

Sheffield and Rotherham Strategic Housing Market Assessment 2018

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Contents

Executive Summary	i
1. Introduction.....	1
2. Policy Context.....	3
3. Defining the Housing Market Area.....	18
4. The Current Housing Market.....	33
5. The Future Housing Market.....	88
6. Affordable housing need.....	118
7. Housing requirements for specific groups	132
8. Conclusion	146

Executive Summary

Introduction

This Strategic Housing Market Assessment (SHMA) for Sheffield and Rotherham provides detailed evidence on the structure and operation of the local housing market. Various data, presented in this report, suggests that the local housing market functions across the local authority boundaries of Sheffield City Council (SCC) and Rotherham Metropolitan Borough Council (RMBC). The study is therefore a combined assessment across the two areas, and throughout we refer to this as the Sheffield and Rotherham Housing Market (SRHM). Key analysis and information are provided at this combined SRHM level, as well as at individual local authority level, and also for 19 smaller Housing Market Areas (HMAs).

In conducting the research, several key activities were undertaken:

- Defining the housing market area and internal housing submarkets;
- Using secondary data to develop a detailed picture of the local population and household growth; house prices, turnover and rental levels; and migration, labour market and economic indicators;
- Undertaking a large survey of households resulting in 3,836 valid responses;
- Carrying out qualitative research with various groups including; 2 interviews with estate agents, 3 interviews with private landlords, 1 focus group with Black Asian and Minority Ethnic (BAME) residents, 1 focus group with older people and 2 interviews with intermediary organisations; and
- Developing a housing needs model and housing demand analysis.

The National and Local Policy Context

In general, the UK's housing market has been relatively buoyant in recent years, with rising sales prices and an increase in the supply of dwellings. In some places this has come at the cost of affordability; homeownership has declined nationally, particularly among younger households, as the private rented sector has expanded.

Some of these recent developments are the product of specific housing policies which have centred on stimulating private supply; this includes Help to Buy and other funding to support housebuilding by small to medium sized housebuilders. The social rented sector has had to contend with various challenges affecting the level of output from this sector. This has taken place during a period in which reforms to the welfare system have had a direct impact on the ability of households – including increasingly those of working age and in work – to afford market and in some cases subsidised housing. The exponential rise in rough sleeping is a symbol of the significant problems in the UK housing system and in our urban areas in particular.

The process and requirements for assessing housing needs at a local level has changed significantly since the last SHMAs for Sheffield (2013) and Rotherham (2015) were produced. The UK government has developed a new standard methodology for the assessment of

housing need within the planning system. This uses household projections as a basis, making adjustments for affordability. Planning Practice Guidance now requires this standard approach to be used by planning authorities, in addition to them undertaking assessments of the number of households who lack their own housing, or who cannot afford to meet their housing needs in the market.

Whilst attending to these assessments, this study goes further to assess in detail some of the subtle changes, trends and processes at the heart of demand for, and supply of, housing in the SRHM.

The Sheffield City Region LEP and Combined Authority are in the process of refreshing their strategic economic plans, which will have implications on the spatial development of the city region and thus on housing demand and supply.

Ongoing welfare reforms and austerity have continued to affect many cities and towns in the UK, including Sheffield and Rotherham, and must be seen as the backdrop to increases in housing need in the area.

Homelessness and especially rough sleeping have risen considerably since the previous SHMA. New approaches, including local successes in obtaining funding from the government's Rough Sleepers Initiative, are hoping to tackle the issue – but the need for new affordable housing supply is increasingly emphasised.

There are ongoing challenges and opportunities around the economic and place-based regeneration of areas within Sheffield and Rotherham, although the funding landscape for overcoming these challenges is difficult.

Defining the Housing Market Area

Sheffield and Rotherham are composed of diverse settlement types, with large conurbations playing a central role in the local economy. Both authorities have relatively large populations, which constitutes a significant proportion of the Sheffield City Region (SCR).

The flow of people within and between Sheffield and Rotherham means this is a relatively self-contained housing market area. 75 per cent of moves originating in the SRHM are to another destination within the SRHM. Sheffield loses population to most other surrounding districts but sees major inflows from international migration due to its universities. In 2015/16 the net figure for international migrants into the SRHM was 4,800. This places specific demands on the housing market, particularly in Sheffield. Rotherham sees notable net inflows from Sheffield, with evidence that this has increased in recent years.

The area from which most people travel to work aligns closely with the combined local authority boundaries of SCC and RMBC, with some crossover into Derbyshire Dales District Council, and other adjacent authorities. Our survey suggests that 85 per cent of respondents live and work in the Sheffield and Rotherham travel-to-work area. Nonetheless Sheffield is an employment area for the wider sub-region, meaning that its zone of influence - in terms of housing demand and supply - reaches beyond its boundaries into adjacent areas.

The study has identified and refined 19 sub-markets within the SRHM, constituting individual HMAs. These HMAs enable us to account for localised variation in, for instance, housing stock, prices, tenure and neighbourhood conditions. Historic data suggests local migration patterns are quite localised and there is a high degree of 'place attachment' in each HMA. Housing search data reveals distinct search patterns in submarkets and the difference in activity levels in the private market between HMAs.

The Current Housing Market

Sheffield and Rotherham's populations have grown in the last five years, though at varying paces. There are signs that each is becoming increasingly ethnically diverse. Household composition varies between local authorities, with Sheffield having higher than the national average rate of single person households, and Rotherham higher than average proportion of households with dependent children. Skills levels and rates of economic activity have been improving, though younger people may not be benefitting to the same extent as other groups.

Average house prices have risen significantly in the last five years, by 28 per cent in Sheffield and 17 per cent in Rotherham. Gross weekly pay has not kept pace, increasing by only 10 per cent in each area over the same time period. There is major variation in house price levels across the SRHM. High prices are found in the southern peripheries of both districts, and lower values in the corridor between the Sheffield City and Rotherham Town Centre.

Housing affordability has worsened over the last five years. The ratio of lower quartile house price to lower quartile income has widened in both districts. Large proportions of non-owners are unable to afford market housing to resolve their housing needs; 76 per cent in Rotherham and 61 per cent in Sheffield. In some HMAs very small proportions of non-owners could afford to buy within that HMA. Taking into account deposit requirements, estimates suggest that 83 per cent of newly forming households in Rotherham cannot afford lower quartile purchase prices, and 88 per cent in Sheffield. A third of all households in the SRHM are priced out of the Private Rented Sector (PRS) in 13 of the 19 HMAs, if they are seeking a 2-bed property.

There is evidence of marked increases in housing stock in both districts. The number of empty dwellings reduced between 2013 and 2017; constituting 2.5 per cent of the stock in both Sheffield and Rotherham in 2017. New housing supply is being driven by the private sector, and whilst new supply from affordable housing providers has grown, it is not sufficient to address the extent of affordability problems.

Broadly speaking, across the SRHM there is widespread evidence of under-occupation. Estimates suggest nearly 68 per cent of households in the SRHM are under-occupying against the bedroom standard. There is also evidence however, in some HMAs, of over-occupation. Perceptions of inadequacy in properties is often related to repair and maintenance problems, something that is particularly relevant amongst private renters.

The Future Housing Market

The populations of Rotherham and Sheffield are set to grow, but through differing sources and via different age cohorts. Population estimates are sensitive to economic and political drivers, the likely effect of which is presently uncertain.

Different types of forecast can be used to derive population projections. The use of Sub-National Population Projections (SNPP) has proven valid in previous SHMAs, and these are corroborated by evidence from household surveys. Various models have been assessed which suggest that additional households per annum will range between 1,800-2,200 in Sheffield, 500-650 for Rotherham and 2,300-2,850 for the SRHM as a whole, over the next 5-10 years. However, these projections are sensitive to changing constraints on household formation. On balance we consider the government's estimates of Local Housing Need (LHN) to be a sound basis for understanding the housing requirement for the next five years.

Within the SRHM, 22.1 per cent of existing households think they will need to move to a different home within the next five years. This compares to 38.2 per cent that stated they will neither need nor want to move over this period. Homeownership is the dominant form of tenure for expectant movers with 76.3 per cent of potential movers in Rotherham envisaging

they will reside in this tenure, compared to 63.2 per cent in Sheffield. There is a clear preference among those who are likely to move for detached and semi-detached housing across the SRHM.

In the SRHM there are 30,616 existing households (11,422 in Rotherham and 19,194 in Sheffield) containing other households looking to form in the next three years. This is largely driven by children of the current household reference person.

Demand for housing is a function of the requirements from existing households, newly forming households and net migration. Existing households and the formation of new households from them are an important source of demand. Over the next 5 years there may be 32,760 moves from existing households (24,038 from Sheffield and 8,722 from Rotherham). A further 16,921 could come from newly forming households (12,148 from Sheffield; 4,773 from Rotherham). Subtracting those likely to move out of the district, those unable to afford to access market housing and those wanting to move but already within market housing, provides an overall gross demand picture arising from the area's existing households. Annual new gross demand from existing households (and newly forming households from them) is thus estimated at 3,543 in Sheffield and 1,761 in Rotherham. This gross demand is calculated before considering the impact of migration or death and should therefore not be compared directly with household projections or LHN.

Affordable Housing Need

Overall, there is a shortfall in affordable units of 902 in Sheffield and 716 in Rotherham. A number of trends come together to result in an increase in this shortfall. These include:

- General increases in need amongst existing households.
- Affordability problems caused both by high rents and prices in some submarkets, and low and static household incomes, sometimes in combination.
- Forecast increases in the levels of homelessness.
- Continuing increases in the number of affordable units lost through the Right to Buy.
- A decline in the level of social housing relets.

As a guideline, 25% of units could potentially be shared ownership, Affordable Rent or other intermediate products. The majority, however, should be homes for social rent.

Needs and supply in some parts of the SRHM might be in approximate balance, with little or no shortfall. These include South East Sheffield and East Sheffield.

Some areas may be exhibiting a crude surplus of affordable housing, where the ongoing policy challenge may be around tenure and product diversification to better meet needs. This might include Manor/Arbourthorne/Gleadless and North East Sheffield.

Rotherham Town Centre, focus of an emergent submarket, has a small requirement for affordable housing but the focus of regeneration plans there may need to anticipate a wider range of price points and products if correctly marketed.

Areas with significant shortfalls include many parts of Rotherham, Sheffield Urban West, North West and South West Sheffield. Given their small size, shortfalls may also be locally significant in Rural Upper Don Valley and the Peak District Fringe as well as Chapeltown/Ecclesfield and Stocksbridge/Deepcar.

Housing Requirements for Specific Groups

This study considers the housing requirements of specific households - those containing people with disabilities or long-term limiting illnesses, those containing BAME (Black and Minority Ethnic) residents, and households containing older people. The research also assesses awareness of, and demand for, self-build housing. Separate studies have also been prepared by the authors on the Student Housing Market in Sheffield, and the individual local authorities have developed their own Gypsy and Traveller Accommodation Assessments.

The inadequacy of housing for those households containing someone who is disabled or has a long-term illness is most likely to stem from the need for improvements and repairs, suitability of key facilities in the home, and provision of sufficient space. The tailored use of adaptations (both large and small in capital value) will affect people's ability to stay in their current home. Additional factors can also affect the ability of people to remain in their home, such as the provision of additional space which may be required to store equipment essential for mobility (e.g. wheelchairs and mobility scooters). The affordability and potential for adaptations in the home are major drivers in decisions whether to move to alternative housing.

A total of 199 survey responses were received from households containing someone from a BAME background, enabling insights to be drawn about the housing circumstances and aspirations of such households at the SRHM level. Issues of housing size and quality were identified as a key concern for such respondents. There are few signs that the location and tenure choices of BAME households (as a singular group) are significantly different from households generally. Marginal differences are seen in relation to future tenure, with rented accommodation being the more likely destination. BAME households are more likely to expect to move into detached housing, when compared to all households general, and less likely to expect to move into a bungalow.

Downsizing is the most significant motive for older people to move, followed by the desire to increase accessibility in the home and to be nearer family and friends. Downsizing may be constrained by the nature of supply and its affordability. Bungalows have an enduring appeal, though there is also evidence of significant interest in flats and apartments.

The majority of those needing to move for additional support wish to stay in general needs accommodation, raising questions about the characteristics of the existing stock and accessibility standards of newly built housing. There appears to be more demand for certain types of specialist accommodation in the SRHM than current models - such as the Housing for Older People Supply Recommendations (HOPSR) - predicts. The expectations of those needing to move for additional support suggests demand for extra care housing is high in relation to current stock levels.

There is a relatively high awareness of, and interest in, alternative forms of development, such as self-build and custom build housing. Financial constraints, in the form of household savings and equity, will restrict how many households can actually pursue self-build and custom build options.

Introduction

- 1.1. This Strategic Housing Market Assessment (SHMA) for Sheffield and Rotherham provides detailed evidence on the structure and operation of the local housing market. Patterns in migration, housing searches and travel to work areas suggests that the local housing market functions across the local authority boundaries of Sheffield City Council (SCC) and Rotherham Metropolitan Borough Council (RMBC). The study is therefore a combined assessment across the two areas, and throughout we refer to this as the Sheffield and Rotherham Housing Market (SRHM). To support the development of public policies and programmes, the report provides analysis and key information at this combined SRHM level, whilst also offering insights at individual local authority level, and 19 smaller housing market areas (HMAs).
- 1.2. A new approach to assessing housing need was formulated by the UK government in 2018, premised on a new standard calculation of housing need. Whilst applying this approach and appreciating the role of the National Planning Policy Framework (NPPF), the report uses a variety of data to dig deeper into the key patterns and considerations concerning the current and future housing market in the SRHM. This will support the development of Local Plans and Housing Strategies and provides detailed primary data about people's housing circumstances and perceptions that can be interrogated on an on-going basis.

About the study

- 1.3. The study was undertaken by the Centre for Regional, Economic and Social Research (CRESR), at Sheffield Hallam University. In conducting the research, several key activities were undertaken:
 - Defining the housing market area and internal housing submarkets.
 - Using secondary data to develop a detailed picture of the local population and household growth; house prices, turnover and rental levels; and migration, labour market and economic indicators.
 - Undertaking a large survey of households resulting in 3,836 valid responses.
 - Carrying out qualitative research with various individuals and groups including; two interviews with local estate agents, four interviews with private landlords and their representative bodies, two interviews with intermediary organisations who support people in housing difficulties, two focus groups private landlords and one focus group with older people.
 - Developing a housing needs model and housing demand analysis.

- 1.4. In contrast to the previous SHMAs (Ferrari et al, 2013; Ferrari et al, 2015), this research provides insights into the full effects of policies associated with fiscal austerity in the UK in recent years, revealing important shifts in housing supply, tenure, need and aspiration which are critical for policy makers to consider.

Structure of this report

- 1.5. This report is organised in seven further chapters:
- Chapter 2 explains the local and national policy context, setting out important changes to local planning guidance and assessments of housing need, whilst also detailing the approach taken to the SHMA study.
 - Chapter 3 then defines the housing market area, exploring key links with neighbouring local authority areas, and the internal structure of the SRHM. Here we define 19 sub-markets (HMAs), which are used to structure much of the statistical analysis in the report.
 - Chapter 4 presents various analysis of the current SRHM, revealing key demographic and economic trends, features of housing demand, and key characteristics of the housing stock.
 - Chapter 5 then assesses the future housing market, describing the key population and household trends which will affect the housing market and the nature of need and demand. An assessment of effective and new demand levels is provided, setting out an estimated future housing requirement.
 - Chapter 6 describes the development of, and results from, a housing needs model. This estimates the likely level of affordable housing required at various spatial scales, determining the likely split between affordable rental housing and intermediate market housing.
 - Chapter 7 presents analysis relating to the housing demands of specific groups within the SRHM. This includes housing for people with disabilities and illnesses, BAME households, and older people.
 - Chapter 8 synthesises the analysis into a series of conclusions and key policy implications.

