other areas and those on well paid jobs are thought to have little choice within the borough and therefore opt for property elsewhere.
- 3.125 Meeting the needs of all existing and future residents within the plan period was also raised as a priority. The view was that greater focus needs to be placed on accommodating population trends/increases whilst also supporting the delivery of new jobs and expansion of the economy.
- 3.126 Stakeholders were asked to identify what they perceive to be the main drivers of housing demand in Redcar and Cleveland. Respondents acknowledged that housing demand varies significantly across the borough. Drivers included:
- A lack of housing growth leading to increases in outward migration and leakages into other authorities;
  - Limited in migration;
  - An ageing population;
  - Increased levels of families with disabilities requiring suitable accommodation;
  - A drive for economic growth, but a large number of people of low incomes;
  - A lack of employment opportunities which are not supported by high quality housing stock; and
  - The impact of the 'bedroom tax' meaning people cannot afford to stay in two- and three-bedroom properties.
- 3.127 The general characteristics of households driving demand in the area were considered to be young families; young, single people; and low to middle income households. These groups were identified as those who are particularly struggling to afford either home ownership or private rented accommodation.
- 3.128 Stakeholders were asked to identify what they felt to be the current housing market weaknesses in Redcar and Cleveland and these include:
- A lack of affordable homes;
  - The economic status of the area leading to limited inward migration and high levels of outward migration;
  - An oversupply of housing stock in some areas including pockets of mid to low demand stock that do not meet the aspirations of families and/or the elderly;
  - Market variation across the borough, including an oversupply of mid to low demand properties in some of the rural East Cleveland areas where demand tends to be very localised. Other demand issues have been noted in Grangetown, South Bank and Church Lane North where there is an oversupply of accommodation.

- A lack of investment in the overall look and appearance of an area and a general feeling that investment in the town centres to encourage shopping in the borough is needed to make it a more desirable location;
  - Continued affordability struggles and challenges to find a suitable property for some households who are unable to get a mortgage;
  - Limited employment opportunities alongside a lack of suitable high quality housing stock to support employment opportunities;
  - Lack of adapted or suitable homes for older and disabled people; and
  - High levels of older properties not being green.
- 3.129 Stakeholders were asked for their views on house price trends and the impact they expect economic changes will have on housing markets in the future. Respondents reported that house prices vary greatly across different settlements within the borough however; the consensus was that they are generally below average. Positively, it was predicted that prices would increase slightly in the near future due to the backlog of demand as a result of the recession.
- 3.130 Concerns remain prominent around affordability within the area. Stakeholders noted that this is not limited to Redcar and Cleveland, and recognised that this issue was nationwide. However, the general feeling was that providing more affordable homes for both rent and purchase were key factors to help meet the future affordable housing need. One stakeholder explained that the level of affordable homes in the area was not the issue but the quality and location of these presented more of a challenge, as they are deemed undesirable.
- 3.131 Stakeholders were asked to rank a range of priorities as high, medium or low. Their responses are summarised in Table 3.13.

**Table 3.13 Stakeholders' ranking of proposed priorities**

	Low	Medium	High
Building homes to buy on the open market	20.0%	46.6%	33.3%
Building affordable homes to rent	6.2%	37.5%	56.2%
Building affordable homes to buy (shared ownership, shared equity)	13.3%	60.0%	26.6%
Building executive homes	26.6%	40.0%	33.3%
Building properties designed for older people	13.3%	26.6%	60.0%
Building properties designed for people with specialist needs	12.5%	43.7%	43.7%
Improving the quality of existing stock	6.6%	40.0%	53.3%



- 3.132 Overall respondents felt that building affordable homes to rent was identified as a high priority by 56.25% of respondents, 37.5% ranked it as a medium priority and 6.25% as a low priority. By comparison, building affordable home ownership housing was generally felt to be a medium priority (60% of respondents), with 26.67% seeing it as a high priority and only 13.33% as a low priority. Building homes to buy on the open market was a medium priority, with 46.67% of respondents identifying it as such – 33.33% felt that it was a high priority, whilst 20% felt it to be a low priority. The majority of respondents felt that building executive housing was a medium (40%) to high (33.33%) priority; 26.67% of respondents identified it as a low priority.
- 3.133 Building properties designed for older people was felt to be a high priority (60%) and 26.67% felt it was a medium priority. Whilst building homes for those with specialist needs was felt to be a medium (43.75%) to high (43.75%) priority and 12.5% felt that it was a low priority. Improving the condition of existing homes in the district was also felt to be a high (53.33%) to medium (40%) priority, with only 6.67% of respondents identifying it as a low priority.
- 3.134 Stakeholders gave a range of reasons for identifying these priorities, including:
- The need for affordable housing – stakeholders noted that there was a severe shortage of affordable housing across the UK and felt that this trend is mirrored in Redcar and Cleveland. One stakeholder felt that providing this housing was key to supporting housing growth in other areas of the market.
  - The need for more executive homes – stakeholders believe this would encourage inward migration to the area and that when compared with the Tees Valley, the amount of executive homes being built is low.
  - Specialist needs housing is in demand by some stakeholders' clients, and others felt that specialist needs accommodation is important for the overall mix of housing stock available within the area.
  - Older persons housing is seen as a priority and an important feature to support to the future housing market due to the changing demographic in the Tees Valley.
- 3.135 When asked to identify other additional priorities stakeholders identified the following:
- Families with children with disabilities;
  - Extra Care schemes with support on site;
  - Specialist young persons' accommodation with support on site;
  - Bringing empty homes back into use; and
  - Addressing the needs of single people.

## Current households in need

- 3.136 A robust and defensible assessment of housing need is essential for the development of affordable housing policies. Housing need can be defined as:



*‘The quantity of housing required for households who are unable to access suitable housing without financial assistance<sup>20</sup>’.*

- 3.137 The 2015 Household Survey and a range of secondary data provide the robust and transparent evidence base required to assess housing need across the Redcar and Cleveland District area. This is presented in detail at Appendix B of this report and follows DCLG modelling guidance.
- 3.138 Across Redcar and Cleveland there are 6,793 existing households in need which represents 11.1% of all households. Reasons for housing need are summarised in Table 3.14.

Table 3.14 Housing need in Redcar and Cleveland		
Category	Factor	Redcar and Cleveland Total
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	352
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	887
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	1,533
	N4 Too difficult to maintain	1,427
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	1,037
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	1,877
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	266
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	457
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	690
<b>Total no. households in need (with one or more housing needs)</b>		<b>6,793</b>
Total Households		61,322
<b>% households in need</b>		<b>11.1%</b>

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

Source: 2015 Household Survey

<sup>20</sup> Definition provided in 'Estimating Housing Need,' DCLG 2010

3.139 Table 3.15 summarises overall housing need (before further analysis to test the extent to which households can afford open market provision to offset their need) by sub-area and the extent to which housing need varies across Redcar and Cleveland. The proportion of households in need is highest in Loftus CP (15.5%) and lowest in Marske/New Marske (7.9%).

