

Executive Summary

Chapter 1: Introduction

This SHMA was commissioned in 2014 and undertaken by the Department of Town and Regional Planning at the University of Sheffield.

The National Planning Policy Framework (NPPF) requires local planning authorities to objectively assess the need for housing in their area. Associated planning policy guidance sets out expectations for the required evidence. This SHMA provides that evidence and has been written in a way that meets and exceeds the requirements of guidance.

Chapter 2: Policy Context

National housing policy remains focused on getting the housing market moving and growing the supply of new homes, as well as meeting needs through an expanded private rented sector (PRS). The focus of funding for affordable housing will continue to emphasise recoverable loans rather than grants.

House prices are rising after a period of stagnation. Measures differ, but it seems as if affordability has worsened marginally in Rotherham counter to national trends. Lower quartile prices are around 5x lower quartile earnings.

Government measures to stimulate the housing market are having some effect in Rotherham but the gap between requirement and delivery remains low, in line with many other parts of the country. Around 11% of sales in Rotherham since 1 April 2014 have benefited from Help to Buy.

Affordable housing delivery has varied from year to year, but has averaged around 150 units per year recently. This has represented a proportion of all development that broadly meets policy, but is still short of needs in terms of numbers of absolute units.

According to independent studies, welfare reforms have and are likely to continue to impact Rotherham's housing market in a significant way, including through taking money out of the local economy, encouraging downsizing of property, and encouraging tenure switching. The result will be continued pressure on affordable housing. Estimates of the impact of a range of reforms are of a financial loss of £560 per year per working adult.

Parts of the borough's housing stock and neighbourhoods remain in poor condition and previous regeneration programmes were only able to partially tackle this issue. As a result there remains a need for regeneration in many parts of the borough. The lack of mainstream regeneration funding programmes will make this difficult to

address, and it is clear that development values are not sufficient to encourage private investment without the need for significant subsidy.

The SHMA is an important part of the evidence base informing local plan strategy and policies. But it is for the local plan to set policy with regards to the borough's housing requirement, using the evidence provided in the SHMA as a starting point but subjecting it to further tests including an assessment of development constraints in the borough.

The SHMA also relates to a range of other corporate strategies and policies and, in particular, the Local Housing Strategy and Local Investment Plan. These documents emphasise the importance of increasing the supply of housing, including affordable housing and the Private Rented Sector, delivering sustainable places, meeting housing needs, and supporting corporate objectives to grow the local economy, protect vulnerable people, and regenerate the town centre.

The approach to the SHMA has involved a significant household survey (1,751 responses), baseline data analysis of Census and administrative data, analysis of housing submarkets, and a programme of engagement with residents, local stakeholders, and sub-regional partners. The methodology is consistent with that of the 2013 Sheffield SHMA, thereby enabling the production of a joint SHMA covering the Sheffield-Rotherham housing market area. A separate report summarises the key issues across this joint housing market area.

Chapter 3: Defining the Housing Market Area

Rotherham lies at the geographical heart of the Sheffield City Region, a functional economic area of some 1.8 million inhabitants.

The borough has important housing market links with neighbouring areas, particularly the city of Sheffield to the west. These are important in the context of a city-regional housing market 'system' of population mobility. This system sees Rotherham generally catering for incoming households from Sheffield (in addition to needs arising from within the borough). Rotherham in turn tends to lose households to other surrounding districts.

That said, it is clear that technically speaking Rotherham is a self-contained housing market. 73% of moves to dwellings within Rotherham originate in the borough. But there are important links with other areas: the level of self-containment among owner occupiers is lower than the accepted self-containment threshold of 70% (it is 67%), and this reflects the importance of the shared Sheffield-Rotherham market area particularly for working age households seeking family housing.

Households in the borough move on average once every 12.5 years. This varies by tenure and area. Households in the PRS are the most mobile – nearly one in three will move each year. Owner occupiers are the least frequent movers: only 3% of owning households move each year.

The links with other areas in the Sheffield City Region, especially Sheffield, are also borne out in terms of travel to work. 55% of people working in Rotherham live

outside the borough. In general for every 10 people living in Rotherham but working elsewhere, there are 9 people living elsewhere but working in Rotherham. This means that Rotherham is a net exporter of commuters to surrounding areas (commuting ratio of 0.9).

Rotherham is comprised of five distinct Housing Market Areas (HMAs) ('sub-markets'). These are:

- South Urban
- North Urban
- Dearne
- South East
- South West

These HMAs vary considerably in terms of their characteristics and housing market role. In general, the urban area of the borough is split between a relatively affluent and high-priced south, and a more deprived, low priced north. There are very popular and attractive outlying settlements throughout the borough, many of which benefit from good road links enabling them to play a sub-regional market role.

Patterns of housing search revealed by Rightmove confirm the existence of these HMAs. In general, levels of mobility between different HMAs are considered to be low and, for certain population groups, levels of place attachment are high and levels of mobility correspondingly low.