Appendices and annexes

- 1.6. In addition to the main report Appendix 1 provides a copy of the questionnaire used in the survey of households, and annex report (*Technical Annex [to be completed]*) provides further details of the survey methodology and development of the housing needs model.

Policy Context

2

KEY POINTS

National policy context

- In general, the UK's housing market has been relatively buoyant in recent years, with rising sales prices and an increase in the supply of dwellings. In some places this has come at the cost of affordability.
- Homeownership has declined nationally, particularly among younger households, as the private rented sector has expanded.
- Some of these recent developments are the product of specific housing policies which have centred on stimulating private supply; this includes Help to Buy and other funding to support housebuilding by small to medium sized housebuilders (e.g. Builders Finance Fund and Home Building Fund). The social rented sector has had to contend with various challenges affecting the level of output from this sector, including policy proposals (such as the cancelled proposal for an LHA cap) that affected the viability of providers' development plans.
- The process and requirements for assessing housing need at a local level has changed significantly since the last SHMAs for Sheffield and Rotherham were produced. The UK government has developed a new standard Local Housing Need methodology for the assessment of housing need within the planning system. This uses household projections as a basis, making adjustments for affordability.
- Planning Practice Guidance now requires this standard approach to be used by planning authorities, in addition to them undertaking assessments of the number of households who lack their own housing, or who cannot afford to meet their housing needs in the market. This study looks at various scenarios for future housing supply, including the standard method, but also contains a wider and richer set of analyses to support efforts in a range of policy and practice areas.

Local policy context

- The Sheffield City Region LEP and Combined Authority are in the process of refreshing their strategic economic plan, which will have implications on the spatial development of the city region and thus on housing demand and supply.
- Ongoing welfare reforms and austerity have continued to affect many cities and towns in the UK, including Sheffield and Rotherham, and must be seen as the backdrop to increases in housing need in the area.
- Homelessness and especially rough sleeping have risen considerably since the previous SHMA. New approaches, including local successes in obtaining funding from the government's Rough Sleepers Initiative, are hoping to tackle the issue – but the need for new affordable housing supply is increasingly emphasised.
- There are ongoing challenges and opportunities around the economic and place-based regeneration of areas within Sheffield and Rotherham, although the funding landscape for overcoming these challenges is tight.

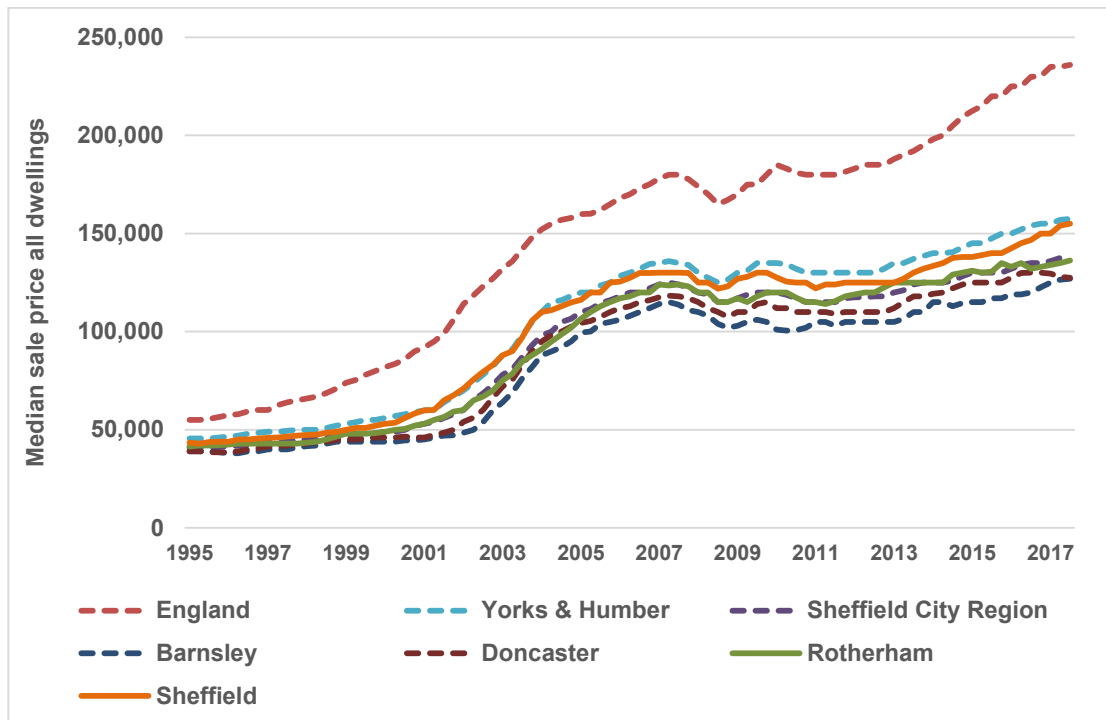
Introduction

- 2.1. This chapter sets out the strategic context for this SHMA. It discusses important drivers of the local housing market in the context of national policymaking and broader economic trends. It also sets out the local policy context which frames the way that SCC and RMBC can influence provision to meet housing needs and demands. Finally, key principles of housing market assessment, which are used to guide the SHMA's methodology, are reviewed and provide an introduction to the key elements of the approach adopted in undertaking the SHMA.

The national context for housing policy and provision

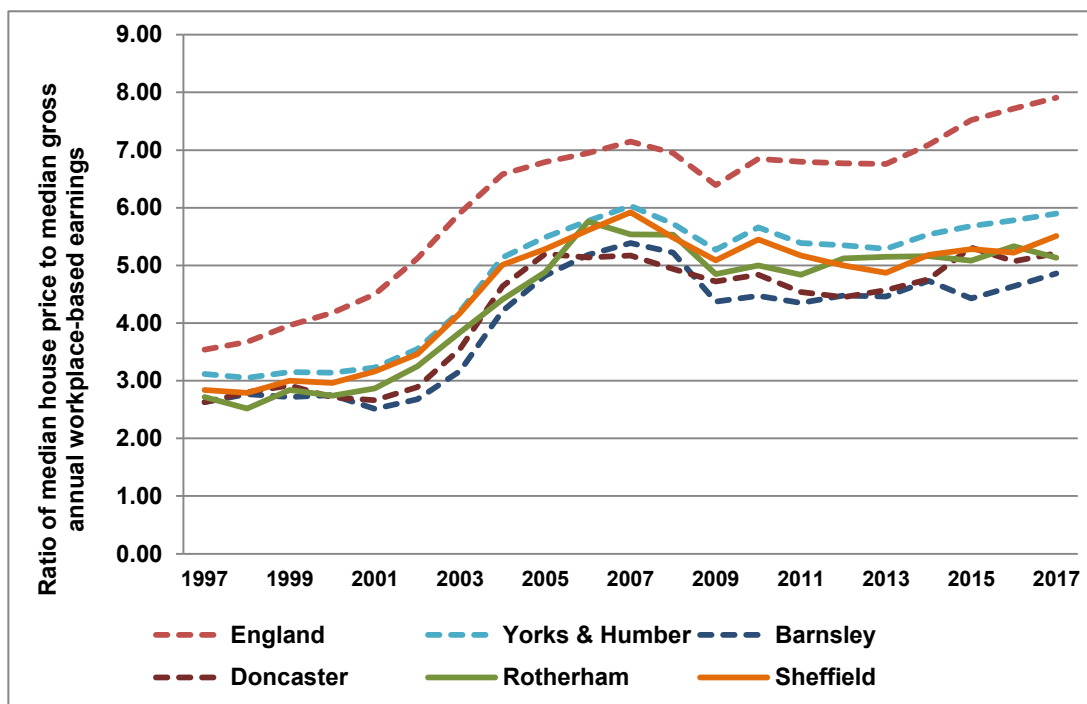
- 2.2. The previous SHMAs for Sheffield and Rotherham reviewed housing policy and the housing market in the turbulent years which followed the global financial crisis of 2007-08 and the return to higher levels of turnover and rising prices after 2012. Since then, the level of transactions in the market has continued to rise, though still well short of the high levels of turnover seen in 2006-2007, just before the global financial crisis.
- 2.3. As Figure 2.1 shows, prices nationally have continued to rise in the period since 2013, returning to the long-term pattern. The increase in prices has taken place despite slow earnings growth and thus has led to worsening affordability ratios. Using ONS data the national ratio of the median house price to median workplace based annual earnings increased over the 2012-2017 period from 6.8 to 7.9 (Figure 2.2). The median house price increased over this period by 27 per cent but median workplace-based earnings increased by only 8 per cent.

Figure 2.1: Median sale prices



Source: ONS, HPSSA Dataset 9. Median price paid for administrative geographies, 1995 to 2017, accessed 15-01-19.

Figure 2.2: Affordability of housing for sale

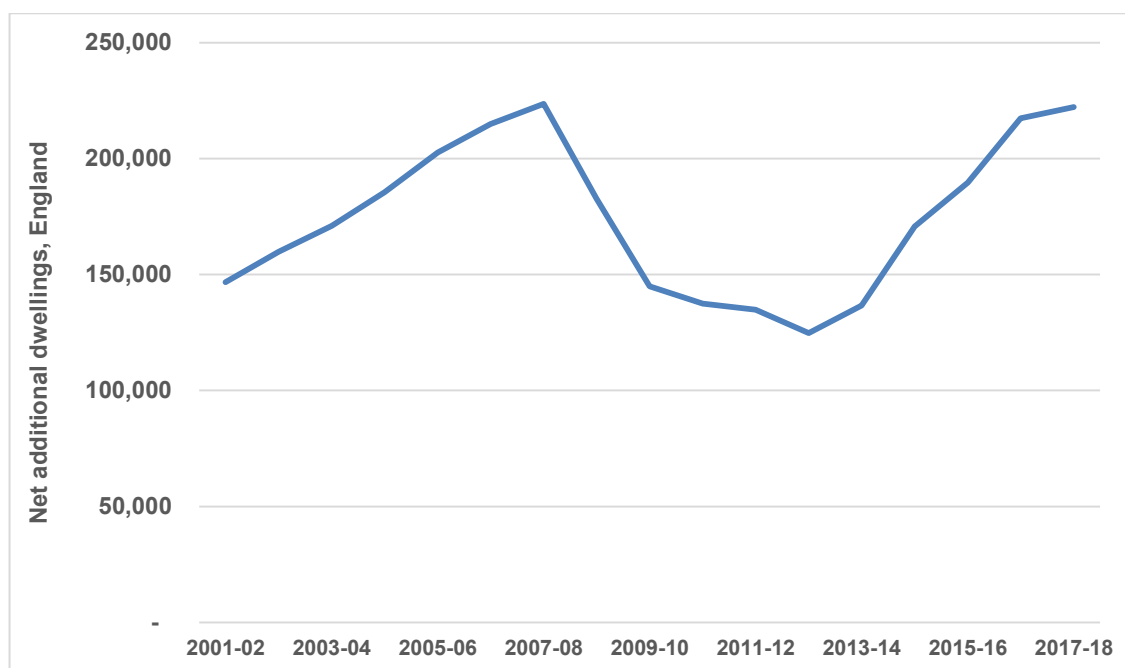


Source: ONS, Ratio of house price to workplace-based earnings (lower quartile and median), 1997 to 2017, accessed 15-01-19.

- 2.4. As Figure 2.3 shows, the supply of net additional dwellings has increased since the lows of 2009-2014, though supply remains below the level of around 225,000 per annum achieved in 2007, and well below the government’s target of 300,000 dwellings.¹ To illustrate the impact of this, if around 250,000 new houses had been needed nationally each year since 2008 to cater for household growth, the aggregate shortfall from 2008-18 would be over 800,000 homes, or a third of the additional requirement.

¹ HM Treasury (2017) *Autumn Budget 2017*. Accessed at: <https://www.gov.uk/government/publications/autumn-budget-2017-documents/autumn-budget-2017>

Figure 2.3: Net additional dwelling supply, England 2001-2018



Source: MCHLG Live Table 122, 2001 to 2018, accessed 15-01-19.

- 2.5. The national output of affordable housing fell in 2011-12 and, apart from a rally in 2014-15, has remained below the levels achieved in the early 2000s in the range 40,000-50,000 per annum, although the last two years have seen an upwards trend. There has been an increasing diversity in the types and the rent levels or rental/mortgage costs of affordable housing. The provision of new affordable housing at social rent levels in England fell from 40,000 units in 2010-11 to 6,000 in 2017-18, as a new grant regime supported the development of housing at affordable rent levels (up to 80 per cent of equivalent market rents). In contrast the number of affordable rent completions increased to 27,000 in 2017-18, alongside a significant growth in Shared Ownership units.
- 2.6. Funding and policy announcements in 2018 may affect this trend in future. The UK government has increased the funding available for social rented properties and has lifted the borrowing cap for local authorities' Housing Revenue Accounts,² which, subject to authorities' wider strategic plans and financial capacity, may stimulate a modest increase in council house building. Militating against this, however, remain the impacts of broader pressures of local authority finances resulting from 'austerity' policies, as well as a comparatively generous Right to Buy regime to which new council houses are potentially exposed. Both Sheffield and Rotherham have been among the local authorities most affected in the UK by cuts to central government grants,³ whilst planning, development and housing have been the local government services most affected by these cuts.⁴

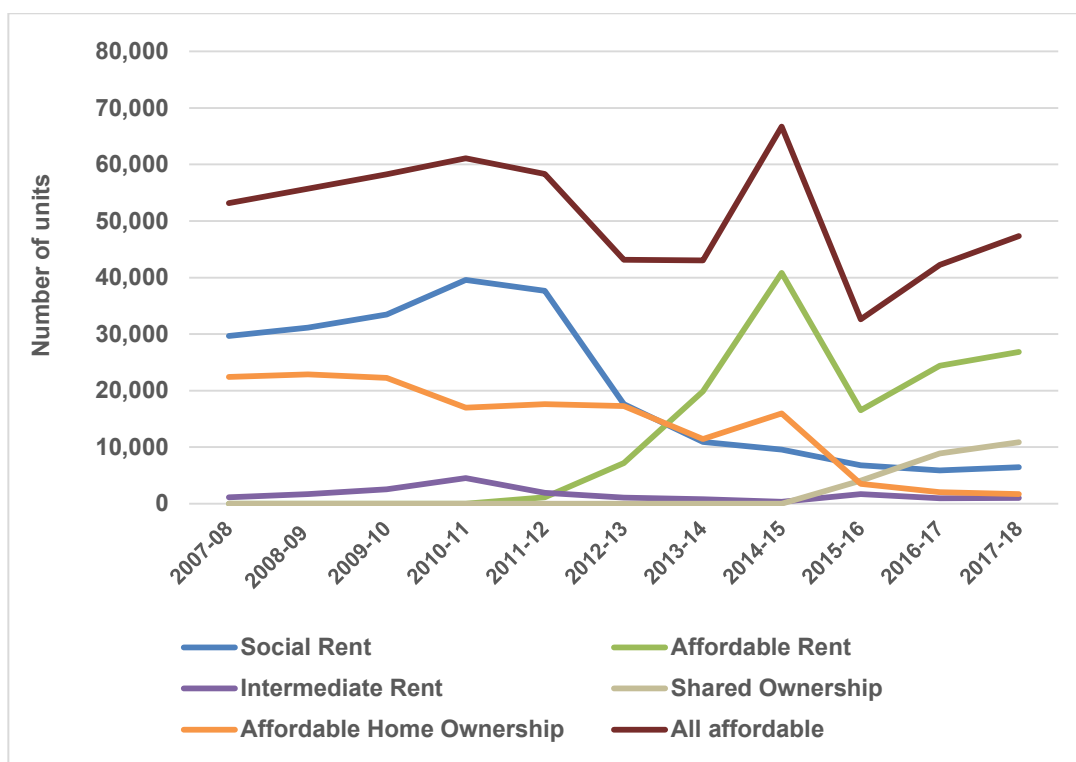
² HM Government (2018) *Limits on Indebtedness (Revocation) Determination 2018*. Available at: <https://www.gov.uk/government/publications/limits-on-indebtedness-revocation-determination-2018>

³ Gray, M. and Barford, A. (2018) The depths of the cuts: the uneven geography of local government austerity. *Cambridge Journal of Regions, Economy and Society*, 11 (3), pp. 541–563. Available at:

<https://doi.org/10.1093/cjres/rsy019>

⁴ *Ibid.*

Figure 2.4: Output of affordable housing, England



Source: MHCLG Live Table 1009, 2007 to 2018, accessed 15-01-19.