Table 3.15 Households in need by sub-area			
Sub-area	No. H'holds in need	% H'holds in need	Total no. households
Greater Eston North	1,410	12.5	11,258
Greater Eston South	817	13.8	5,939
Guisborough	831	10.5	7,909
Lockwood CP	191	11.9	1,609
Loftus CP	566	15.5	3,659
Marske / New Marske	432	7.9	5,463
Redcar	1,574	9.4	16,663
Saltburn	300	9.6	3,121
Skelton / Brotton CP	672	11.8	5,701
<b>Total (all households in need)</b>	<b>6,793</b>	<b>11.1</b>	<b>61,322</b>

Source: 2015 Household Survey

3.140 Tables 6.16 and 6.17 demonstrate how the proportion of households in housing need varies by tenure and household type for Redcar and Cleveland. Private and affordable renters are more likely to be in housing need; along with couples with 3 or more children, lone parents and couples with adult children in particular. The research identifies around 5,973 households with adult children living with parent(s), which provides a broad indication of the scale of hidden housing need.

Table 3.16 Housing need by tenure			
Tenure	No. H'holds in need	% H'holds in need	Total no. households
Owner Occupier	3,528	8.7	40,782
Private	1,529	18.3	8,349
Affordable	1,737	14.2	12,190
<b>Total (All households in need)</b>	<b>6,793</b>	<b>11.1</b>	<b>61,322</b>

Source: 2015 Household Survey

**Table 3.17 Housing need by household type**

Household Type	No. H'holds in need	% H'holds in need	Total no. households
Single Adult (under 65)	1229	10.6	11552
Single Adult (65 or over)	434	5.1	8592
Couple only (both under 65)	1303	11.3	11497
Couple only (one or both over 65)	667	7.0	9580
Couple with 1 or 2 child(ren) under 18	555	8.0	6928
Couple with 3 or more children under 18	778	56.3	1381
Couple with child(ren) aged 18+	526	13.1	4004
Lone parent with 1 or 2 child(ren) under 18	387	12.8	3017
Lone parent with 3 or more children under 18	19	3.9	482
Lone parent with child(ren) aged 18+	297	15.1	1969
Student Household	27	100.0	27
Other type of household	571	25.3	2260
<b>Total</b>	<b>6793</b>	<b>11.1</b>	<b>61289</b>

Source: 2015 Household Survey

## Affordable housing requirements

3.141 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.

3.142 The needs assessment model advocated by the DCLG has been used and detailed analysis of each stage of the model is presented at Appendix B.

3.143 In addition to establishing the overall affordable housing requirements, analysis considers the supply/demand variations by sub-area, property designation (i.e. general needs and older person) and property size (number of bedrooms). Analysis provides a gross figure (absolute shortfalls in affordable provision) and a net figure (which takes into account supply of existing affordable accommodation). Modelling suggests a gross imbalance of 538 and net imbalance of 20 affordable dwellings each year across Redcar and Cleveland as shown in Tables 3.18 and 3.19.

3.144 Analysis is based on the next five years and in the absence of any updated information this should be extrapolated forward to cover the plan period 2015-2032.

**Table 3.18 Gross annual affordable housing imbalance by sub-area, property size and designation 2015/16 to 2019/20**

Sub-area	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Greater Eston North	106	-37	9	79
Greater Eston South	17	6	14	37
Guisborough	94	0	11	106
Lockwood	8	9	4	21
Loftus	62	5	-4	63
Marske/New Marske	32	12	9	54
Redcar	121	-17	22	126
Saltburn	41	3	8	51
Skelton/ Brotton	33	1	3	37
<b>Total</b>	<b>514</b>	<b>-16</b>	<b>76</b>	<b>573</b>

Sources: 2015 Household Survey; RSL CORE Lettings and Sales

**Table 3.19 Net annual affordable housing imbalance by sub-area, property size and designation 2015/16 to 2019/20**

Sub-area	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Greater Eston North	-16	-107	3	-119
Greater Eston South	-41	-17	10	-48
Guisborough	71	-5	7	73
Lockwood	-12	6	3	-3
Loftus	41	1	-8	34
Marske/New Marske	22	9	6	38
Redcar	46	-37	11	20
Saltburn	32	1	7	39
Skelton/ Brotton	-4	-10	0	-15
<b>Total</b>	<b>140</b>	<b>-159</b>	<b>40</b>	<b>20</b>

Sources: 2015 Household Survey; RSL CORE Lettings and Sales

## Tenure split

- 3.145 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.
- 3.146 Table 3.20 indicates that existing households in need mainly considered social/affordable renting as a preferred tenure option but newly-forming households had a stronger preference for intermediate tenure options.

**Table 3.20 Tenure preferences of existing households in need and newly-forming households requiring affordable housing**

Tenure	Existing households in need (%)	Newly-forming households (%)	Total (%)
Social/Affordable Rented	91.7	51.8	72.4
Intermediate	8.3	48.2	27.6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<i>Base (annual requirement)</i>	277	259	536

Source: 2015 Household Survey

3.147 Overall, analysis would suggest a tenure split of 72% affordable rent and 28% intermediate tenure based on household preferences.

### Property type preferences

3.148 Analysis of property type preferences (Table 3.21) suggests that a range of dwellings are required, with 47.2% preferring houses, 31.6% bungalows and 21.2% flats/apartments

**Table 3.21 Property type preferences**

Type preferences	Existing (%)	Newly-forming (%)	Total (%)
House	39.5	56.1	47.2
Flat	10.7	33.0	21.2
Bungalow	49.8	10.9	31.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Base</i>	277	244	521

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

Source: 2015 Household Survey

## Estimates of household groups who have particular housing requirements

### Introduction

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

### Families

3.150 Families (that is couples and lone parents with children) account for around 19.3% of households across Redcar and Cleveland. A further 9.7% are couples

and lone parents with adult children (aged 18 or over) living with them. The analysis assumes therefore a total of 29% of households who are families (including those with adult children still living at home). The current dwelling profile and market aspirations of families are summarised in Table 3.22. This suggests a particular aspiration for houses with four or more bedrooms (42.9% of families), but they are expecting to move to houses with three bedrooms (45%).

**Table 3.22 Property type preferences – Families**

Dwelling type	Current dwelling	Like	Expect
Detached house/cottage 1-2 Beds	0.4	2.2	0.4
Detached house/cottage 3 Beds	7	13.5	6.1
Detached house/cottage 4 or more Beds	16.7	32.9	19.5
Semi-detached house/cottage 1-2 Beds	4.8	2.3	1.0
Semi-detached house/cottage with 3 Beds	31.3	15.8	37.2
Semi-detached house/cottage 4 or more Beds	6.2	8.2	8.0
Terraced house/cottage 1-2 Beds	5.8	3.5	8.7
Terraced house/cottage 3 Beds	17.7	2.9	1.7
Terraced house/cottage 4+ Beds	2.6	1.9	2.1
Bungalow 1-2 Beds	2.8	7.3	8.1
Bungalow 3+ Beds	2.4	6.9	3.2
Flat/Apartment 1 Bed	0.2	0.0	0
Flat/Apartment 2 Beds	1.8	2.7	4.0
Flat/Apartment 3+ Beds	0.2	0.0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<i>Base (Valid responses)</i>	<i>17781</i>	<i>3254</i>	<i>2927</i>
<b>SUMMARY</b>			
Houses 1/2 Bed	11.0	7.9	10.1
Houses 3 Bed	56.0	32.2	45.0
Houses 4+ Bed	25.5	42.9	29.6
Bungalow	5.2	14.2	11.3
Flat	2.2	2.7	4.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>
<i>Base (Valid responses)</i>	<i>17781</i>	<i>3254</i>	<i>2927</i>

Source: 2015 Household Survey

3.151 In terms of housing need (Table 3.17), compared with the overall proportion of households in need of 11.1%, 14.4% of all families are in housing need. This rises to 56.3% of couples with three or more children, but couples with one or two children were less likely to be in housing need (8%). Modelling of affordable housing requirements suggests that a range of affordable dwellings are required which will help to address the needs of families but there is a good supply of 3 bedroom dwellings to help accommodate their needs.