Chapter 4: The current housing market

The population of Rotherham is growing, and currently stands at just less than 259,000 inhabitants living in just over 108,000 households (an average household size of 2.4 persons).

Nearly 29% of Rotherham's households are single person households and this type of household has grown significantly. While the number of single person older households (age 65+) declined slightly between 2001 and 2011, this group is expected to grow in the future.

Although some HMAs show greater diversity, the large majority of Rotherham's residents are from White ethnic groups (this includes some groups, e.g. eastern European, whose origin is outside the UK). 94% of residents describe themselves as White, approximately 4% as Asian, and approximately 1% each within the mixed and Black categories.

Levels of economic activity fluctuate. Around 75% of the population aged 16-64 is economically active.

House prices are among the lowest in the sub-region and although there has been some recovery lately, the market remains relatively depressed. Low development values remain a challenge for the viability of new development.

Low house prices are to some extent mirrored by low income levels in Rotherham although this varies significantly between HMAs. Incomes are lowest in the North Urban HMA. This explains why affordability remains a challenge in Rotherham. Lower quartile house prices are on average 5x lower quartile incomes, higher than the sub-regional average and indeed for Sheffield.

In general, residents in Rotherham move house for reasons related to the house and neighbourhood. Job and education related moves are lower in comparison. A desire to move to a larger house is cited by 33% of movers. Neighbourhood factors are cited by one in five movers. In general the picture is of a housing market in which 'adjustment' moves (e.g. to trade-up or down) are more important than economically-driven moves (e.g. to access particular labour markets).

Levels of neighbourhood satisfaction vary considerably by HMA and by housing tenure. Those in the North Urban HMA are least satisfied; those in the South Urban and Dearne HMAs are most satisfied.

The most important neighbourhood qualities cited by residents are related to the quality, choice and affordability of homes; the quality and cleanliness of the built environment; and levels of ASB/crime. The biggest single improvements sought by residents relate to the condition of roads and the cleanliness of streets, followed by provision of activities and facilities for families.

The regeneration of Rotherham Town Centre is a key corporate objective for the Council. At present the residential market for town centre living is underdeveloped. There is a consensus that it has potential, especially for key groups including young people but also older households seeking independent living. But there is also consensus that the viability of development may be challenging. In all, around 12% of households would consider living in the Town Centre if the right housing and associated services and environment were available.

The private rented sector in Rotherham is small (11.3% of households) compared to the England average (15%), but it has been growing especially in certain neighbourhoods in the North Urban and South East HMAs. This may in part be driven by growth in recent incomers to the borough. There remain concerns about the quality of the sector, and a selective licensing scheme aims to tackle such problems in parts of the borough.

Chapter 5: The future housing market

The future of the housing market in Rotherham will be shaped by a combination of demand from existing residents, 'concealed' households that will form as a household in their own right, and migration processes.

The moving intentions of existing household vary, although uncertainty is a key aspect of the housing market: nearly one quarter of household do not know what

their intentions will be. A similar number of households (26%) think that they will move in the next five years.

Population forecasts for Rotherham indicate that the population will continue to increase primarily as a result of natural change, with some impact also from migration. The extent of the migration increase is contingent on some of the economic assumptions underpinning the forecasts. The ONS 2012-based sub-national population projections estimate there will be 267,400 people in Rotherham by 2022. Whilst the same projection forecasts a fall in the number of people of working age (15-64) over the same period, this does not reflect changes that might occur in the economic environment and potential policy changes.

26% of households in Rotherham think that they will need to move home in the next five years, whilst 50% think that they won't move over the same period. There is a large amount of variation in expectations between HMAs across the borough. 18% think that they will move in the next five years in Dearne HMA and 30% in South Urban HMA. Whilst it is not clear why this variation occurs, demand to move over the next five years is motivated by a very wide range of factor. The five most frequently cited motivations include: to move to a smaller home (7%); to move to a larger home (7%); want a bigger garden (4%); to move to a better neighbourhood (5%); and, to move to cheaper accommodation (4%).

69% of households expecting to move had a preference for owner occupation, and 25% to live in social rented accommodation. The most popular types of property included detached (40%), bungalows (30%) and semi-detached dwellings (18%). The proportion of households aspiring to live in larger properties is greater than the level implied by their realistic expectations. By that measure, 78% of households expect to live in either a two or three bedroom unit. Spatially, some areas are more popular than households' expectations, for example Wickersley, Bramley, Whiston, Breck and Moorgate were the five most frequently cited neighbourhood that households would like to live in, but only half of those households expected to live in each of those neighbourhoods.

The formation of new households from existing households (concealed households) largely comprises single adult or couple households (both without children). Whilst there is a preference amongst these households for flats or apartment accommodation, they are also more likely to be highly mobile households seeking employment and housing outside the borough.