The pattern of tenure

- 2.7. As a result of these changes in supply and affordability, the period since the global financial crisis has seen a major change in long-established tenure trends within the housing market. The proportion of households in owner occupation increased from the 1980s to the early 2000s to reach a peak of 71 per cent. Since then, the owner occupation rate nationally has declined to 63 per cent, a level at which it has stabilised in recent years. The composition of home ownership has changed and the proportion of households that are outright owners, as distinct from households in the process of buying with a mortgage, continues to grow, reaching 34 per cent of all households in 2016-17. This is partly accounted for by the ageing of the population, as households who entered home ownership; in the 1970s, 1980s and 1990s reach retirement age and pay off their mortgages.

- 2.8. The other significant feature of the market is the rapid decline in the proportion of 25-34- and 35-44-year-old households who own or are buying their homes. For the latter age group home ownership fell from 72 per cent in 2006-07 to 52 per cent in 2016-17. The proportion of these households living in the private rented sector has risen correspondingly, whilst the proportion in social rented housing has remained unchanged. For those in the 25-34 age group, the proportion renting privately has increased even more substantially from 27 per cent in 2006-07 to 46 per cent by 2016-17. The number of dwellings in the private rented sector overtook the number of social rented dwellings in about 2011. In 2017-18, 19 per cent of households lived in private rented accommodation, with this sector having doubled in size since 2002.⁵

⁵MHCLG/ONS (2018) *English Housing Survey: Headline Report, 2017-18*. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774820/2017-18_EHS_Headline_Report.pdf

- 2.9. The increase in private rented housing at the expense of owner occupation has arisen because investors have been able to out-compete first time buyers and other owner occupiers. This is particularly evident in higher priced areas such as London, where the returns from private renting are highest, in areas to which groups such as students and other young people are attracted, and in areas where the demand for certain types of housing had weakened, such as some seaside towns. It has reflected the accumulation of wealth in the hands of some older households through pensions and savings. This growth has presented a considerable challenge to policies concerned with supporting and encouraging home ownership.

Housing policy and the private market

- 2.10. Government housing policy in the period since 2013 has been set in the wider context of continuing restrictions on public expenditure driven by 'austerity'. Interventions have focused on influencing demand and supply in the private market rather than on social sector provision, and increasingly on loan rather than grant assistance. Wider reforms seeking to reduce or contain public expenditure on the welfare benefit system have also had, or will in future have, major impacts on housing.
- 2.11. The recovery in house prices and market transactions was encouraged by a general easing of mortgage lending terms such as deposit requirements and loan to income ratios, but also by government interventions, notably the Help to Buy scheme, which has to date received over £10 billion of government equity loan funding. However, some commentators argue that the Help to Buy scheme has mainly stimulated price increases in the new build sector rather than increased supply. A recent evaluation of the scheme for the Ministry of Housing, Communities and Local Government (MHCLG) reported only limited levels of additionality in both demand and supply and comments in the press and from some professional bodies have been far more critical.
- 2.12. On the supply side, the main emphasis of government policy has been on changes to the planning system to secure the allocation of more land for housing and the granting of more planning permissions, especially in areas of higher demand. These began with the publication of the NPPF in 2012 and changes to the requirements for assessing the need for new housing building in Local Plans. They have subsequently evolved and been extended to include material considerations in decisions on planning applications for housing, such as the requirement to have a five year land supply and the Housing Delivery Test, and the replacement of guidance on the assessment of future housing requirements by a national standard assessment methodology which seeks to align Local Plan housing requirements with an overall national target. The White Paper, *Fixing Our Broken Housing Market*,⁶ published in February 2017, made the issue of increasing the overall supply of new housing a paramount objective of government policy. Its proposals, which aim to secure higher allocations of land, higher levels of planning permissions for housing, and higher levels of build out from these permissions, which represented a significant step up in the scale and range of interventions.
- 2.13. Policies towards the private rented sector reflect conflicting government objectives. The government has continued to welcome the established growth of private rented provision, in part as a substitute for social rented housing. Yet as home ownership rates amongst younger households have declined over the past decade, and

⁶ DCLG (2017) *Fixing our broken housing market*. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

increasing numbers are accommodated within the private rented sector, this has conflicted with the wider aim of encouraging home ownership. The increasing cost of housing benefit payments to private tenants led the government to take measures to limit these costs, and these measures - combined with changes to the taxation benefits enjoyed by private landlords - are argued by some to be likely to reduce future growth or to change the structure of the sector. Added to this, Universal Credit, and the direct payment of benefits to tenants, may affect the form and scale of provision in rented sectors, with landlords concerned about increasing rent arrears. Like many of its predecessors, the government has also sought to encourage institutional investment in new private rented provision in a variety of ways but with only limited success to date. Finally, some policies have sought to improve the standards of provision and management in the sector, especially at the lower cost end of the market. This includes enabling greater regulation through selective licensing, licensing of houses in multiple occupations, and supporting private rented sector access schemes. However, the effects of these interventions are unclear at a national level.⁷

- 2.14. Alongside trends in tenure, price and rents, there have been important demographic shifts in the occupants of housing. Nationally, the number of private renters who are aged 55 or over has increased from 366,000 in 2003-04 to 743,000 in 2017-18, more than doubling during this period.⁸ According to the Centre for Ageing Better, a third of people aged 60 and over are expected to be living in a private rental property by 2040.

The social rented sector

- 2.15. The social rented sector has experienced increasing challenges over the period since 2013. Welfare reforms have sought to reduce or contain the costs to government of housing benefit payments to social rented tenants, and to reduce perceived levels of under-occupation in the sector. Changes in the discounts available under the Right to Buy have led to an increased reduction the social rented stock, as units have not been replaced at the speed at which they were sold. At the same time grant or loan finance for new development has remained generally restricted, and increasingly targeted on areas where affordability ratios suggest that need is highest. At the same time, restrictions on the freedom of social landlords to increase rents, which have provided a further way to contain housing benefit costs, have posed potential future challenges to the viability of some organisations in the sector, or to their ability to develop new housing. This has led to mergers and restructuring. The net result has been a broadly static number of social rented dwellings, which in the context of overall housing growth has led to a declining overall share. Proposals for changes to the funding of supported housing also led to uncertainties which affected development, and some of these remain a concern for the longer term. As noted above, recent policy and funding programmes have aimed to increase the development of social rented units, but this has yet to result in a step change in output.
- 2.16. Following the tragedy at Grenfell Tower, the government issued A New Deal for Social Housing, in August 2018. As a 'Green', rather than 'White' Paper, the report set out a series of objectives and seeks comments and proposals on reforms to social rented housing to achieve these objectives. This includes the creation of safe and decent homes, a sense of security, improved and speedier measures to deal with complaints, measures to empower residents and to ensure that their voices are

⁷ Rugg, J. and Rhodes, D. (2018) *The Evolving Private Rented Sector; Its contribution and potential*. York: Centre for Housing Policy.

⁸ Centre for Ageing Better (2019) *The State of Ageing in 2019*.

heard, the tackling of stigma associated with the sector, and measures to ensure that social rented homes can act as a springboard to home ownership. Responses to this are currently under consideration.

Leaving the European Union

- 2.17. Some commentators have suggested that there is evidence to suggest that the UK's impending departure from the European Union has had an impact on the housing market, especially in London, through its impact more generally on economic growth and consumer confidence. This is of course a hotly contested issue. It is difficult at this stage to distinguish any impact from the more normal cyclical pattern of house price change, under which price rises in the south of the country are followed by lagged higher price rises in the north. Although fears of a major drop in consumer confidence and house prices have not so far been realised, it would be unwise not to consider the possibility of market impacts in the longer term, arising from the impact of departure on economic growth.
- 2.18. There are also some other concerns, such as the impact of departure on the social care labour force: some 80,000 of the 1.3M staff employed in this sector come from the EU, and a reduction in their freedom of movement could have a knock-on effect on enabling older people in particular to maintain an independent lifestyle in their own homes, as well as issues about hospital admissions and 'bed-blocking.'

Homelessness and rough sleeping

- 2.19. Concerns over homelessness have continued to feature in the media and in government policy over the 2012-2018 period, with a recent increased emphasis arising from the rapid growth of rough sleeping in many areas, argued by some commentators to be a result of longer-term welfare reforms. In August 2018 the government published a Rough Sleeping Strategy seeking to halve this phenomenon by 2022 and end it by 2027, followed in December 2018 by a delivery plan. The 2017 Homelessness Reduction Act has created two new duties for local authorities - to prevent and relieve homelessness - added to the existing duties to rehouse those meeting certain criteria. The Act is requiring local authorities to change their processes, and provide personalised plans for those currently experiencing homelessness, or threatened with becoming so.

The National Planning Policy Framework (NPPF)

- 2.20. Changes to the planning system have formed the major plank in the government's measures to increase the supply of housing. The first NPPF published in 2012 introduced a presumption in favour of sustainable development in planning policy and set out the government's intention to significantly boost the supply of housing through the planning system.
- 2.21. Until recently local planning authorities were obliged to prepare a SHMA to obtain a clear understanding of housing needs in their area, by working with neighbouring authorities where housing market areas crossed administrative boundaries. The SHMA was required to provide assessments of the need for both market and affordable housing and the Local Plan was then required to seek to meet identified needs in full, unless there were adverse impacts which outweighed the benefits, or conflicted with other policies within the NPPF. SHMAs were required to include an objective assessment of need (OAN) based on robust evidence, building on existing secondary information sources where possible.
- 2.22. Over time the objective assessment of the need for housing (the OAN) for a Local Plan had become a complex and extended process. Concern at the cost and delay in

the assessment of future housing requirements was one of the factors which led the government to make revisions to the NPPF in 2018 following the publication of its housing White Paper in the previous year. The government considered, rightly or wrongly, that delays in the preparation and revision of development plans caused by the complexity of the process of deriving OAN had a significant negative impact on the level of new supply.

- 2.23. To address this concern, in 2017 the government published and consulted on a new standard methodology for the assessment of local housing need (the term OAN was not employed). A requirement for local authorities to use this approach to calculate housing need in all cases, other than in exceptional circumstances, was incorporated in a new NPPF, published in July 2018, with the detailed approach set out in subsequent amendments to Planning Practice Guidance (PPG) published in September 2018. These documents were both revised again in February 2019. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas were also to be considered in establishing the amount of housing planned for. The new guidance also re-emphasised that the size, type and tenure of housing needed for a variety of specific groups should be assessed and reflected in planning policies.
- 2.24. NPPF no longer refers to Housing Market Areas, the geographical basis for previous SHMAs, or even directly to the need to carry out a strategic housing market assessment (SHMA), although it is still expected that local authorities will develop an understanding of local housing markets through the assembly and analysis of evidence using a similar approach.

Planning Practice Guidance

- 2.25. Current Planning Practice Guidance now thus requires planning authorities to prepare two separate assessments:
1. An assessment of housing need, based on the standard methodology set out in guidance, unless there are clear reasons for adopting an alternative approach (guidance paragraph 001); and
 2. An assessment of the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market (guidance paragraph 022).
- 2.26. In undertaking the first assessment, official household projections must form the starting point. The annual average number of net additional households expected to form over a ten-year period starting at the current year is derived from these projections. This figure is then adjusted using a formula based on the level of affordability of housing in each area. This is the ratio of median house price to median workplace-based earnings, derived from the latest tables published by the Office of National Statistics (ONS). The data sources to be used in the calculation are specified in detail. The data on affordability is used to derive a factor for each local authority which must be applied to the annual average level of household growth. The formula to calculate the factor to be used in each area was determined in such a way as to ensure that in aggregate, the assessed need for all local authorities will be in the region of 300,000 dwellings per annum. Hence, the calculation can be set out as follows.

Figure 2.5: The standard method for assessing local housing need

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25$$

The overall housing need figure is as follows:

$$\text{Local housing need} = (1 + \text{adjustment factor}) \times \text{projected household growth}$$

- 2.27. The resulting figure may be subject to capping arrangements in some local authorities to mitigate the impact of any increase over the level of need set out in existing housing planning policies. The assessment should be made at the start of the plan-making process but revised where appropriate. The guidance reminds authorities that ONS publishes revised affordability data annually, and updates of household projections every two years.
- 2.28. The standard assessment provides the minimum level of need in an area as the basis for planning policies, but the guidance identifies circumstances when there may be a higher level of need, such as when economic growth strategies are in place, where strategic infrastructure improvements are planned, or where one authority has agreed to take on unmet need, from other areas. The need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately from overall need and detailed guidance is set out for older people, people with disabilities, the private rented sector, self-build and custom homes, and student housing.

The current requirements of the NPPF and PPG

- 2.29. It was intended that the standard method for assessing housing need would use the most up to date official household projections for each area. Until September 2018, the latest official projections were the 2014-based household projections, so-named because they were based on population projections produced by the Office of National Statistics using 2014 as their base year. In September 2018, the Office of National Statistics published a new set of official household projections, known as the 2016-based projections because they were derived from population projections using 2016 as their base. The updated projections showed a significant reduction in the projected annual average level of household growth nationally, and in many, though not all, local areas. As a result, the use of the standard method of housing need assessment set out in PPG would have led to a reduction in the national aggregate level of housing need.
- 2.30. In February 2019 the government published a revised NPPF and PPG, stating that the 2014-based MHCLG household projections be used as the basis for assessments, rather than the most up to date projections, with any departure from this needing to be justified by robust evidence and scrutinized at public examination. This was justified on the basis of providing stability and addressing 'historic under-delivery and declining affordability'.⁹

⁹MHCLG (2019) *Housing and economic needs assessment*. Available at: <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

Implications for this study

- 2.31. The objective of this research is not confined simply to producing an estimate of current and future housing need based on the standard methodology. It does, of course, produce such estimates with a full explanation of the components of the estimates and the sources used. However, the study also seeks to provide a full understanding of the demographic and other factors influencing housing need, and the factors influencing affordability. We consider the impact of a number of different data sources and household projections in order to set the results of the standard methodology in context. This context is important in anticipating how the results of the standard methodology might change in the future as the data sources are revised and in ensuring that decisions made about housing provision within the Local Plans and wider policies informing housing investment are based on a sufficiently nuanced evidence base.