## Older people, support and adaptations

- 3.152 A major strategic challenge for the Council is to ensure a range of appropriate housing provision, adaptation and support for the area's older population. The number of people across Redcar and Cleveland area aged 65 or over is projected to increase from 29,200 in 2015 to 39,600 by 2037 (35.6% increase).
- 3.153 As Table 3.23 demonstrates, the majority of older people (65.9%) want to stay in their own homes with help and support when needed. Around 44.9% would consider renting from a housing association or renting sheltered accommodation and around 29.7% would consider extra care housing. This evidence suggests a need to continue to diversify the range of older persons' housing provision. Additionally, providing a wider range of older persons' accommodation has the potential to free-up larger family accommodation.

**Table 3.23 Older persons' housing options**

Housing option	% would consider
Continue to live in current home with support when needed	65.9%
Buying a property on the open market	18.7%
Rent a property from a private landlord	7.1%
Rent from HA	21.8%
Sheltered accommodation - To Rent	23.1%
Sheltered accommodation - To Buy	10.6%
Sheltered accommodation - Part Rent/Buy	4.3%
Extra care housing - To Rent	18.4%
Extra care housing - To Buy	8.4%
Extra care housing - Part Rent/Buy	2.9%
Residential care home	4.9%
Co-housing	10.3%
Base (total households responding)	33237

Source: 2015 Household Survey

- 3.154 The range of assistance required from all households including older person households is explored in Table 3.24. Particularly noted is the need for with repair and maintenance of the home (28.1% stated this help is needed either now or in the next five years), help with gardening (22.2% stated this help is needed either now or in the next five years) and help with cleaning the home (17.2%).

**Table 3.24 Type of assistance required either now or in next 5 years by age group**

Assistance required	Age group (% of households)		
	Younger	Older	Total
Help with repair and maintenance of home	25.1	36.5	28.1
Help with gardening	14.9	42.6	22.2
Help with cleaning home	12.5	30.5	17.2
Help with other practical tasks	10.2	26.8	14.5
Help with personal care	8.5	15.4	10.3
Want company / friendship	6.2	8.6	6.9
<b>Base</b>	<b>40213</b>	<b>16897</b>	<b>57110</b>

Source: 2015 Household Survey

3.155 In terms of adaptations (Table 3.25), most frequently mentioned were better heating (13.7%), double glazing (12.8%) and adaptations to bathroom (11.5%). Resources for aids and adaptations remain tight, particularly for households in the private sector. Alternative sources of funding, such as equity loans, should be considered to finance remedial measures required by older person households.

**Table 3.25 Adaptations required either now or in next 5 years by age group**

Adaptation required	Age group (% of households)		
	Younger	Older	Total
Better heating	14.8	11.2	13.7
Double glazing	14.8	8.2	12.8
Adaptations to Bathroom	8.7	18.2	11.5
More insulation	11.5	7.0	10.2
Internal handrails	7.3	12.9	8.9
Security alarm	8.8	5.1	7.7
Stair lift / vertical lift	4.5	9.2	5.9
Increase the size of property	7.0	2.9	5.8
External handrails	4.3	9.2	5.8
Downstairs WC	5.5	5.9	5.6
Adaptations to kitchen	4.2	5.3	4.5
Community alarm service	3.2	7.4	4.5
Wheelchair adaptations	2.8	5.5	3.6
Improvements to access	2.9	4.5	3.4
Room for a carer	2.6	4.4	3.1
Lever door handles	1.7	2.4	1.9
<b>Base</b>	<b>40213</b>	<b>16897</b>	<b>57110</b>

Source: 2015 Household Survey



## General support requirements

- 3.156 Overall, 8.5% of all properties across Redcar and Cleveland had been adapted or purpose built for a person with a long-term illness, health problem or disability. 8.8% of households said they required care or support to enable them to stay in their current home. 62.6% of households stated that there was sufficient space for a carer to stay overnight if this was needed – across the affordable (social) rented sector this fell to 41.4%.

## Specialist support requirements

- 3.157 The Supporting People team 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.
- 3.158 Table 3.26 summarises the type of client groups accommodated in social rented housing across Redcar and Cleveland area over the three year period 2010/11 to 2012/13. Data indicates that a range of groups are accommodated in Registered Provider (RP) specialist provision, most notably older people with support needs and women at risk of domestic violence.

**Table 3.26 Client groups accommodated in social rented sector in Redcar and Cleveland 2010/11 to 2012/13**

Client group	Number
People with learning disabilities	20
People with mental health problems	99
Offenders and people at risk of offending	19
Women at risk of domestic violence	131
Older people with support needs	161
Single homeless people with support needs	36
Homeless families with support needs	7
<b>Total</b>	<b>473</b>

Source: Supported CORE lettings data

## Stakeholder views on specialist housing provision

- 3.159 Survey respondents working in this area were working with a mix of all ages that were classed as; vulnerable, disabled, homeless and general needs groupings. Asked what changes providers are seeing in their client groups, the following were mentioned:
- Increase in younger people;
  - Increase in families with children with disabilities;
  - Increase in people leaving care or having to leave the family home due to relationship breakdowns; and
  - Young people with no experience of managing a tenancy.

- 3.160 It was noted that there has been an increase in demand for support services. In respect of supported housing, stakeholders identified the following groups for whom additional provision is required:
- Older people;
  - Families with children (or adults) with disabilities and;
  - Young people leaving care or the family home.
- 3.161 Stakeholders indicated that the biggest housing stock shortages for independent living were adapted bungalows and single person accommodation. Accessibility of bathrooms and kitchens and the challenges older properties can present when trying to adapt these features were highlighted as the key issues around physical adaptations of property.
- 3.162 Stakeholders felt that extra care and adapted bungalows were the key requirements needed to meet the needs of older people. Whilst fully wheelchair adapted properties that offer onsite managing agents that are close to amenities should be the focus of new housing provision to cater to those with additional needs.
- 3.163 Several stakeholders remarked on the significant affect that a reduction in government grants has had on housing provision. Less funding has meant remodelling of the service offer and an increase in service charge costs. However, one respondent noted that they have recently received HCA funding to develop extra care housing within the borough.
- 3.164 Of the limited feedback towards the biggest barriers to the delivery of specialist housing in Redcar and Cleveland, the key areas were identified as:
- Developers adapting bungalows and;
  - Suitable move-on accommodation for young people.
- 3.165 In terms of key messages for the SHMA in respect of specialist housing provision in Redcar and Cleveland, respondents made the following points:
- A greater focus on developing homes people can live their whole lives in; and
  - Better help for single young people to understand how to manage a tenancy.