Combining the aspects of housing market analysis, including new household formation, concealed households, in-migration and latent demand it is possible to estimate the overall housing requirement. The annual housing requirement from 2014 is approximately 900 dwellings, lying at the mid-point of an estimation range of 800-1,000. Better than expected economic growth might see the requirement towards the upper end of this range; similarly, ongoing pressures within the housing market might serve to suppress the requirement, and there will be a need for ongoing policy monitoring of the requirement.

The overall housing requirement of 900 dwellings consists of 663 (74%) market housing dwellings and 237 (26%) affordable dwellings (170 social rented and 67 intermediate affordable dwellings).

Chapter 6: Housing need

In line with DCLG guidance the housing needs model adopts a blend of primary and secondary data sources. The needs model comprises three key components: backlog of housing need; newly arising need and affordable housing supply. The backlog and newly arising need estimates are summed before the supply is subtracted.

The backlog of housing need estimates the number of dwellings required over the next five years to meet existing housing need. The total number of households in unsuitable housing in Rotherham is estimated from the housing survey, comprising 16,279 households. 5,186 of these households' needs can be met in situ or through out-migration. Of the remaining 11,093 households, 6,922 are unable to afford to meet their housing need through a market-based option. Homeless households are added to provide the backlog of housing need total: 6,976 households. Annualised over five years the number of dwellings required to meet housing need in Rotherham is **1,395 per annum**.

Approximately 949 new households are forecast to form in Rotherham every year. Of these households it is estimated that 558 per annum will not be able to afford to buy or access the private rented sector. In addition to new households, extrapolating from existing records, 143 households are likely to fall into priority need each year on average. The total number of households in newly arising housing need is calculated as **701 per annum**.

The supply of affordable housing supply combines vacancies in the existing stock and additions to the stock (minus units taken out of the affordable housing supply). Social rented housing re-lets and shared ownership resales are estimated from recent data at 1,729 dwellings per annum. 61 dwellings are removed from affordable supply each year through a mixture of right to buy options and demolitions. New affordable housing supply is added to the stock at varying levels depending on wider economic circumstances and development processes. Using recent averages, an estimate of 191 dwellings per annum is added to the affordable stock. The total affordable housing supply equates to **1,859 per annum**.

Taking the backlog of needs (1,395), newly arising need (701) and likely affordable housing supply into account an overall shortfall in the borough has been estimated as **237 units per annum**.

All housing need models are sensitive to a range of future policy decisions and changing economic conditions that are difficult to predict. We believe the estimate of 237 units per annum is a prudent basis for future planning.

Chapter 7: Specific housing groups

Specific housing groups have housing requirements with specific needs. The report considers the housing requirements for older people and households with specific needs arising from disability and/or limiting long term illnesses.

The average age of the population is increasing and the rise in number of older households contributes significantly to expected household numbers. These households are likely to exhibit greater levels of self-containment, moving within the local area. Bungalow households remain sought after within specific neighbourhoods.

37% of household survey respondents included members with a disability or limiting long-term illness. Many of these households included multiple members with disabilities or limiting long-term illnesses. 17% of all households received formal or informal care to support household members with disabilities or limiting long-term illnesses.

Homelessness covers a wide range of complex circumstances, which overlap with other types of housing need. There are approximately 135 statutory homeless acceptances per annum in Rotherham, although this has been increasingly in past years. Homelessness disproportionately occurs among younger people. About half of homelessness acceptances involve a dependent child or a pregnant woman.

The BME population of Rotherham is growing, although it remains small in number relative to other areas. 93.6% of the population identify themselves as 'white'. The largest group is of people who are Pakistani. This group has also grown significantly in size, as has White European and Black African groups. Recent migrants tend to be younger, often with young children and mainly are asylum seekers/refugees or economic migrants associated with EU enlargement. They are likely to be underpinning the growth of the private rented sector in some parts of the borough. All said, however, the vast majority (97.2%) of Rotherham's population were born in the UK or have lived in the UK for 10 years or more.

There are 126 people who consider themselves as Gypsies or Travellers according to the census 2011. The most recent assessment suggests that there are only six Gypsy/Traveller households in the borough. A significant proportion of Gypsies and Travellers may be living in houses. There are currently five authorised Gypsy and Traveller pitches in Rotherham within the context of a requirement for nine pitches over five years to meet current and future demand.

Chapter 8: Conclusions

The SHMA provides an objective assessment of housing need for Rotherham, including the requirement for both affordable and market housing.

It does not take into account policy matters related to the deliverability of housing or planning constraints. These are matters for the Local Plan.

There are a number of broad policy implications, including:

- There is some scope to cooperate with neighbouring areas (especially Sheffield) in meeting market housing requirements for some sectors (e.g. family housing). Affordable housing need will have to be met locally.

- Monitoring delivery against the requirements set out in this report as well as against plan targets will be important. This monitoring should also look at the impacts of policies such as the selective licensing of landlords on affordable housing needs.
- The Council will need to continue to work proactively with market housing developers and other agencies in meeting the housing requirement, especially given ongoing regeneration needs in the borough. Infrastructure may have an important role in underpinning the viability of housing sites.