Local Policy Context

- 2.32. The overarching context for an assessment of housing markets in Sheffield and Rotherham lies within the city regional framework for policy coordination around economic development, skills, transport, infrastructure and housing that continue to evolve through the work of the Sheffield City Region Combined Authority (SCRCA) and Local Enterprise Partnership (LEP). Whilst these bodies have to date not produced a city regional framework to guide spatial planning, it is clear that many of the SCRCA's policies and, especially around transport, business support and housing, its spending priorities have clear impacts on the spatial development of the city region and thus on housing demand and supply.

Local plans

- 2.33. At the time of writing progress towards having an up to date Local Plan for each of the areas was as follows:
- **In Rotherham**, the Local Plan comprises the Core Strategy (adopted in 2014), Sites and Policies documents (adopted in 2018) and the Barnsley, Doncaster and Rotherham joint waste plan (adopted 2012). The Core Strategy guides development for the period 2013-2028.
 - **In Sheffield**, the current Local Plan comprises a Core Strategy (adopted in March 2009) together with saved policies from the 1998 Unitary Development Plan (UDP). A new Local Plan ('the Sheffield Plan') covering the period to 2034 is under preparation but has not yet been adopted. A draft document on 'Citywide Options for Growth' was consulted on in 2016. Consultation on the draft Policies and Sites Options document is scheduled to take place in 2019. Sheffield's plans cover only that part of the city not within the Peak District National Park (PDNP), for which the PDNP Authority is the local planning authority.
- 2.34. A summary of the housing requirements enshrined in adopted and emerging policies is provided at Table 2.1. It is of course important to recall that policies included, and sites allocated, within Local Plans will take time before they lead to increases in new supply that will meet needs and demand.

Table 2.1: Summary of housing requirements within adopted and emerging Local Plan Core Strategies

Area	Housing requirement (adopted policy)	Housing requirement (emerging policy)
Rotherham	850 net additional dwellings per annum, plus 108 net additional dwellings per annum to meet shortfall that accrued between 2008-2013 (Policy CS6)	N/A
Sheffield	Average of 1,352 net additional dwellings per annum (although increasing over the plan period) (Policy CS22)	Range of 1,895-2,660 net additional dwellings per annum depending on approach used (see Citywide Options for Growth, p. 39).

Welfare reforms

- 2.35. The ongoing reform of the social security system in the UK continues to have localised impacts. Whilst designed to minimise the exchequer burden of welfare and incentivise work, these reforms effectively constitute a financial transfer away from local authority areas where structural weaknesses in the local economy, needs arising from the demographic and socioeconomic characteristics of the population, and entrenched multiple disadvantage are highest. Cities and metropolitan boroughs in the north of England and their populations have been among the most disadvantaged by these changes, which have had a direct impact on the ability of households – including increasingly those of working age and in work – to afford market and in some cases subsidised housing.¹⁰

Homelessness and rough sleeping

- 2.36. Whilst not the sole cause of homelessness, there is concern amongst local policymakers and service providers that the roll out of Universal Credit as well as the introduction of caps to benefits have underpinned a rise in homelessness and, in particular, rough sleeping. General rises in mental ill-health, addictions, the increased availability and use of novel psychoactive substances (e.g. ‘Spice’), housing shortages, unemployment and underemployment may all plausibly have contributed to the rise. At the same time demand pressures on social care services have risen while funding to these services has been cut.
- 2.37. The visible incidence of rough sleeping has incontrovertibly become a feature of Rotherham and Sheffield, particular in their central areas. Estimated statistics from MHCLG based on spot counts suggest that there were around 26 rough sleepers in Sheffield and 5 in Rotherham in October 2018.¹¹ These statistics are likely to represent an undercount due to the survey methods used and relate only to the most severe visible manifestation of homelessness. Nevertheless, these statistics demonstrate a concerning rise in rough sleeping in recent years. Sheffield City Council was awarded £363,000 from the government’s Rough Sleeping Initiative Fund to expand housing services, increase emergency accommodation and fund a

¹⁰ Beatty and Fothergill (2016) *The uneven impact of welfare reform: The financial losses to places and people*. Available at: <https://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/welfare-reform-2016.pdf>

¹¹ MHCLG (2018) *Rough Sleeping Statistics 2018* (table 1). Available at: <https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2018>.

specialist support worker, and was provisionally allocated a further £412,926 in autumn 2018.¹²

- 2.38. The general rise in homelessness in recent years, including rough sleeping but also concealed households and households at risk of becoming homeless through the rise of no-fault evictions, points to a general increase in housing needs. Locally as well as nationally there is renewed emphasis on the role of affordable housing and the importance of its delivery. This includes provision made directly by local authorities and through working in partnership with other providers.

Economic and place-based regeneration

- 2.39. At the same time, Sheffield and Rotherham councils have ambitious agendas for regenerating town and city centre areas as well as broader place-based regeneration. Both Sheffield and Rotherham have diverse housing markets that exhibit degrees of polarisation, and there remain challenges in reducing the wealth, deprivation and housing cost differentials between places within the wider housing market area.
- 2.40. Dedicated funding for regeneration has dwindled in recent years and both local authorities have some significant sites that face viability challenges as a result of the costs of remediation or access works. Development values in some areas where the housing need is low; and yet equally the desire to broaden the housing offer and socioeconomic base of those areas requires attracting new market housing developments in addition to affordable housing. Sheffield has been successful in securing estate regeneration funding from central government, and is in the process of bidding for Housing Infrastructure Fund money to support the acceleration of housing delivery – this will help develop new mixed tenure communities in areas that currently have little by way of residential land uses. Rotherham has been successful in planning for and delivering a number of significant strategic sites – notably Waverley and Bassingthorpe Farm – which play a sub-regional role in housing supply. In January 2017, Rotherham Council was awarded £6.81m of grant funding through the Homes and Communities Agency’s (now Homes England) Shared Ownership and Affordable Homes Programme (SOAHP). Capital funding linked to the Housing Revenue Account is being used to complement the grant awarded to deliver 227 new build housing units across the borough.

The Approach to the SHMA

- 2.41. SHMAs have provided the evidence base for planning and housing policies for almost a decade. SHMAs replaced Housing Needs Studies, which had been used in different forms since the 1970s and were intended to be better attuned to understanding the complex housing preferences, tenure choice and mobility decisions that underpin a highly market-driven housing system. It is widely held that SHMAs have advanced understanding of the market system. Yet, the methods and practices associated with SHMAs have also been the subject of considerable criticism. The main limitations highlighted include:
- failure to synthesise qualitative and quantitative evidence;
 - a tendency for the SHMA analysis to remain unconnected to policy development.
- 2.42. The approach used in this study seeks to build on best practice and to address these weaknesses. The key elements of the approach are set out below:

¹² <https://www.gov.uk/government/news/funding-allocated-for-councils-to-help-rough-sleepers>

- 1. Baseline analysis:** the market context and general trends will be examined using secondary datasets on housing stock, population, households and local social and economic conditions. Patterns in the wider sub-region are considered to analyse links between Sheffield, Rotherham, and neighbouring markets, including Barnsley and Doncaster. The migration section in Chapter 3 deals in detail with the relationship between the neighbouring authorities and Sheffield and Rotherham, showing this combined area to have a high level of self-containment in terms of internal migration.
- 2. Housing submarkets:** a set of 19 submarkets referred to as Housing Market Areas (HMAs) have been used by SCC and RMBC and its partners in the recent past. We present analysis at this level to understand differentiations in local markets. These areas, which still function as relatively discrete markets, have been retained from past SHMAs, though some redrawing of boundaries and renaming has taken place. The major change was the creation of an additional HMA, comprising a single Lower Super Output Area (LSOA¹³), for Rotherham Town Centre. The 19 HMAs across the SRHM are described in Chapter 3. The identification of robust submarkets is a necessary prior stage in the analysis of spatial market structures and the internal dynamics of the SHMA. The submarkets are used to help enhance the extent to which local differences within the SHMA are understood and monitored.
- 3. Household survey:** the SHMA draws on a significant social survey, the 2018 Sheffield and Rotherham Housing Survey. The survey was designed to capture information from a statistically representative sample of households residing within the SRHM. An invitation to complete the questionnaire¹⁴ was sent initially to over 34,000 households selected from the Local Land and Property Gazetteer (LLPG) using a spatially stratified sampling technique. A targeted Wave 2 sample, used to boost responses from key groups, was deployed. After cleaning and removal of duplicate responses, a final sample of 3,836 was produced. To ensure that the final data was as representative as possible, a statistical technique - known as raked weighting - was used to weight responses by HMA, age of the household reference person, tenure and household type. This compensated for non-response bias, so that the frequencies produced better reflected the nature of housing and households in the area. Further details about this process are provided in the Technical Appendices.
- 4. Quantitative analysis and model building:** Quantitative research methods are used to assess housing demand and supply; to explore the differences between spatial housing markets (submarkets); and to model and estimate future housing needs. The supply and demand analysis includes traditional household growth, migration and expectations-based estimates of demand levels. The analysis of spatial housing markets includes the assessment of key needs, supply and demand information for the SRHM submarket areas. These outcomes are compared with SRHM-wide characteristics. The needs model follows existing best practice guidance and its outputs can be compared directly with those from the previous 2013 and 2015 SHMAs for Sheffield and Rotherham respectively. The differences between inputs and methods are highlighted in the *Technical Annex*.
- 5. Qualitative analysis:** This study includes a qualitative research component to explore changes and trends in certain market sectors. Interviews with estate agents, private landlords and landlord representative bodies have provided insights into the market for homeownership and private rented accommodation.

¹³ LSOAs are small geographic units with an average population of around 1,500 persons. LSOAs are used by Office for National Statistics (ONS) and other agencies for statistical reporting.

¹⁴ See appendix 1.

Qualitative methods have also been used to gather richer insights into resident's views and decision-making processes. Focus groups have been used to explore the views of particular groups, notably older people and BAME residents. This has sought to unpick the housing preferences of participants in terms of location, tenure, size and requirements for additional support and specialist forms of accommodation.

6. **Thematic reports:** In addition to the main SHMA report, dedicated analysis has been undertaken on specific market sectors and geographical areas. This includes discrete studies of the private rented sector, new neighbourhoods, and the city centre housing market. This additional analysis is presented in a series of annex reports.
- 2.43. The study has sought to provide detailed evidence on a wide array of housing demand and supply issues, providing insights to guide not only housing and planning policy, but also decisions in a range of connected fields.

Defining the Housing Market Area

KEY POINTS

The Sheffield and Rotherham Housing Market Area

- Sheffield and Rotherham are composed of diverse settlements types, with large conurbations playing a central role in the local economy. Both authorities have relatively large populations, which constitutes a significant proportion of the Sheffield City Region (SCR).
- The area is bounded by other SCR authorities, with Peak District National Park bounding the housing market on the west of Sheffield.
- The flow of people between Sheffield and Rotherham, in addition to a large extent of moves among households being within the individual authorities, means this is a relatively self-contained housing market area. 75 per cent of moves take place within the SRHM boundary.

Migration links with neighbouring districts

- Sheffield loses population to most other surrounding districts but sees inflows from districts spread throughout the UK, and due to its universities is a destination for many international migrants. Rotherham sees notable inflows from Sheffield; its main outflow of migration being to Bassetlaw.
- In 2015/16 the net figure for international migrants into the SRHM was over 5,000. This places specific demands on the housing market, particularly in Sheffield.
- The area from which most people travel to work aligns closely with the combined local authority boundaries of SCC and RMBC, with some crossover into Derbyshire Dales and North East Derbyshire. Our survey suggests that 85 per cent of respondents live and work in the Sheffield Rotherham travel-to-work area.
- Sheffield is a major employment area for the wider sub-region. The city centre is within a 45-minute commute from large parts of adjacent local authorities. The function of the local labour market therefore influences housing demand in important ways.

Sub-markets

- The study has identified and refined 19 sub-markets within the SRHM, constituting individual Housing Market Areas (HMAs).
- These HMAs enable us to account for the diversity of housing dynamics in different areas of the housing market.
- Historic data suggests local migration patterns are quite localised and there is a high degree of 'place attachment' in each HMA.
- Housing search data reveals distinct search patterns in submarkets and the difference in activity levels in the private market between HMAs.

Introduction

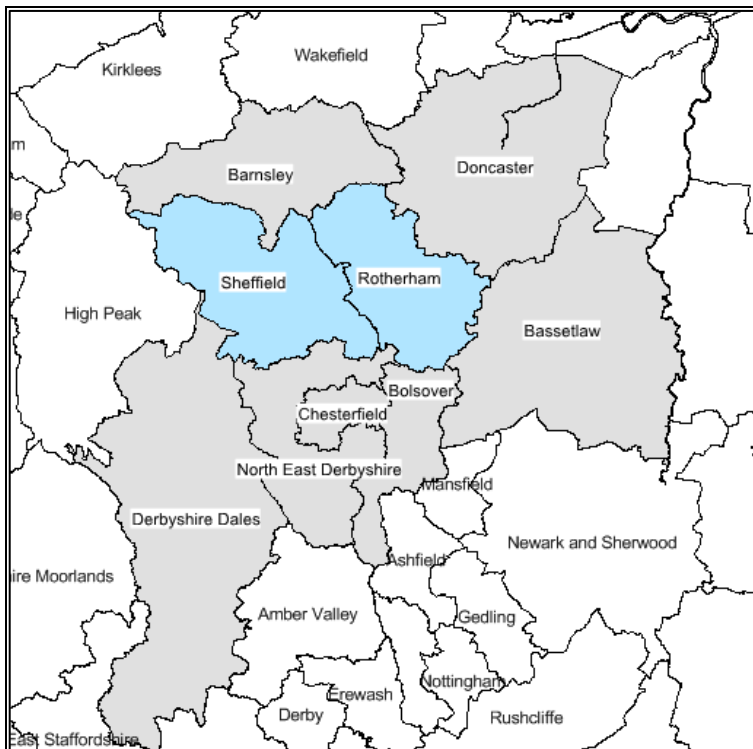
- 3.1. This chapter considers Sheffield and Rotherham within the context of their surrounding area and answers the following questions:
- What is the boundary of the SRHM, what are the market's characteristics, and to what extent does it represent a self-contained market?
 - What are the main migration and travel-to-work links within the SRHM with other parts of the UK and overseas?
 - What are the main geographic sub-market areas and housing market sectors within the SRHM?

The Sheffield and Rotherham Housing Market Area

Location

- 3.2. Sheffield is England's third largest local authority district. It has a population of 574,000 people (2016 mid-year estimate). Neighbouring Rotherham's population is 262,100, with RMBC being in the largest 20 per cent of local authority districts in England.
- 3.3. Sheffield and Rotherham lie at the heart of the SCR, which with the neighbouring seven other local authorities has a population of 1.86 million people¹⁵. This is set to rise to 1.92 million by 2025. The SCR is the area's Local Economic Partnership (LEP).