## Homeless households

- 3.166 Homelessness statistics for 2014/15<sup>21</sup> indicate that a total of 27 decisions were made on households declaring themselves as homeless across Redcar and Cleveland (Table 3.27). Of these households, 8 were classified as homeless and in priority need. Over the five years 2010/11 to 2014/15, an annual average of 52 decisions has been made across Redcar and Cleveland and an average

<sup>21</sup> DCLG Homeless Statistics [Table 627: Local Authorities' action under the homelessness provisions of the 1985 and 1996 Housing Acts, by sub-area](#)

of 9.6 households each year have been declared as homeless and in priority need.

<b>Table 3.27 Homeless decisions and acceptances 2010/11 to 2014/15</b>		
<b>Year</b>	<b>Decisions made</b>	<b>Accepted as homeless</b>
2010/11	35	11
2011/12	54	12
2012/13	70	11
2013/14	74	6
2014/15	27	8
<b>Total</b>	<b>260</b>	<b>48</b>
<b>Annual Average</b>	<b>52</b>	<b>9.6</b>

Source: DCLG Homelessness Statistics

### Households previously homeless

- 3.167 The household survey identified 310 households who had been previously homeless or living in temporary accommodation and had moved to their present accommodation in the past five years.
- 3.168 Table 3.28 presents a range of information relating to the characteristics of previously homeless households and the dwelling choices that they have made. 51.3% of households previously homeless have moved into social/affordable rented accommodation and 28.7% have moved into the private sector. They have moved into predominantly one and 3+ bedroom dwellings, with 48.5% moving to bedsits and one bedroom dwellings and 31.1% moving into three plus bedroom dwellings. The incomes of previously homeless households are generally low with 70.3% receiving less than £200 each week and 9.7% receiving between £200 and £300 each week. 48.5% are singles under 65, 26.1% are couples under 65 with no children and 14.7% are couples with children.

**Table 3.28 Characteristics of households previously homeless**

<b>Household Type</b>	<b>%</b>	<b>Property Type</b>	<b>%</b>
Single Adult (under 65)	48.5	House	34.7
Single Adult (65 or over)	10.7	Flat	65.3
Couple only (both under 65)	26.1	Bungalow	100
Lone parent with 1 or 2 child(ren) under 18	3.6		
Other type of household	11.1		
Total	100	Total	
<b>Current tenure</b>	<b>%</b>	<b>Origin</b>	<b>%</b>
Owner Occupied	20	Within Redcar and Cleveland	83.2
Private Rented	28.7	From outside Redcar and Cleveland	6.1
Social/Affordable Rented	51.3	Refused	10.7
Total	100	Total	100
<b>Current income (Gross weekly)</b>	<b>%</b>	<b>Property size</b>	<b>%</b>
Under £200	70.3	0/1 Bed	48.5
£200 to <£300	9.7	2 Beds	20.4
£300+	20	3 or more Beds	31.1
Total	100		100

Base: 310 households previously homeless

Source: 2015 Household Survey

## 4. Conclusion: policy and strategic issues

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

### The current housing market

- 4.4 This study provides up to date information on the housing stock in the Council area and how the stock profile varies by market area is presented in data tabulations accompanying this report.
- 4.5 Across Redcar and Cleveland there are a total of 64,568 dwellings and a total of 61,322 households<sup>22</sup>. Overall, the 2015 Household Survey shows that:
- 72.9% of properties are houses, 16.1% are bungalows, 10.6% are flats/maisonettes, and 0.5% are other property types (e.g. caravans);
  - 9.6% have one bedroom/studio, 26.9% have two bedrooms, 46.5% have three bedrooms and 17.0% have four or more bedrooms;
  - 11.9% of properties were built before 1919, a further 12.6% were built between 1919 and 1944, 21.7% between 1945 and 1964, 29.4% between 1965 and 1984, 10.6% between 1985 and 2004 and 5.2% have been built since 2005.

### Housing markets and mobility

- 4.6 A range of material has been gathered to help identify market drivers and the characteristics of the Redcar and Cleveland Housing Market Area and linkages with other areas.

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<sup>22</sup> 2015 Council Tax data

- 4.7 An analysis of household mobility using survey data suggests that of households moving in the past five years, 73.8% originated in Redcar and Cleveland and 26.2% moved into the District. 9.7% originated from Middlesbrough, 2.3% from Stockton-on-Tees, 2.3% from North Yorkshire, 1.5% from elsewhere in the North East and 10.5% from elsewhere. Most moved into the private housing sector, with around 46.8% moving into owner occupation and 33.4% into private renting. Moving to be closer to family and friends and to be closer to family/friends to give/receive support were key migration drivers. 63.8% of in-migrant households had a Household Reference Person aged under 65 and 36.2% were aged 60 and over; overall 51.3% were in employment and 72.6% had an income (of Household Reference Person and partner) of less than £500 each week.

## Future housing market

- 4.8 The population of Redcar and Cleveland is estimated to be 134,600 in 2015<sup>23</sup> and this is projected to decrease by 0.3% to 134,200 by 2037<sup>24</sup>. Over the next few decades, there will be a marked increase in the number and proportion of residents aged 65 and over which is expected to increase by 35.6% from 29,200 in 2015 to 39,600 in 2037.

## Housing need and demand

### Delivering new housing

- 4.9 Households intending to move in the open market were asked what type and size of property they would like and expect to move to. This could then be compared with the current stock profile to identify any mismatches between availability and aspirations/expectation (Table ES2). Of households moving, most would like to move to a house (62.9%), 32.7% would like to move to a bungalow and 0.9% to a flat. This compares with 64.5% who expect to move to a house, 29% to a bungalow and 5.3% a flat. A much higher proportion would like to move to a detached house (41%) but only 24.8% expect to. In contrast, higher proportions expect to move to a semi-detached house (28.9%) than would like to (14.5%).
- 4.10 Future development should focus on delivering to address identified mismatches and reflect household aspirations.
- 4.11 The scale of affordable requirements has been assessed by taking into account the annual need from existing and newly-forming households within each sub-area and comparing this with the supply of affordable (social/affordable rent and intermediate tenure dwellings).

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<sup>23</sup> ONS 2012-based population projections

<sup>24</sup> ONS 2012-based population projections

- 4.12 The overall gross need for affordable housing in Redcar and Cleveland is 573 dwellings each year. However, the annual provision of 523 social re-lets and 30 intermediate tenure sales results in an overall net imbalance of 20 affordable dwellings each year.
- 4.13 There is good capacity, particularly of three bedroom dwellings across the borough. However, analysis identifies an overall net shortfall of 140 smaller one and two bedroom general needs and 40 older person dwellings each year. It is therefore appropriate for the continued delivery of affordable housing to reflect underlying need, particularly of smaller general needs and older person affordable dwellings. A tenure split of 72% affordable (social) rented and 28% intermediate tenure is suggested.
- 4.14 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 three and four bedroom houses, detached properties and bungalows;
  - Developing an increasing range of housing and support products for older people;
  - Delivering additional affordable housing to help offset the identified net shortfalls; and diversifying the range of affordable options by developing intermediate tenure dwellings and products; and
  - The economic viability of delivering affordable housing on sites across Redcar and Cleveland.