Figure 3.1: Sheffield City Region and the SRHM



¹⁵ The Sheffield City Region comprises the nine local authorities of Sheffield, Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, North East Derbyshire and Rotherham. More information at: <http://www.sheffieldcityregion.org.uk>

- 3.4. Sheffield and Rotherham are also part of the South Yorkshire sub-region. The major conurbations of the Leeds City Region and Greater Manchester adjoin to the north and west respectively.
- 3.5. The combined size of the local authorities by area is just less than 252 square miles (142 and 110 square miles for Sheffield and Rotherham respectively). Sheffield contains a range of different settlements including the city of Sheffield, the adjoining parish council areas of Bradfield, Ecclesfield and Stocksbridge, and several suburbs including the major Mosborough townships development to the south east of the city that were annexed from Derbyshire as part of local government reorganisation in the 1960s. The Peak District National Park lies to the west of the city. Consequently, the Sheffield local authority area is by and large 'over bounded' meaning that the local authority boundary generally encompasses most of the functional economic and housing market area, although there are nevertheless important economic links with neighbouring authorities.
- 3.6. Equally Rotherham contains varied settlement types, with the local authority's settlement hierarchy - set out in its Core Strategy (Policy CS1) - providing a guide to both the function and future growth of different areas. This hierarchy identifies the following types of settlement; 1) the "main location for new growth" in housing, employment and retail, being Rotherham urban area (the town centre and surrounding neighbourhoods including the Bassingthorpe Farm strategic allocation); 2) "principal settlements for growth" - for example Dinnington, Anston and Laughton Common; 3) "principal settlements" such as Waverley, Maltby and Hellaby; 4) "local service centres" serving localised populations, such as Thorpe Hesley and Thurgroft; 5) "other villages" such as Laughton-en-le-Morthen and Harley; and finally, 6) green belt villages, such as Brampton-en-le-Morthen and Brookhouse.

Housing Market Areas

- 3.7. As noted in Chapter 2, national government guidance on assessing housing need has recently changed. The previous PPG required housing markets to be 'defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work',¹⁶ focusing on house prices, migration patterns and travel to work areas as key tools to define a market area. The new guidance places more emphasis on ensuring that where a market crosses a local authority boundary that 'at least the sum of the local housing need for each local planning authority' is accounted for. It encourages policy-making authorities to think about how housing supply should be distributed across this area to meet the total housing requirement.¹⁷
- 3.8. In defining the local housing market, we have drawn on the previous guidance and good practice, whilst ensuring SCC and RMBC can understand and explore the data concerning the housing requirements in their area and housing market generally.

Self-containment

- 3.9. The SRHM has a relatively high level of self-containment in housing market terms. This means that a high proportion of moves are within the housing market.
- 3.10. According to the 2011 Census, 52,897 people made internal moves within Sheffield in the year prior to the Census. A further 18,517 people moved to a location outside the Sheffield boundary making the total of internal and external moves 71,414.

¹⁶ Planning Practice Guidance (March 2014)

¹⁷ Housing and Economic Needs Assessment (February 2019)

Similarly, internal moves within Rotherham in the year before the 2011 Census were 14,765, with 6,594 moving outside the Rotherham boundary, with total internal and external moves equalling 21,359.

- 3.11. Aggregating the data on moves, and accounting for flows between the two authorities, suggests that 75 per cent of moves are intra-housing market, suggesting a high level of self-containment (see Table 3.1).

Table 3.1: Self-containment in the Housing Market

	Sheffield	Rotherham	Combined
Move within	52,897	14,765	67,662
Moves out	18,517	6,594	22,066*
Moves across authorities			3,045
Self-containment (%)	74	69	75

*Cross-boundary flows subtracted from moves out

- 3.12. Previous government guidance¹⁸ stated self-containment was indicated by internal migration of over 70 per cent (excluding long distance moves). Whilst the individual districts have a high level of self-containment, the SRHM has the highest, suggesting there is some merit in looking at the combined area. Migration patterns within the SRHM, particularly in relation to recent changes, are discussed further below.
- 3.13. Treating Sheffield and Rotherham as a singular market also aligns with the conclusions of the examination of the RMBCs Core Strategy.¹⁹ The planning inspector urged the SCC RMBC to work with SCC to produce a joint housing market assessment in future SHMAs. Hence, this study treats Sheffield and Rotherham as a singular housing market, whilst providing district and sub-district level analysis to aid the development local planning and housing policies.

Migration links with neighbouring districts

- 3.14. Sheffield's growing population is influenced by patterns of population mobility, both within the UK and internationally. In 2011, net change as a result of migration was an increase of 13,642 people, with 32,159 moving into Sheffield from other areas and 18,517 moving out. A large proportion of this net change was made up of people entering from abroad (7,679). The picture was somewhat different in Rotherham where only 993 people moved in from abroad, and where net change in population from migration was a reduction of 154 people. This information is important in understanding the different functions of the two areas in meeting the housing needs of different groups.

An updated picture of domestic migration

- 3.15. The relationship between Sheffield and Rotherham and other districts within its zone of influence forms an important context to the functioning of its housing market. Sheffield lies at the heart of a city-regional system of migration flows and generally loses population to key surrounding districts. Rotherham also generally exports population to neighbouring districts with the exception of Sheffield.

¹⁸ *ibid*

¹⁹ Hollox (2016) *Report on the examination into the publication Rotherham Core Strategy 2013-2028 (June 2012) Local Plan*. Available at: https://www.rotherham.gov.uk/corestrategyexamination/downloads/file/557/rotherham_core_strategy_inspectors_report_and_appendix

- 3.16. In Sheffield, students are an important source of domestic migration attracted by the city's two universities. This is reflected in the age profile of net domestic migration flows to the city, which is dominated by the 16-24 age group (Table 3.2). People in this age category make up nearly 60 per cent of all UK-based population inflows, which has a critical influence on local housing markets. The key family-starting age group of 25-44 is also prevalent in terms of both moves into and out of the city. Rotherham experienced a net inflow of people in this 25-44 age category, which may manifest in specific housing demands.

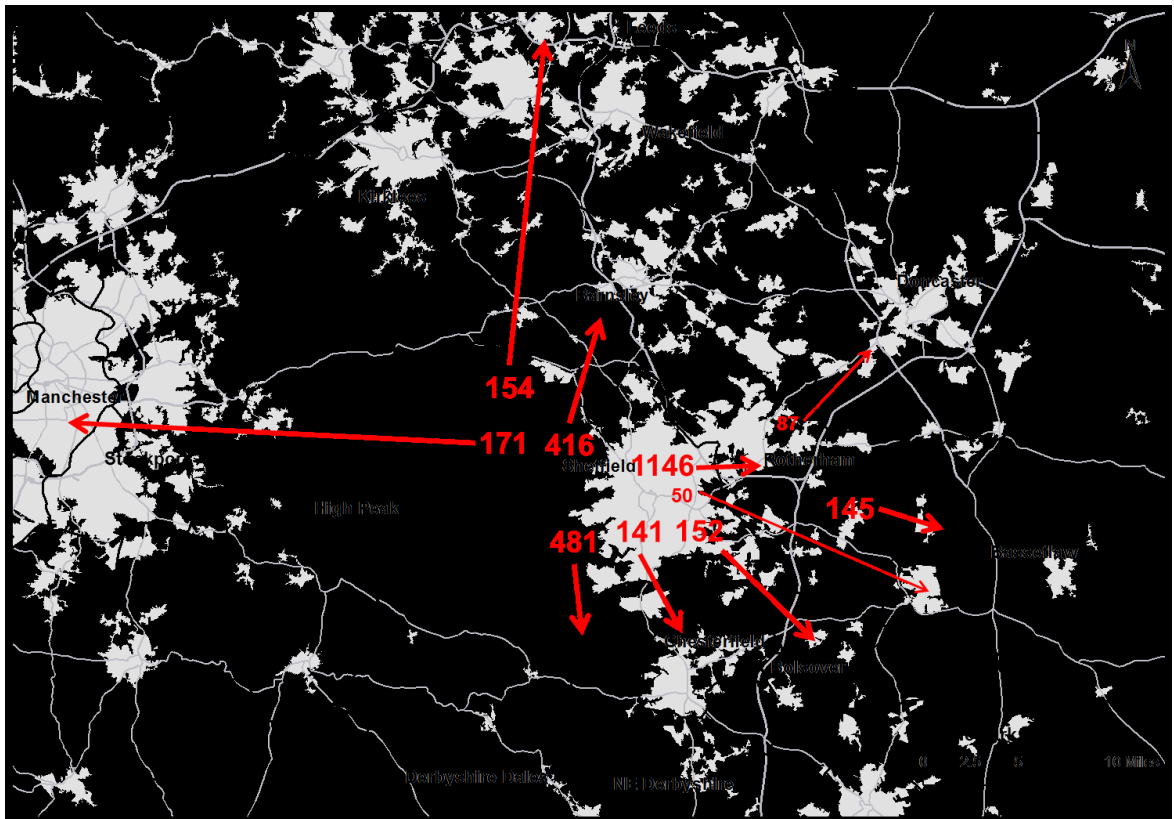
Table 3.2: Summary of internal migration to and from Sheffield and Rotherham (year to June 2017), by age group

Age group	Persons (thousands)			Males (thousands)			Females (thousands)		
	In	Out	Net	In	Out	Net	In	Out	Net
Sheffield									
All ages	28,850	30,140	-1,290	14,350	14,890	-540	14,520	15,260	-740
0-15	2,040	2,660	-620	1,070	1,310	-240	970	1,330	-360
16-24	16,530	13,750	2,780	8,080	6,480	1,600	8,440	7,270	1,170
25-44	7,570	9,930	-2,360	3,800	5,170	-1,370	3,780	4,770	-990
45-64	1,990	2,740	-750	1,070	1,430	-360	930	1,300	-370
65+	720	1,060	-340	330	500	-170	400	590	-190
Rotherham									
All ages	9,160	8,590	570	4,370	4,330	40	4,770	4,260	510
0-15	1,690	1,330	360	830	710	120	850	620	230
16-24	1,990	2,380	-390	830	1,060	-230	1,170	1,320	-150
25-44	3,510	2,960	550	1,740	1,550	190	1,770	1,400	370
45-64	1,400	1,420	-20	720	780	-60	670	630	40
65+	570	500	70	250	230	20	310	290	20

Data source: ONS Migration Statistics Unit, Internal Migration by Local Authorities in England and Wales, Year ending June 2017.

- 3.17. Assessing origin and destination data concerning internal migrations can be instructive. Recent data, for the year ending June 2017, suggests that Sheffield experiences yearly net outflows to Rotherham of 1,146 people, and to a lesser extent North East Derbyshire (481 persons), and Barnsley (416 persons). The most significant net outflows from Rotherham were to Bassetlaw (145 persons) and Doncaster (87 persons). Significant outflows also exist to other parts of the UK, notably London Boroughs and Scotland (see Figure 3.2).
- 3.18. In terms of the migrations across the SRHM, there was a gross outflow to Rotherham from Sheffield of 2,955 in the year to June 2017, only 1,809 migrations were made in the opposite direction - from Rotherham to Sheffield. The household survey for this study captured information about a limited number of households who had moved across local authority boundaries in the SRHM within the last year. The age profiles of heads of household were markedly lower among those moving from Rotherham to Sheffield (29 years) compared to those moving from Sheffield to Rotherham (42 years).

Figure 3.2: Principal net flows into and out of Sheffield and Rotherham (year ending June 2017)



Selected net flows (≥ 50 persons per annum). Data source: Nomis (2018) Detailed estimates dataset – internal migration by origin and destination local authorities, sex and single year of age, year ending June 2017

- 3.19. The districts from which there was a net inflow into either Sheffield or Rotherham were geographically spread. Rotherham did not have a net inflow of more than 50 people from any district other than Sheffield. Sheffield received more than 50 people from several districts, most significantly Hull, Cheshire and North Lincolnshire.
- 3.20. The tables below set out net flows into and out of Sheffield and Rotherham. The difference in numbers shows that Rotherham experiences much lower levels of migration flows, except for the inflows from Sheffield. This is of sufficient magnitude to reveal differences in the effective housing demand in the district. The key change - since the previous SHMAs for Sheffield and Rotherham were conducted - is that the net flow from Sheffield to Rotherham has expanded markedly, likely as a result of changes in the scale and type of housing demand in both areas. A proportion of this demand may have been induced by relative changes in the supply of new housing in the two areas, but it is not possible to quantify this.

Table 3.3: Highest net flows to and from Sheffield, year to June 2017

Highest net flows <u>out</u> of Sheffield			Highest net flows <u>into</u> Sheffield		
Rank	District	Net outflow	Rank	District	Net inflow
1	Rotherham	1146	1	Hull	110
2	North East Derbyshire	481	2	Cheshire East	97
3	Barnsley	416	3	North Lincolnshire	67
4	Manchester	171	4	Luton	63
5	Leeds	154	5	Rushcliffe	59
6	Bolsover	152	6	Croydon	55
7	Chesterfield	141	7	Trafford	53
8	Scotland (country)	132	8	Stockport	51
9	Salford	103	9	East Riding of Yorkshire	51
10	Tower Hamlets	91	10	North East Lincolnshire	50

Notes: Area names refer to local authority districts or unitary authorities, unless stated.

Source: ONS Migration Statistics Unit, Internal Migration: by detailed estimates by origin and destination, Year ending June 2017.

Table 3.4: Highest net flows to and from Rotherham, year to June 2017

Highest net flows <u>out</u> of Rotherham			Highest net flows <u>into</u> Rotherham		
Rank	District	Net outflow	Rank	District	Net inflow
1	Bassetlaw	145	1	Sheffield	1146
2	Doncaster	87	2	Barnsley	27
3	Cornwall	49	3	Luton	21
4	Wakefield	48	4	Sandwell	18
5	Leeds	47	4=	Bradford	18
6	East Riding of Yorkshire	44	5	North East Derbyshire	17
7	Newark and Sherwood	33	6	Redbridge	14
8	Ealing	31	6=	Walsall	14
9	Amber Valley	27	6=	Peterborough	14
10	Lincoln	26	6=	Shropshire	14

International migration

- 3.21. Sheffield is a significant destination for international migrants, driven by the influx of overseas students attending the two universities. The number of migrants fluctuates annually but the most recent data available (2015-16) suggests that there are around net 4,800 migrants arriving in Sheffield per year. In Rotherham, the numbers of international migrants arriving in the borough are relatively low, with approximately 500 migrants (net) arriving per year.
- 3.22. Table 3.5 shows the inward, outward and net flow of international migrants for the period mid-2012 to mid-2016, for both Sheffield and Rotherham. We have also provided data for neighbouring districts for comparison.