### Improving the quality of existing stock

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

### Vacant stock

- 4.16 There are an estimated 3,246 (5%) unoccupied properties across Redcar and Cleveland 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.
- 4.17 The Council should continue to consider identifying the reasons why properties are empty and identify mechanisms for bringing them back into use. Mechanisms could include:
- Financial/professional help for repairs and improvements in the form of equity loans; grant aid for renovation and subsequent leasing to a Housing Association for a fixed term; a professional service to manage repairs or full renovation; and
  - Assistance with letting management or the sale of a property.

### Satisfaction and repair

- 4.18 Although the vast majority of households (78.4%) are satisfied with the condition of their dwellings, 9.2% of households were dissatisfied or very dissatisfied. Levels of dissatisfaction were highest amongst private renters, terraced houses and flats and properties built pre-1919.
- 4.19 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

- 4.20 A key challenge for the Council is to ensure a greater diversity of support services are made available to older people wanting to stay in their own home and develop funding mechanisms to achieve this. Particularly noted is the need for help with repair and maintenance of the home, gardening, cleaning and other practical tasks.
- 4.21 Additionally, the range of housing options available to older people needs to be diversified, for instance through the development of open market housing marketed at older people and the development of Extra Care accommodation and co-housing.

### Final comments

- 4.22 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 the borough of Redcar and Cleveland.
- 4.23 This research has reflected upon the housing market attributes of Redcar and Cleveland and interactions with other areas. The report signposts future strategic challenges which include the ongoing delivery of new market and affordable housing to address need and support economic growth; diversifying the range of affordable tenures available to local residents; improving the condition and energy efficiency of existing stock; and addressing the requirements of older people and vulnerable groups.



## Introduction to Technical Appendices

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

## Technical Appendix A: Research methodology

### Overall approach

- A.1 A multi-method approach was adopted in order to prepare a robust and credible Strategic Housing Market Assessment for Redcar and Cleveland Council:
- A sample survey of households across the Redcar and Cleveland Council area. A total of 22,109 households were contacted and 2,753 questionnaires were returned and used in data analysis. This represents an 12.4% response rate overall and total number of questionnaires returned was well in excess of the 1,500 specified in former Government guidance;
  - An online survey of key stakeholders including Local Housing and Planning Authority representatives, Registered Social Landlords (RSLs), Estate Agents, Lettings Agents, Developers, Supporting People representatives;
  - Interviews with estate and letting agents;
  - A review of relevant secondary data including the 2011 Census, house price trends, CORE lettings data and DCLG Statistics; and
  - The preparation of household and dwelling forecasts for the borough. Household survey data is available down to postcode level. In the SHMA report, data are presented for Redcar and Cleveland and constituent sub-areas.

### Baseline dwelling stock information and survey sample errors

- A.2 Table A1 summarises total dwelling stock and the number of households contacted by survey area, achieved response rates and sample errors.

Table A1 Total households, household sample, response rates and sample error					
Sub-Area	Total Households	Total contacted	Achieved Response	Response Rate	Sample error +/-
Greater Eston North	11258	2633	239	9%	6.3%
Greater Eston South	5939	2567	284	11%	5.7%
Guisborough	7909	2600	372	14%	5.0%
Lockwood CP	1609	1609	171	11%	7.1%
Loftus CP	3659	2500	277	11%	5.7%
Marske/New Marske	5363	2533	412	16%	4.6%
Redcar	16663	2667	323	12%	5.4%
Saltburn	3121	2433	368	15%	4.8%
Skelton/Brotton CP	5701	2567	307	12%	5.4%
<b>Total</b>	<b>61322</b>	<b>22,109</b>	<b>2,753</b>	<b>12.4</b>	<b>1.8%</b>

Source: Council Tax Data 2015;

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

## Weighting and grossing

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

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

- A.5 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.

## Technical Appendix B: Housing need calculations

### Summary of contents

#### **Stage 1: Current housing need (gross backlog)**

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

#### **Stage 2: Future housing need (gross annual estimate)**

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

#### **Stage 3: Affordable housing supply**

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

#### **Stage 4: Estimate of annual housing need**

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

## Introduction

- B.1 A working definition of housing need is *'the quantity of housing required for households who are unable to access suitable housing without financial assistance'*<sup>25</sup>. The 2015 Household Survey and secondary data provide a robust range of information to quantify housing need in Redcar and Cleveland and the extent to which additional affordable housing is required.
- B.2 Housing needs analysis and affordable housing modelling has been prepared in accordance with DCLG guidance at sub-area and borough level. In summary, the model reviews in a step-wise process:
- Stage 1: Current housing need (gross backlog)
  - Stage 2: Future housing need
  - Stage 3: Affordable housing supply
  - Stage 4: Estimate of annual housing need
- B.3 Table B1 summarises the different steps taken in assessing housing need and evidencing the extent to which there is a surplus or shortfall in affordable housing across Redcar and Cleveland. Please note that in Stage 1, Step 1.4 reports the total number of households in need and avoids double counting as in some cases households have more than one housing need. Table B2 summarises the data by sub-area.

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<sup>25</sup> Estimating Housing Need, DCLG 2010

Table B1 DCLG Needs Assessment Summary for Redcar & Cleveland			
Step	Stage and Step description	Calculation	Redcar & Cleveland Total
<b>Stage 1: CURRENT NEED</b>			
1.1	Homeless households and those in temporary accommodation	Annual requirement	<b>352</b>
1.2	Overcrowding and concealed households	Current need	<b>1533</b>
1.3	Other groups	Current need	<b>5103</b>
1.4	Total current housing need (gross)	Total no. of households with one or more needs	<b>6794</b>
<b>1.4A</b>	<b>TOTAL cannot afford open market (buying or renting)</b>	<b>Total</b>	<b>3320</b>
<b>Stage 2: FUTURE NEED</b>			
2.1	New household formation (Gross per year)	1.74% of total households	<b>568</b>
2.2	Number of new households requiring affordable housing	Percentage cannot afford overall	<b>43%</b>
2.2	Number of new households requiring affordable housing	Number cannot afford	<b>244</b>
2.3	Existing households falling into need	Annual requirement	<b>15</b>
<b>2.4</b>	<b>TOTAL newly-arising housing need (gross each year)</b>	<b>2.2 + 2.3</b>	<b>259</b>
<b>Stage 3: AFFORDABLE HOUSING SUPPLY</b>			
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	<b>1734</b>
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	<b>0</b>
3.3	Committed supply of new affordable units	Annual	<b>203</b>
3.4	Units to be taken out of management	None assumed	<b>185</b>
3.5	Total affordable housing stock available	3.1+3.2+3.3-3.4	<b>1752</b>
3.6	Annual supply of social re-lets (net)	Annual Supply (3yr ave)	<b>523</b>
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply (3yr ave)	<b>30</b>
3.8	<b>Annual supply of affordable housing</b>	<b>3.6+3.7</b>	<b>553</b>
<b>Stage 4: ESTIMATE OF ANNUAL HOUSING NEED</b>			
4.1	Total backlog need	1.4A-3.5	<b>1568</b>
4.2	Quota to reduce over 1 year		<b>20%</b>
4.3	Annual backlog reduction	Annual requirement	<b>314</b>
4.4	Newly-arising need	2.4	<b>259</b>
4.5	Total annual affordable need	4.3+4.4	<b>573</b>
4.6	Annual social rented capacity	3.8	<b>553</b>
4.7	<b>NET ANNUAL SHORTFALL (4.5-4.6)</b>	<b>NET</b>	<b>20</b>

Source 2015 Household Survey; RP Core Lettings and Sales data

**Table B2 DCLG Needs Assessment Summary by sub-area**

Step	Stage and Step description	Calculation	Sub-Area									Total
			Greater Eston North	Greater Eston South	Guisborough	Lockwood	Loftus	Marske / New Marske	Redcar	Saltburn	Skelton / Brotton	
		Total households>>>	11258	5939	7909	1609	3659	5463	16663	3121	5701	
Stage1: CURRENT NEED												
1.1	Homeless households and those in temporary accommodation	Current need	89		48	5		54	108		48	352
1.2	Overcrowding and concealed households	Current need	342	258	189	48	130	149	338	46	33	1533
1.3	Other groups	Current need	1045	559	594	138	458	290	1127	254	638	5103
1.4	Total current housing need (gross)	Total no. of households with one or more needs	1411	817	831	191	566	432	1574	300	672	6794
	A. % cannot afford open market (buying or renting)	%	62.90%	37.80%	57.70%	59.00%	46.90%	50.10%	42.20%	69.00%	26.60%	49.00%
	B. TOTAL cannot afford open market (buying or renting)	Number	888	309	479	113	265	216	664	207	179	3320
Stage 2: FUTURE NEED												
2.1	New household formation (Gross per year)	Based on hhs who expect to form in next 5 yrs in R&C	101	32.2	68.4	6.2	32.4	33.4	182.8	45.8	65.4	568
2.2	Number of new households requiring affordable housing	% Based on actual affordability of households forming	42.70%	46.00%	47.10%	100.00%	42.60%	52.10%	45.60%	25.10%	34.10%	43.00%
		Number	43	15	32	6	14	17	83	11	22	244
2.3	Existing households falling into need	Annual requirement	4	1	1	1	1		3		4	15
2.4	Total newly-arising housing need (gross each year)	2.2 + 2.3	47	16	33	7	15	17	86	11	26	259
Stage 3: AFFORDABLE HOUSING SUPPLY												
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	724	181	114	43	118	34	402	7	111	1734
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	0	0	0	0	0	0	0	0	0	0
3.3	Committed supply of new affordable units	Estimated 5 yr	5	23	2		23		133		17	203
3.4	Units to be taken out of management	None assumed	0	0	0	0	117	0	68	0	0	185
3.5	Total affordable housing stock available	3.1+3.2+3.3-3.4	729	204	116	43	24	34	467	7	128	1752
3.6	Annual supply of social re-lets (net)	Annual Supply	193	84	33	23	29	15	85	9	51	523
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply	5	0	0	0	0	1	21	3	0	30
3.8	Annual supply of affordable housing	3.6+3.7	198	84	33	23	30	16	105	12	51	553
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED												
4.1	Total backlog need	1.4B-3.5	159	104	364	70	241	182	197	200	51	1568
4.2	Quota to reduce over 5 years (20%)		20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
4.3	Annual backlog reduction	Annual requirement	32	21	73	14	48	36	39	40	10	314
4.4	Newly-arising need	2.4	47	16	33	7	15	17	86	11	26	259
4.5	Total annual affordable need	4.3+4.4	79	37	106	21	63	54	126	51	37	573
4.6	Annual affordable capacity	3.8	198	84	33	23	30	16	105	12	51	553
4.7	Net annual imbalance	4.5-4.6 NET	-119	-48	73	-3	34	38	20	39	-15	20

## Stage 1: Current need

- B.4 A working definition of housing need is *'the quantity of housing required for households who are unable to access suitable housing without financial assistance'*. The SHMA Guidance suggests types of housing that should be considered unsuitable, as summarised in Table B3.

Table B3 Summary of current housing need across Redcar and Cleveland Borough		
Category	Factor	Redcar & Cleveland Total
Homeless households or with insecure tenure	N1 Under notice, real threat of notice or lease coming to an end	352
	N2 Too expensive, and in receipt of housing benefit or in arrears due to expense	887
Mismatch of housing need and dwellings	N3 Overcrowded according to the 'bedroom standard' model	1,533
	N4 Too difficult to maintain	1,427
	N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household	1,037
	N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation	1,877
Dwelling amenities and condition	N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit	266
	N8 Subject to major disrepair or unfitness and household does not have resource to make fit	457
Social needs	N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move	690
<b>Total no. households in need (with one or more housing need)</b>		<b>6,794</b>
Total Households		40,631
<b>% households in need</b>		<b>11.6%</b>

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

Source: 2015 Household Survey

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

- B.5 DCLG SHMA guidance suggests that information on homeless households and those in priority need who are currently housed in temporary accommodation



should be considered in needs modelling. The scale of need from these types of household can be derived from several sources.

- B.6 Homelessness statistics for 2014/15<sup>26</sup> indicate that a total of 27 decisions were made on households declaring themselves as homeless across Redcar and Cleveland (Table B4). Of these households, 8 were classified as homeless and in priority need. Over the five years 2010/11 to 2014/15, an annual average of 52 decisions have been made across Redcar and Cleveland and an average of 9.6 households each year have been declared as homeless and in priority need.

<b>Table B4 Homeless decisions and acceptances 2010/11 to 2014/15</b>		
<b>Year</b>	<b>Decisions made</b>	<b>Accepted as homeless</b>
2010/11	35	11
2011/12	54	12
2012/13	70	11
2013/14	74	6
2014/15	27	8
<b>Total</b>	<b>260</b>	<b>48</b>
<b>Annual Average</b>	<b>52</b>	<b>9.6</b>

Source: CLG Homelessness Statistics

- B.7 The household survey identified a total of 352 households who were either under threat of homelessness or were living in temporary accommodation across Redcar and Cleveland. This figure has been used in needs assessment modelling.

## Step 1.2 Overcrowding and concealed households

- B.8 The extent to which households are overcrowded is measured using the 'bedroom standard'. This allocates a standard number of bedrooms to each household in accordance with its age/sex/marital status composition. The Housing (Overcrowding) Bill of 2003 defined the bedroom standard as follows:
- B.9 'For the purposes of the bedroom standard a separate bedroom shall be allocated to the following persons:
- (a) A person living together with another as husband and wife (whether that other person is of the same sex or opposite sex;
  - (b) A person aged 21 years or more;
  - (c) Two persons of the same sex aged 10 years to 20 years
  - (d) Two persons (whether of the same sex or not) aged less than 10 years;
  - (e) Two persons of the same sex where one person is aged between 10 years and 20 years;

<sup>26</sup> DCLG Homeless Statistics [Table 627: Local Authorities' action under the homelessness provisions of the 1985 and 1996 Housing Acts, by sub-area](#)

(f) Any person aged under 21 years in any case where he or she cannot be paired with another occupier of the dwelling so as to fall within (c), (d) or (e) above.