Table 3.5: Gross and net international migration flows, Sheffield, Rotherham, and selected districts, 2012-2016

	International migrants (thousands)											
	Mid 2012- Mid 2013			Mid 2013- Mid 2014			Mid 2014 - Mid 2015			Mid 2015 - Mid 2016		
	Net	In	Out	Net	In	Out	Net	In	Out	Net	In	Out
England	174.8	449.1	274.2	243.6	520.9	277.4	307.3	568.7	261.4	301.6	579.3	277.7
Yorks & Humber	12.7	32.3	19.6	11.7	36.4	24.7	20.9	39.8	18.9	19.7	40.8	21.1
South Yorks	4.9	9.5	4.6	4.9	10.2	5.3	7.2	11.2	4.0	7.3	11.8	4.5
Barnsley	0.3	0.6	0.3	0.6	1.1	0.5	0.7	1.0	0.3	0.9	1.2	0.4
Bassetlaw	0.2	0.3	0.2	0.2	0.5	0.2	0.2	0.5	0.2	0.2	0.5	0.3
Bolsover	0.2	0.3	0.1	0.2	0.3	0.1	0.2	0.3	0.1	0.2	0.4	0.1
Chesterfield	0.0	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.1
Derbys Dales	0.0	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.0	0.1	0.1
High Peak	0.0	0.2	0.2	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.1
Leeds	1.7	6.4	4.7	1.4	7.8	6.4	3.5	8.3	4.8	3.4	8.7	5.3
NE Derbyshire	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Rotherham	0.3	0.7	0.4	0.3	0.7	0.4	0.5	0.8	0.3	0.5	0.8	0.4
Sheffield	3.7	7.1	3.3	3.5	7.0	3.5	5.2	7.9	2.8	4.8	7.8	3.1
Doncaster	0.5	1.1	0.5	0.5	1.4	0.9	0.9	1.5	0.6	1.2	1.9	0.7

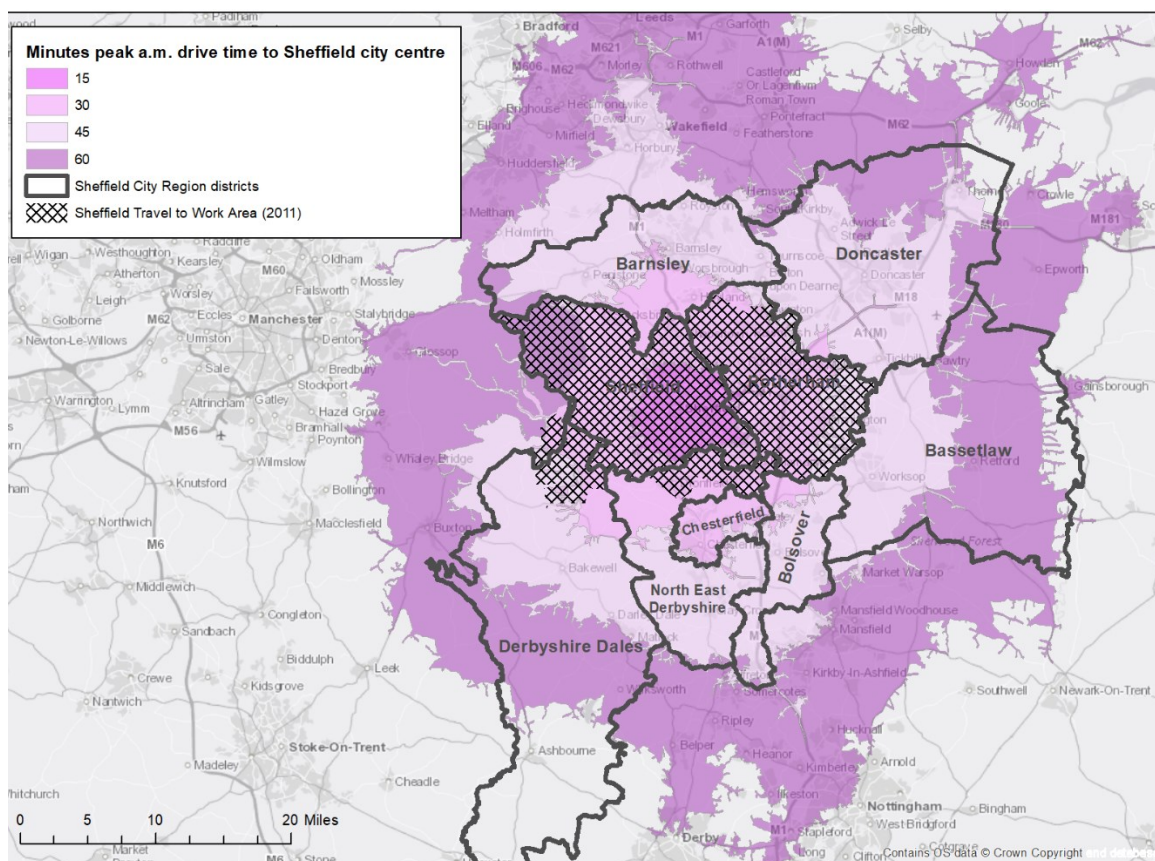
Source: ONS Migration Statistics Unit.

- 3.23. The net inflow of international migrants into both Sheffield and Rotherham highlights a potential demand from households who may have unique search patterns and housing requirements which shape the housing market in important ways. This demand is set to continue into the future, as population estimates (2016-based) suggest that between 2018-2023 there will be a net increase of over 20,000 international migrants across the SRHM, though the rate of increase is due to slow from 2017 onwards. It is very difficult to obtain accurate information about the housing demand of international migrants, and we look at this issue in more detail in Chapter 5, using evidence from the household survey.

Travel to work patterns

- 3.24. Sheffield is the most significant employment centre in the city region, and this is revealed in travel to work patterns. This suggests commuting is focused on the major employment centres of Sheffield City Centre, the lower Don Valley, and the other South Yorkshire towns. There are also significant commuting flows between Sheffield and North East Derbyshire and Chesterfield.
- 3.25. Figure 3.3 below shows the travel to work areas calculated using Census 2011 data, whilst also presenting the travel times into Sheffield City at 8am in the morning. Critically, the travel-to-work area covering Sheffield and Rotherham almost precisely overlays the district boundaries, with some overspill into Derbyshire Dales and North East Derbyshire. The shortest travel times in Sheffield City are from within SCC and RMBC, though commutes of less than 45 mins are evident for those in Chesterfield, south of Barnsley, in the north of North East Derbyshire and pockets of Doncaster and Derbyshire Dales.

Figure 3.3: Map showing travel to work areas and travel times into Sheffield City at peak morning times



Source: ESRI World Traffic Survey, 2018; ONS, 2011; 2011 Census.

- 3.26. Data from our household survey reveals a high level of closure in this Travel to Work Area (TTWA). For those providing a postcode for their and/or their partners location of work, 85 per cent worked within the Sheffield and Rotherham TTWA.²⁰
- 3.27. Despite this, if the SRHM were to be defined by TTWA area alone, it would lead to a slightly different drawing of housing market boundaries. People are generally prepared to commute further than they would move and as such most housing markets are *embedded within* travel to work areas.²¹
- 3.28. Taking the evidence from the above section, it is clear that there is a high level of self-containment in the moves originating in the combined SCC and RMBC area. Whilst the authorities in the SRHM are generally a net exporter to most adjacent authorities, international migration provides a major inflow, shaping the housing market in specific ways, not least for student housing in Sheffield. As Figure 3.3 confirms, there is close alignment between the boundaries of the SRHM and the TTWA. Whilst most moves affecting the SRHM originate from those currently residing in it, the TTWA highlights the wider zone of influence of Sheffield as an employment centre, drawing in and pushing out housing demand according to travel to work times.

²⁰ Base: 1538 respondents.

²¹ Jones, C. (2002) The definition of housing market areas and strategic planning. *Urban Studies*, 39 (3), pp. 549-564.

Sub-markets and housing market sectors

- 3.29. This section considers the internal structure of the SRHM. As advised by previous PPG 'smaller sub-markets with specific features' may be investigated to 'create a detailed picture of housing need'.²² The following presents information about the 19 HMAs identified in this study, which become the lowest spatial level at which data is presented in this report.

Housing Market Areas (HMAs)

- 3.30. Localised differences in housing stock, affordability, household earnings and other variables make a general assessment of the SRHM challenging. Socio-economic variation at a sub district level can be expressed in terms of levels of deprivation, revealing that 22 percent of LSOAs in SRHM were ranked in the 10 per cent most deprived in England in 2015.²³ Constructing sub-market areas to undertake more localised analysis of the housing market study is therefore critical, as it helps us understand how localised drivers affect broader housing market changes. Certain areas in the SRHM play a particularly strong role in shaping housing demand. The Peak District National Park (PDNP) to the west of Sheffield acts as a driver for localised demand, as households seek proximity to these natural environments, and yet its topography and inherent planning constraints limit land supply for housing development. This helps to explain ongoing housing pressure in areas such as the south west of Sheffield (and west Barnsley) whilst also setting in context the relationship with neighbouring areas (e.g. rural Upper Don Valley, Stocksbridge and Deepcar, Rotherham Dearne and South West Rotherham), where substitutable properties for those unable to access the PDNP or south west Sheffield might be found. Defining the HMAs needs to account for this, and as such the PDNP is identified as a unique submarket despite its comparatively small size in housing market terms.

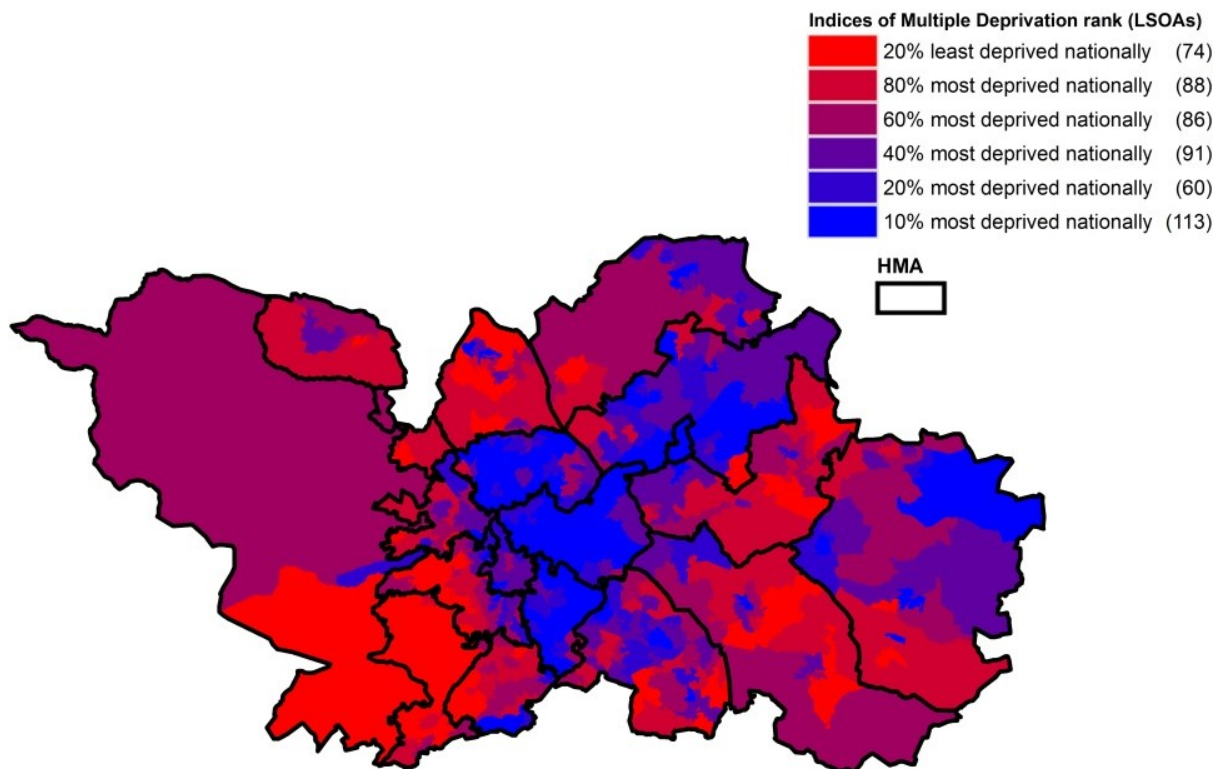
Approach to defining the HMAs

- 3.31. As part of the 2013 SHMA for SCC and the 2015 SHMA for RMBC, an extensive process of analysis was undertaken to define local HMAs. A range of data and information sources were used which included qualitative insights from estate agents, developers, affordable housing providers, council officers, alongside analysis of resident's views, house price information, Rightmove search data and other planning data - for instance concerning the zones developed for the Community Infrastructure Levy (CIL). The HMA boundaries were constrained so that they align with LSOAs, which are used by the ONS, and other government bodies for the analysis of statistical data. This SHMA largely maintains these sub-market boundaries, accepting that whilst housing markets do not stand-still, the former HMAs remain coherent in terms of local place attachment and price dynamics. Mapping the Indices of Multiple Deprivation with the proposed HMAs shows how these areas group together LSOAs with similar characteristics (Figure 3.4).

²² Planning Practice Guidance, 2014 (paragraph 8).

²³ Indices of Multiple Deprivation, 2015.

Figure 3.4: HMAs and the Indices of Multiple Deprivation



3.32. Changes to some of the HMA names that were used in the previous SHMAs have been made, in order to clarify their location (see Figure 3.5 below). A new HMA was also introduced in Rotherham to recognise the discrete market conditions in the Town Centre, and to support dedicated analysis of housing activity here. Furthermore, it should be noted that the City Centre HMA in Sheffield is not contiguous with the definition of the City Centre as defined in the Local Plan, which adopts a slightly different boundary for planning purposes, and which in turn affects boundaries. The names and locations of HMAs used in the study are presented in Figure 3.5.

Figure 3.5: Housing Market Areas



- 3.33. The 19 HMAs includes the Peak District Fringe HMA, and whilst this is within SCC's boundaries, planning related to housing is the direct responsibility of the Peak District National Park Authority. Importantly, the Peak District Fringe HMA does not align precisely with the park's legal boundary and includes some areas that fall within Sheffield's Local Planning Authority area. In order to preserve the integrity of the alignment of LSOAs, there are a small number of neighbourhoods within Sheffield that are included within statistics for the Peak District Fringe HMA, but which - in terms of their housing and socio-economic characteristics - bear closer similarities to the urban areas adjacent to them.
- 3.34. A pen portrait of each of the 19 HMAs is presented in Table 3.6, initially developed in the previous SHMAs. These portraits have been updated to account for more recent changes and capture important contemporary dynamics in the housing market.

Conclusion

- 3.35. High levels of migration flows across the SCC and RMBC boundaries, compared to the much lower flows to other neighbouring areas, suggests a degree of self-containment in the SRHM. This is allied with a close fit between the local travel to work area and the SRHM boundary, with survey evidence that 85 per cent of residents living in the SRHM also work in the local travel to work area.
- 3.36. Despite such evidence, the SRHM has important functional connections with neighbouring areas, primarily with the other districts in the Sheffield City Region but also with the major cities of Manchester and Leeds. There are also important population flows with other cities and areas of the UK. In general, Sheffield loses population to Rotherham, and the other surrounding districts, but replaces this lost population with those undertaking longer distance moves from other parts of the UK and abroad. This is to highlight the important symbiosis of the two districts, and the national/global drivers of population change which can affect this market.
- 3.37. Self-containment and alignment of travel to work areas does not negate the great diversity of sub-markets within the SRHM. The HMAs proposed for this study are highly diverse, showing different socio-economic characteristics and housing market conditions. Using these 19 distinct HMAs, a finer grain analysis is provided throughout to understand the unique characteristics, housing needs, and supply requirements in these areas.