- B.10 Analysis identifies 1,533 households who are currently living in overcrowded accommodation or are concealed households and are intending to move in the next five years.

### Step 1.3 Other groups

- B.11 Table B3 identified a series of households who were in housing need for other reasons including the property is too expensive, difficult to maintain, household containing people with mobility impairment/special need, lacking amenities, disrepair and harassment. Some of these households identified more than one housing need.
- B.12 A total of 5,103 households across Redcar and Cleveland were identified to be experiencing one or more of these needs factors and intending to move in the next five years. This figure is taken as the five year backlog of need from other groups.

### Step 1.4 Total current housing need summary

- B.13 Having established the scale of need in Steps 1.1, 1.2 and 1.3, total current housing need from existing households across Redcar and Cleveland before any analysis of the ability of households to afford open market solutions is 6,794.
- B.14 The extent to which these households could afford open market prices is then considered. An 'affordability threshold' of households is calculated which takes into account household income, equity and savings. The household income component of the affordability threshold is based on 3.5 x gross annual income of the respondent and partner (if applicable).
- B.15 The affordability threshold was then tested against lower quartile property prices and the cost of privately renting. Lower quartile prices at sub-area level for the 2014 were derived using Land Registry address-level data (Table B5).

Table B5 Lower quartile house prices by sub-area (Jan 2013 to June 2014)	
Sub-area	Lower quartile price (£)
Greater Eston North	£55,000
Greater Eston South	£110,000
Guisborough	£107,000
Lockwood	£65,000
Loftus	£54,000
Marske/New Marske	£112,000
Redcar	£84,000
Saltburn	£124,995
Skelton/Brotton	£78,995
<b>Redcar and Cleveland</b>	<b>£85,000</b>

- B.16 Information on private sector rents was based on lettings reported by Zoopla during 2014 (Table B6). The cost of letting a property according to the number of bedrooms required by a household was factored into affordability testing.

<b>Table B6 Private rental prices by sub-area</b>	
<b>Sub-area</b>	<b>Lower quartile rent</b>
Greater Eston North	£381
Greater Eston South	£433
Guisborough	£498
Lockwood	£451
Loftus	£494
Marske/New Marske	£394
Redcar	£399
Saltburn	£412
Skelton/Brotton	£598
<b>Redcar and Cleveland</b>	<b>£498</b>

Source: Zoopla

- B.17 Using evidence from the household survey, the extent to which households identified in Steps 1.1, 1.2 and 1.3 could afford open market prices has been assessed. Overall, a total of 3,320 existing households in need wanted to move to offset their need and could not afford open market solutions.

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

- B.18 The housing needs survey identifies a total of 568 households who expect to form each year over the next 5 years. This is equivalent to 0.92% of all households and compares with a national formation rate of 1.74% based on the latest three year average national rate reported in the English Housing Survey over the period 2010/11 to 2012/13.

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

- B.19 Analysis of lower quartile market prices relative to the income/savings of households who have formed in the past five years suggests that 43% could not afford lower quartile house prices or private sector rents.
- B.20 Therefore, the total number of newly-forming households who could not afford open market prices or rents across Redcar and Cleveland is calculated to be 244 each year.

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

- B.21 An estimate of the number of existing households falling into need each year has been established by drawing upon the RSL lettings data. This suggests that over the three year period 2010/11, 2011/12 and 2012/13, an annual average of 15

households moved into the social rented sector because they had fallen into housing need and were homeless.

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

- B.22 Total newly arising need is calculated to be 259 households each year across Redcar and Cleveland.

## Stage 3: Affordable housing supply

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

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

- B.24 This is an important consideration in establishing the net levels of housing need as the movement of these households within affordable housing will have a nil effect in terms of housing need<sup>27</sup>.
- B.25 A total of 1,734 households are current occupiers of affordable housing in need. Although the movement of these households within affordable housing will have a nil effect in terms of housing need (i.e. they already live in affordable housing), the types of property they would 'free up' if they moved is considered in modelling.

### Step 3.2 Surplus stock

- B.26 A proportion of vacant properties are needed to allow households to move within housing stock. Across the social rented sector, this proportion is generally recognised as being 2%. Stock above this proportion is usually assumed to be surplus stock. Modelling assumes no surplus social rented stock across Redcar and Cleveland.

### Step 3.3 Committed supply of new affordable units

- B.27 CORE lettings data over the period 2010/11 to 2012/13 reports an annual average of 40.6 new affordable dwellings being built each year. It is assumed that this rate of development continues and over the next 5 years an estimated 203 new affordable dwellings will be built across Redcar and Cleveland.

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<sup>27</sup> Strategic Housing Market Assessment Guidance (DCLG, August 2007)

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

- B.28 The model assumes a total of 185 dwellings are being taken out of management over the next five years. 68 dwellings are in Redcar and 117 in Loftus. It is assumed that a mix of one, two and three bedroom general needs dwellings are being taken out of management.

### Step 3.5 Total affordable housing stock available

- B.29 It is assumed that there are 1,752 social (affordable) rented dwellings available over the five year period arising from households moving within the stock.

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

- B.30 The DCLG 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 and 2012/13. 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 Redcar and Cleveland and households moving within the social rented stock; and
- **Include** households who moved from within Redcar and Cleveland into social renting from another tenure; newly-forming households originating in Redcar and Cleveland and moving in social renting; and households moving from specialist/supporting housing from within Redcar and Cleveland into affordable housing.

Analysis suggests that there is an annual average of 523 social rented dwellings let to new tenants.

- B.31 Modelling therefore assumes an annual capacity of 523 dwellings for new tenants across Redcar and Cleveland. Table B7 illustrates how the annual capacity figure is broken down by sub-area, designation (general needs and older person) and property size.

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

- B.32 Table B8 presents a summary of the average supply of intermediate tenure dwellings which have either been sold or relet over the three year period 2010/11, 2011/12 and 2012/13 as recorded in CORE Sales data.

**Table B7 Annual social rented re-lets by sub-area**

Designation	No. of bedrooms	Subarea									
		Greater Eston North	Greater Eston South	Guisborough	Lockwood	Loftus	Marske/ New Marske	Redcar	Saltburn	Skelton/ Brotton	Total
General Needs	1	36	33	16	5	5	8	26	4	10	143
	2	83	25	7	15	16	2	34	2	27	210
	3	67	22	5	3	4	2	15	2	11	133
	4	0	1	0	0	0	0	0	0	0	2
	5	0	1	0	0	0	0	0	0	0	1
Older person	1	3	2	2	0	1	2	6	0	0	16
	2	3	1	2	0	3	1	3	1	3	18
	3	0	0	0	0	0	0	0	0	0	1
	4	0	0	0	0	0	0	0	0	0	0
	5	0	0	0	0	0	0	0	0	0	0
<b>Total</b>		193	84	33	23	29	15	85	9	51	523

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

**Table B8 Intermediate tenure sales/relets**

Designation	No. of bedrooms	Subarea									
		Greater Eston North	Greater Eston South	Guisborough	Lockwood	Loftus	Marske/ New Marske	Redcar	Saltburn	Skelton/ Brotton	Total
General Needs	1	0	0	0	0	0	0	1	3	0	4
	2	2	0	0	0	0	0	13	0	0	16
	3	2	0	0	0	0	0	4	0	0	7
	4	1	0	0	0	0	0	0	0	0	1
	5	0	0	0	0	0	0	0	0	0	0
Older person	1	0	0	0	0	0	0	1	0	0	1
	2	0	0	0	0	0	0	0	0	0	0
	3	0	0	0	0	0	0	0	0	0	0
	4	0	0	0	0	0	0	0	0	0	0
	5	0	0	0	0	0	0	0	0	0	0
<b>Total</b>		5	0	0	0	0	1	21	3	0	30

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

## Summary of Stage 3

- B.33 Overall, the model assumes an existing affordable supply of 1,752 and an annual supply of 523 social (affordable) lettings and an annual supply of 30 intermediate tenure lettings/sales.