Table 3.6: Housing Market Area pen portraits

	HMA	Key housing market characteristics	Area (sq. km)
Rotherham	Rotherham Town Centre	An area with low levels of housing stock given the prevalence of retail space. The HMA comprises the heart of the Town Centre, but does include some dense residential areas, for instance those adjacent to Clifton Park. RMBC expect this HMA to provide an alternative and complementary housing offer to the borough's existing stock.	1.5
	South Urban Rotherham	Contains a range of popular neighbourhoods that are geographically central to Rotherham, to the north and east of the M1 and M18 motorways. Of particular note is Wickersley, an area considered to be the most popular in Rotherham. The HMA also contains several significant social housing estates, such as Canklow.	38.3
	Rotherham Dearne	A mix of small, semi-rural settlements, most notably Wentworth and Harley, and small towns such as Wath and Swinton which were formerly associated with heavy industries in the Dearne Valley. The Dearne HMA has been a focus of significant new housing supply in recent years and the capacity of remaining sites is limited.	46.9
	North Urban Rotherham	Dominated by densely urbanised settlements within a deindustrialised landscape. Land values and popularity among home searchers in this HMA are generally low in comparison to other parts of the borough. Significant housing growth is anticipated in this HMA through the strategic allocation at Bassingthorpe Farm, but it is likely that this development will draw demand from a wider market than solely the North Urban HMA.	46.7
	South West Rotherham	A mix of smaller settlements, some with more rural characteristics but most with housing associated with employment in former industries. Some villages, e.g. Aston, are popular with housing market searchers on account of transport links and other attributes. Significant housing growth is being delivered at the Waverley development.	64.0
	South East Rotherham	Generally comprised of popular villages, many with excellent access to the trunk road network. Villages such as North and South Anston are on key transport routes to Sheffield such as the Sheffield-Lincoln railway line and the A57 road between Sheffield and Worksop.	88.1

Continues on next page.

Sheffield	Sheffield City Centre	Significant new build in the last two decades, dominated by apartments, both converted and purpose-built, including significant regeneration in areas like Park Hill and Kelham Island. Significant purpose-built student market. Very few families, although some low-rise Housing Association estates on western fringe.	4.4
	Sheffield Urban West	Dominated by Victorian and inter-war terraced and semi-detached housing. Popular neighbourhoods benefitting from proximity to major universities and hospitals. Significant Private Rented Sector for students and young professionals.	15.1
	Stocksbridge and Deepcar	Separate self-contained settlement on rural fringe. Enjoys good access to trunk road network but commuting links with Sheffield are congested and public transport can be slow. Some recent new build development, with more expected.	18.9
	Chapelton/ Ecclesfield	Popular separate self-contained settlement close to motorways and north Sheffield employment zones.	21.3
	North East Sheffield	Area dominated by very large inter-war council housing estates, with some new build properties in recent years for owner occupation and social rent.	17.2
	North West Sheffield	Mix of housing types, broadly suburban in character. More affordable than the other parts of west Sheffield, especially popular with families.	11.4
	Rural Upper Don Valley	Small HMA comprising relatively sought-after villages with a semi-rural character.	5.5
	Peak District Fringe	Very little of the SRHM housing is found in the Peak District Fringe. What housing there is exists in small villages and hamlets, within which development is very tightly restricted. Prices reflect the popularity of the rural lifestyle and the constraints on supply. Housing planning largely the responsibility of the Park Authority, although the HMA also includes parts of the neighbourhoods of Stannington, Lodge Moor and Dore.	174.1
	East Sheffield	Formerly the location of much of Sheffield's heavy industries, the East HMA is dominated by cheaper, often terraced housing and a more demographically and ethnically mixed population than many other parts of the city.	20.4
	South East Sheffield	Several large suburbs from a variety of eras, home especially to families moving from more central parts of south and east Sheffield. Very significant expansion since the 1970s of private suburban estates in the Mosborough Townships, centred on the Crystal Peaks district shopping centre. Although quite distant from the city centre, the HMA benefits from good transport links to the city centre and good access to motorways.	32.8
	South West Sheffield	Large areas of very low density detached housing from a range of eras, almost all in owner occupation. These suburbs are popular among households with above average incomes and property prices are the highest in the city. The South West HMA has excellent access to the Peak District and a reputation as having the best schools in the city, both of which are considered to influence the market considerably. There are very few socially rented properties in this HMA.	20.5
	South Sheffield	Slightly more affordable range of housing than the South West Sheffield HMA but sharing some of its characteristics. Also includes major peripheral council housing estates on the boundary with North East Derbyshire.	13.5
Manor/ Arbourthorne / Gleadless	Large area dominated by several distinctive social housing estates, including the large inter-war estates on the Manor and Arbourthorne, and developments in Norfolk Park and Gleadless which command impressive views over the city. These areas have been subject to significant market restructuring and tenure mixing in recent years although the social rented sector is still dominant.	11.5	

The Current Housing Market

4

KEY POINTS

Demographic and economic context

- Sheffield and Rotherham's populations have grown in the last five years, though at varying paces. There are signs that each is becoming increasingly ethnically diverse.
- Household composition varies between local authorities, with Sheffield having higher than the national average rate of single person households, and Rotherham higher than average proportion of households with dependent children.
- Skills levels and rates of economic activity have been improving, though younger people may not be benefitting to the same extent as other groups.

Demand processes

- Average house prices have risen significantly in the last five years, by 28 per cent in Sheffield and 17 per cent in Rotherham. Gross weekly pay has not kept pace, increasing by only 10 per cent in each area over the same time period.
- There is major variation in house price levels across the SRHM. High prices are found in the southern peripheries of both districts, and lower values in the corridor between the Sheffield City and Rotherham Town Centre.
- Housing affordability has worsened over the last five years. The ratio of lower quartile house price to lower quartile income has widened in both districts. Large proportions of non-owners are unable to afford market housing to resolve their housing needs: 76 per cent in Rotherham and 61 per cent in Sheffield.
- Taking into account deposit requirements, 83 per cent of newly forming households in Rotherham cannot afford lower quartile purchase prices, and 88 per cent in Sheffield.
- A third of all households in the SRHM are priced out of the Private Rented Sector (PRS) in 13 of the 19 HMAs, if they are seeking a 2-bed property.
- Neighbourhood satisfaction and preferences drive search and market activity, and the perceptions of neighbourhood quality vary considerably across the city.

Housing stock and supply

- There is evidence of marked increases in housing stock in both districts. The proportion of empty dwellings reduced between 2013-17, constituting 2.5 per cent of the stock in both Sheffield and Rotherham in 2017.
- There is widespread evidence of under-occupation across the SRHM and signs of overcrowding in some HMAs and specific tenures. Estimates suggest nearly 68 per cent of households in the SRHM are over-occupying against the bedroom standard.
- Repairs and maintenance problems constitute the main reason why some perceive their property to be inadequate. This is much more prevalent among private renters.
- New housing supply is being driven by the private sector. Whilst supply from affordable housing providers has grown, it is not sufficient to address affordability problems.
- There are specific challenges for City and Town Centre housing markets, connected to student housing and the growth of the private rented sector.

Introduction

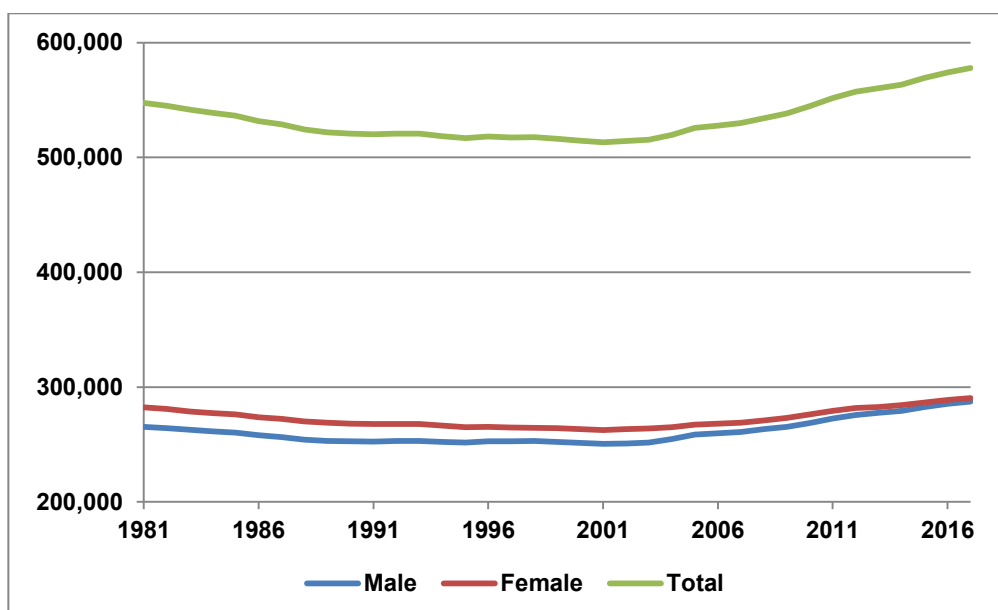
- 4.1. This chapter provides an assessment of the current housing market in Sheffield and Rotherham, offering a perspective on both the supply of, and demand for, housing. It presents evidence and analysis on the following:
- The demographic and economic context for both the SRHM and individual authorities (section 1.2).
 - The current demand for housing, looking largely at house price and rents, income levels, the relationship between property values and incomes, housing search, and the aspirations and motivations of movers (section 1.3).
 - The characteristics of the current housing stock and the supply of housing in both locations (section 1.4).
 - The different market sectors within both Sheffield and Rotherham (section 1.5).
- 4.2. This should be read in conjunction with the following chapter, Chapter 5, which explores future prospects for the housing markets. These chapters provide key elements of the evidence base to explore the overall requirement for housing in both locations and at the HMA level.

Demographic and economic context

Demographic change

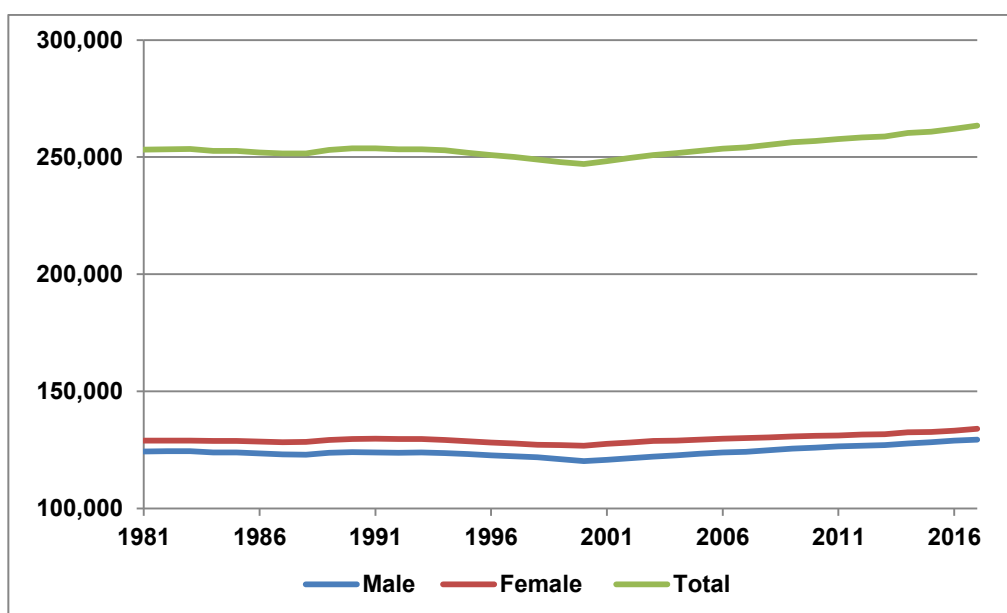
- 4.3. Demographic change across the SRHM has varied in recent years. Mid-year population estimates for 2017 suggest that the population in Rotherham grew in the period 2013-2017, by 1.78 per cent or 4,600 people (Figure 4.2). The male population in Rotherham has grown at faster rate since the turn of the century and is now comparable to the female population.
- 4.4. Sheffield's population has changed significantly. Following a long period of decline, its population began to grow again around the turn of the century (Figure 4.1). Over the period 2013-17 Sheffield's population grew by 3.14 per cent or 17,600 people. Significant increases in the number of students at the city's two universities underpins some of this change. The gender split in Sheffield's population is nominally in balance, and this in light of a more rapid growth in the male population in recent decades.

Figure 4.1: Sheffield population change since 1981



Source: ONS Population Estimates (NOMIS).

Figure 4.2: Rotherham population change since 1981



Source: ONS Population Estimates (NOMIS).

Household composition/size

- 4.5. Over 32.7 per cent of households in Sheffield contain a single person, which is slightly higher than the England average (Table 4.1). A further 40.0 per cent are households composed of two or more adults but no dependent children. The number of households with dependent children in Sheffield stands at 27.2 per cent, which is less than the national average (28.2 per cent). The high number of 'under 25' aged households in Sheffield (6.7 per cent) (relative to both Rotherham and the England average) is influenced by the high student numbers in the city. Rotherham has a higher number of households with dependent children (28.2 per cent) and fewer one person households (29.7 per cent) than both Sheffield and the average for England. In contrast to Sheffield (41.0 per cent), Rotherham has a higher proportion

of older households (aged over 55) (47.8 per cent), which has implications for both general needs and specialist accommodation in the district.

Table 4.1: Household composition, 2016 (thousands)

Household Composition	Sheffield		Rotherham		England	
	Count	%	Count	%	Count	%
Household Type						
One-person household	78	32.7	33	29.7	7,057	30.8
Household with two or more adults	95	40.0	46	41.9	9,366	40.9
Household with dependent children	65	27.2	31	28.4	6,461	28.2
Total	238		110		22,885	

Age of Household						
Under 25	16	6.7	3	3.0	758	3.3
25-34	37	15.7	14	12.7	3,095	13.5
35-44	40	16.9	17	15.6	3,979	17.4
45-54	47	19.7	23	20.9	4,753	20.8
55-64	35	14.9	19	17.3	3,815	16.7
65-74	30	12.6	17	15.6	3,254	14.2
75-84	22	9.5	12	10.9	2,262	9.9
85+	10	4.1	5	4.1	969	4.2
Total	238		110		22,885	

Source: ONS, 2018.

Notes: percentages may not sum exactly due to rounding.

Ethnicity

- 4.6. The 2011 Census provides the most robust evidence on the ethnic breakdown of the population in the SRHM, in the absence of any more recent local studies of ethnicity. Sheffield has experienced pronounced changes in non-White populations since 1991. In this year, 3.4 per cent of the population was classified in this group (i.e. all those not identifying as White British, White Irish or Other White). By 2011 the non-White group constituted 12 per cent of the population. In Rotherham this group is smaller, in both absolute and proportional terms, with approximately 6 per cent of the total population identifying as non-white.
- 4.7. The ethnic profile differs significantly between HMAs within Rotherham. The North Urban HMA is Rotherham's most ethnically diverse area, followed by the South Urban HMA. In Sheffield the East HMA is the most ethnically diverse, followed by the City Centre HMA. Non-white populations are significantly under-represented in the outer HMAs and more rural areas (e.g. Chapeltown/Ecclesfield HMA, Stocksbridge and Deepcar HMA, Rural Upper Don Valley HMA). Table 4.2 presents data from the 2011 Census showing breakdown of ethnicity by HMA area.