## Stage 4: Estimate of annual housing need

### Overview

- B.34 Analysis has carefully considered how housing need is arising within Redcar and Cleveland by identifying existing households in need (and who cannot afford market solutions), newly-forming households in need and existing households likely to fall into need.
- B.35 This has been reconciled with the supply of affordable dwellings which considers location, size and designation (i.e. for general needs or older persons). Based on the DCLG modelling process, analysis suggests that there is an overall annual net imbalance of 20 dwellings.
- B.36 For critical stages of the needs assessment model (Step 1.1, Step 1.4, Step 2.4 and Step 3.8), information is broken down by sub-area, designation (general needs and older) and property size. This goes beyond the requirement of the SHMA guidance but allows a detailed assessment of the overall housing requirements of households in need and provides clear affordable requirement information. In turn, this can help identify where there are shortfalls and sufficient capacity of affordable housing, and help to shape policy responses.
- B.37 Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall.

### Step 4.1 Total backlog need

- B.38 Step 4.1 is the total backlog need which is derived from the number of households in Step 1.4A minus total affordable housing stock available (Step 3.5). The total backlog need is 1,568.

### Steps 4.2 to 4.6

- B.39 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 DCLG guidance).
- B.40 Step 4.3 is the annual backlog reduction based on Step 4.2 (314 each year).
- B.41 Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need (259 each year).
- B.42 Step 4.5 is the total annual affordable need based on Steps 4.3 and 4.4 (573 each year).

- B.43 Step 4.6 is the annual social rented/intermediate tenure capacity based on Step 3.8 (553 each year).

## Total gross and net imbalance

- B.44 Table B9 summarises the overall annual gross affordable housing imbalance for Redcar and Cleveland by sub-area, designation (general needs and older person) and property size. Table B10 reports the net affordable housing imbalance.

**Table B9 Gross annual affordable housing imbalance by sub-area, property size and designation 2015/16 to 2019/20**

Net				
Sub-area	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Greater Eston North	106	-37	9	79
Greater Eston South	17	6	14	37
Guisborough	94	0	11	106
Lockwood	8	9	4	21
Loftus	62	5	-4	63
Marske/New Marske	32	12	9	54
Redcar	121	-17	22	126
Saltburn	41	3	8	51
Skelton/ Brotton	33	1	3	37
<b>Total</b>	<b>514</b>	<b>-16</b>	<b>76</b>	<b>573</b>

**Table B10 Net annual affordable housing imbalance by sub-area, property size and designation 2015/16 to 2019/20**

Net				
Sub-area	General Needs		Older Person	Total
	1/2 Bed	3+ Bed	1/2 Bed	
Greater Eston North	-16	-107	3	-119
Greater Eston South	-41	-17	10	-48
Guisborough	71	-5	7	73
Lockwood	-12	6	3	-3
Loftus	41	1	-8	34
Marske/New Marske	22	9	6	38
Redcar	46	-37	11	20
Saltburn	32	1	7	39
Skelton/ Brotton	-4	-10	0	-15
<b>Total</b>	<b>140</b>	<b>-159</b>	<b>40</b>	<b>20</b>

Sources: 2015 Household Survey; RSL CORE Lettings and Sales



## Tenure and dwelling type profile of affordable dwellings

- B.45 Affordable housing includes social rented, affordable rented and intermediate tenure dwellings. New affordable development by Registered Providers will be affordable rented (with rents of up to 80% of open market rent) and in order to recommend an appropriate split between social rented and intermediate tenure, the stated preferences of households and the relative affordability of intermediate tenure products is now reviewed.

### Household preferences

- B.46 Households were asked to state tenure preferences. Table B11 summarises the preferences of both existing households in need and newly forming households by tenure. Overall, this gives a tenure split of 72% social/affordable rented and 28% intermediate tenure across Redcar and Cleveland.

Table B11 Affordable tenure preferences			
Tenure	Existing households in need (%)	Newly-forming households (%)	Total (%)
Social/Affordable Rented	91.7	51.8	72.4
Intermediate	8.3	48.2	27.6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<i>Base (annual requirement)</i>	<i>277</i>	<i>259</i>	<i>536</i>

Source: 2015 Household Survey

- B.47 An analysis of the ability of existing households in need and newly-forming households to afford intermediate tenure is summarised in Table B12. Analysis suggests that intermediate tenure options remain affordable to households in need and newly-forming households, with 42.6% able to afford a property priced at up to £80,000, 36.0% a property priced at up to £100,000 and 25.7% a property priced at up to £120,000

Table B12 Ability of existing households in need and newly-forming households requiring affordable housing to afford intermediate tenure dwellings			
Price	% could afford		
	Existing households in need	Newly-forming households	Total
up to £80,000	43.7	41.4	42.6
up to £100,000	34.5	37.6	36.0
Up to £120,000	24.7	26.7	25.7
<i>Base</i>	<i>277</i>	<i>259</i>	<i>536</i>

Source: 2015 Household Survey

- B.48 There is potential scope for an intermediate tenure market in Redcar and Cleveland Borough. The final proportion of intermediate tenure dwellings to be

delivered needs to be reconciled with the economic viability of delivering affordable housing on sites; the appetite of the HCA to fund intermediate tenure dwellings; and the ability of households to secure mortgages.

### Dwelling type

- B.49 Table B13 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 (47.2%) followed by bungalows (31.6%) and flats (21.2%).

Table B13 Property type preferences			
Type preferences	Existing (%)	Newly-forming (%)	Total (%)
House	39.5	56.1	47.2
Flat	10.7	33.0	21.2
Bungalow	49.8	10.9	31.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Base</i>	<i>277</i>	<i>244</i>	<i>521</i>

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

Source: 2015 Household Survey

## Technical Appendix C: Monitoring and updating

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

#### Introduction

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

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

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

#### Changes in house prices and rental costs

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

### Capacity of the social rented sector

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

### Availability of intermediate tenure housing

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

### Annual adjustments to affordable requirements

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

### Updating of contextual information

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

### Reflections on the general strategic context and emerging issues

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

### Concluding comments

- C.13 It is vital that mechanisms are in place to derive robust, credible and defensible estimates of housing need and affordable requirements across Redcar and

Cleveland. We believe that this study provides a robust evidence base which has the capacity to be updated.

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