Table 4.2: Ethnic profile of population by HMA, 2011

	HMA	White		Mixed		Asian		Black		Other	
		No. of people	%	No. of people	%	No. of people	%	No. of people	%	No. of people	%
Rotherham	Rotherham Dearne	39126	98.1	257	0.6	277	0.7	147	0.4	79	0.2
	North Urban Rotherham	76745	89.5	1159	1.4	5819	6.8	1219	1.4	761	0.9
	South East Rotherham	46360	98.4	346	0.7	288	0.6	86	0.2	51	0.1
	South Urban Rotherham	45691	91.1	493	1.0	3337	6.7	353	0.7	264	0.5
	South West Rotherham	31579	97.5	251	0.8	313	1.0	195	0.6	62	0.2
	Rotherham Town Centre	1257	62.2	45	2.2	517	25.6	112	5.5	91	4.5
	Rotherham Total	240758	93.6	2551	1.0	10551	4.1	2112	0.8	1308	0.5
Sheffield	Chapelton / Ecclesfield	31095	97.0	325	1.0	352	1.1	204	0.6	97	0.3
	Sheffield City Centre	10353	55.1	509	2.7	5038	26.8	1394	7.4	1497	8.0
	Sheffield Urban West	74677	77.4	2829	2.9	11800	12.2	4313	4.5	2838	2.9
	East Sheffield	18626	42.3	1683	3.8	15236	34.6	4859	11.0	3676	8.3
	Manor/ Arbourthorne/ Gleadless	36387	82.4	1681	3.8	2319	5.2	2785	6.3	1000	2.3
	North East Sheffield	58348	84.8	2157	3.1	3453	5.0	3092	4.5	1765	2.6
	North West Sheffield	35900	94.6	638	1.7	572	1.5	520	1.4	325	0.9
	Peak District Fringe	9474	94.8	116	1.2	268	2.7	92	0.9	45	0.5
	Rural Upper Don Valley	6185	97.4	47	0.7	48	0.8	36	0.6	34	0.5
	South Sheffield	39079	92.7	909	2.2	928	2.2	924	2.2	300	0.7
	South East Sheffield	85799	95.0	1320	1.5	1545	1.7	1262	1.4	418	0.5
	South West Sheffield	44813	90.5	1006	2.0	2765	5.6	523	1.1	390	0.8
	Stocksbridge and Deepcar	11808	98.2	69	0.6	61	0.5	78	0.6	13	0.1
	Sheffield Total	462544	83.7	13289	2.4	44385	8.0	20082	3.6	12398	2.2

Source: Census 2011

- 4.8. There is evidence that of important demographic changes in the SRHM. For instance, data on pupil ethnicities in Rotherham suggest a large growth in pupils identifying as mixed, Indian or Other Asian. Our household survey resulted in responses close to the Census profile, with around 5 per cent of respondents in Rotherham suggesting their ethnicity was non-White British, with 12 per cent the corresponding figure in Sheffield.

Economic activity

- 4.9. The most recent figures available (2017) indicate that the proportion of Rotherham's population that is of working age (61 per cent) is marginally lower than the Yorkshire and Humber average of 63 per cent,²⁴ and significantly less than that for Sheffield (66 per cent).
- 4.10. In Rotherham, 125,300 (79 per cent) persons of working age are economically active, whilst 6,300 (5 per cent) are unemployed. The proportion of those who are economically active in Sheffield is slightly lower than Rotherham (282,900 persons, or 75 per cent of the working age population). The proportion of the population unemployed in both Sheffield and Rotherham does not differ substantially from the Yorkshire and Humber figure of 5 per cent.
- 4.11. One of the factors underpinning likely population and household growth is change in the local economy. Recent reports suggest the wider economy in the Sheffield City Region has been growing, with 4,000 additional jobs created in 2017/18,²⁵ with long term plans aiming to add over 20,000 jobs between 2016-2020.²⁶ Companies in the city region identify difficulties filling vacancies for 6 per cent of jobs, with specific skills gaps.
- 4.12. Underpinning this improved economic performance is the increase in the skills of the local workforce. There has been a growth of residents in managerial and professional positions within Sheffield (over 20 per cent in the employee count between 2013-18), which now stands higher than the Great Britain average. In Rotherham contrasting changes have taken place over the same period, with small increases in service, process plant machinery operatives and elementary occupations, and with reductions in those working in managerial and professional positions. Table 4.3 shows these changes with comparative information for Yorkshire and Humber and Great Britain.

²⁴ ONS (2017) *Population Estimates*, via NOMIS.

²⁵ SCR (2018) *Inward investment targets smashed as almost 4,000 jobs created across city region*. Available at: <https://sheffieldcityregion.org.uk/inward-investment-targets-smashed-almost-4000-jobs-created-across-city-region/>

²⁶ SCR (2016) Labour Market Review.

Table 4.3: Employment by occupation, 2013 and 2018, thousands

	Sheffield				Rotherham				Yorkshire and Humber				Great Britain			
	2013		2018		2013		2018		2013		2018		2013		2018	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Group 1-3: managerial and professional	107.9	42.9	130.2	47.5	37.3	34.2	41.3	33.5	958	39.7	1043.2	40.7	12648.6	43.8	14265.3	45.7
Group 4-5: administrative and skilled trades	51.4	20.4	49.9	18.2	25.3	23.2	26.9	21.8	518.7	21.5	539.1	21.0	6151.3	21.3	6350.2	20.3
Group 6-7: service occupations	41.6	16.5	42.9	15.7	21.4	19.6	26	21.1	426.2	17.7	456	17.8	4899.6	17.0	5190.8	16.6
Group 8-9: operatives and elementary occupations	48.3	19.2	49.6	18.1	24.2	22.2	28.4	23.0	483.9	20.1	512	20.0	4965.4	17.2	5288.9	16.9

Groups 1-3 are (1) managers, directors and senior officials; (2) professional occupations, and (3) associate professional and technical occupations. Groups 4-5 are (4) administrative and secretarial, and (5) skilled trades occupations. Groups 6-7 are (6) caring, leisure and other service occupations, and (7) sales and customer service occupations. Groups 8-9 are (8) process plant and machine operatives; and (9) elementary occupations.

Source: ONS Annual Population Survey June 2013 and June 2018 via NOMIS.

- 4.13. As is evident from Tables 4.4 and 4.5 there have been large reductions in the number of JSA claimants in Sheffield and Rotherham, and neighbouring authorities, over the last five years. Over a shorter timeframe, decreases were evident in the sub-region and neighbouring authorities, but not in Sheffield and Rotherham where slight increases were apparent. The increase in Sheffield is notable in that women constitute 81 per cent of this increase in claimants (Table 4.6). Sheffield and Rotherham have a higher proportion of Jobseeker's Allowance (JSA) claimants to the working age population than neighbouring local authorities. The reductions in JSA claimants suggest some progress has been made in access to employment, though key challenges remain. The challenge in both Sheffield and Rotherham is that young people (aged 16-24) form a higher proportion of all JSA claimants than in neighbouring districts. Worsening affordability in Sheffield and Rotherham, potentially exacerbated by the welfare reforms, may therefore be affecting young people in a disproportionate way.

Table 4.4: JSA claimants by age group (May 2018)

	16-24	25-49	50+	Total JSA claimants	Total change on year
South Yorks	1,850	7,690	3,760	13,300	-2,525
Barnsley	75	715	460	1,250	-1,240
Doncaster	125	995	540	1,660	-1,655
Rotherham	470	1,785	800	3,055	195
Sheffield	1,185	4,195	1,955	7,335	190
NE Derbyshire	80	275	190	545	-35

Source: NOMIS.

Table 4.5: JSA claimants by local authority area (May 2012-2018)

	2012	2013	2014	2015	2016	2017	2018
Barnsley	7,765	7,660	5,180	3,620	2,660	2,490	1,250
Doncaster	10,815	10,170	7,585	6,035	4,335	3,315	1,660
Rotherham	8,715	8,580	6,540	4,605	3,410	2,860	3,055
Sheffield	17,800	16,960	13,090	9,995	8,230	7,145	7,335
NE Derbyshire	1,990	1,750	1,205	840	585	580	545

Source: NOMIS.

Table 4.6: JSA claimants by sex, May 2018

	Claimant count, May 2018						Change on year		
	Number of claimants			% of working age population			Levels		
	Men	Women	All	Men	Women	All	Men	Women	All
South Yorks	8,240	5,065	13,305	1.2	0.7	1.0	-1,590	-935	-2,525
Barnsley	720	545	1,265	0.6	0.4	0.5	-740	-490	-1,230
Doncaster	935	735	1,670	0.6	0.5	0.5	-995	-650	-1,645
Rotherham	1,885	1,170	3,055	1.5	0.9	1.2	110	70	180
Sheffield	4,700	2,625	7,325	1.7	0.9	1.3	35	145	180
NE Derbyshire	310	235	545	0.6	0.4	0.5	-40	0	-40

Source: NOMIS.

Demand processes

House Prices

- 4.14. Both Sheffield and Rotherham have seen substantial increases in house prices in the last five years. Table 4.7 below shows that median prices (for all properties) increased by 23 per cent in Sheffield and 13 per cent in Rotherham between the period 2012-13 and 2017-18. The HM Land Registry's House Price Index (HPI) provides mix-adjusted average sale price information to account for the varying values of flats, terraces, semi-detached and detached properties. Average prices for the month March 2018 show the significant growth in prices that has taken place in Sheffield. In Rotherham price growth has been less pronounced and was among the lowest in the SCR during this period. Factors underpinning this trend are likely to be complex but may include a combination of affordability/local incomes, land values, and the balance between new build (first sales) and resales in each area.

Table 4.7: Median and average house prices for Sheffield, Rotherham and selected districts (2013-2018)

	Median price (year to Mar 2013)	Median price (year to Mar 2018)	Median price 5 year % change	Ave price March 2013	Ave price March 2018	Ave price 5 year % change
Barnsley	104,950	126,500	21	97,794	118,072	21
Doncaster	110,000	128,000	16	104,585	122,768	17
Rotherham	119,995	135,000	13	112,499	131,316	17
Sheffield	125,000	154,000	23	125,062	160,250	28
Bolsover	95,000	125,950	33	92,192	127,357	38
Chesterfield	121,000	145,000	20	115,496	147,133	27
Derbyshire Dales	200,000	246,000	23	206,461	251,378	22
North East Derbyshire	142,000	180,000	27	132,538	181,805	37
Bassetlaw	121,000	150,000	24	120,028	151,343	26
Sheffield City Region	117,500	137,500	17	122,962	154,602	26
Manchester	125,000	165,000	32	116,392	168,918	45
Leeds	140,000	172,000	23	137,117	177,387	29

*Note: The SCR figure is an average of average prices in the relevant districts.
Source: Land Registry, 2018.

- 4.15. Compared to some neighbouring areas and other large northern cities, prices in Sheffield and Rotherham have been growing at a slower rate. Rapid increases values in North East Derbyshire and Bolsover were apparent of the five-year period. The change in prices in the SRHM has not matched that seen in Manchester, though there are signs Sheffield is matching the price growth in Leeds.
- 4.16. Using data at address level on individual sales, it is possible to look at a more granular level, by HMA. As shown in Table 4.8 the Sheffield South West and National Park Fringe, have the highest average prices, with almost all property types across these areas averaging over £200,000. These markets, along with South East Rotherham are among the highest value areas in the SRHM. The lower value properties exist in the corridor between Sheffield and Rotherham. Looking at terraced properties as an example, average prices in the North Urban and Town Centre HMAs in Rotherham and East and North East HMAs in Sheffield were under

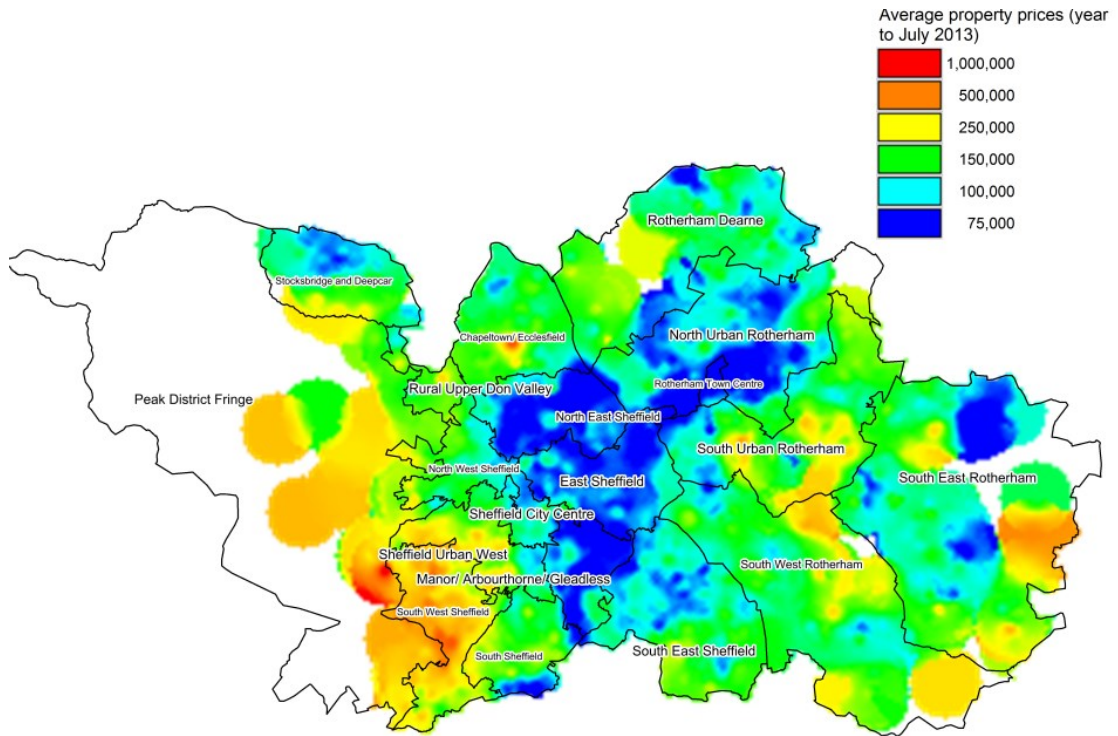
£90,000. Figures 4.3 and 4.4 visualise the changes in prices paid for properties between 2012-13 and 2017-18. It is important to note that the composition of properties in each HMA is a critical factor in prices. An area with a large amount of 3-bed properties may have higher average prices than another area with generally smaller properties, even though when comparing properties of the same size in each area the latter has a higher average. Hence, the data is not mix-adjusted, though it does help identify hot and cold spots in prices, using an interpolation technique to predict sales prices based on actual prices paid within a given proximity. In practice localised variations may be significant, but this technique helps visualise the broad patterns in prices across the SRHM.

Table 4.8: Average house prices and sales volumes in each HMA, by property type (July 2017-June 2018)

		Flat		Terrace		Semi-detached		Detached		Total	
		Ave price	No. of sales	Ave price	No. of sales	Ave price	No. of sales	Ave price	No. of sales	Ave price (HMA)	No. of sales (HMA)
Rotherham	Rotherham Dearne	£66,317	10	£103,661	146	£128,223	282	£214,474	163	£144,619	601
	North Urban Rotherham	£61,060	40	£79,034	303	£116,023	459	£201,028	114	£111,967	916
	South East Rotherham	£78,001	31	£82,458	208	£129,873	326	£218,184	239	£141,858	804
	South West Rotherham	£117,203	40	£139,491	123	£141,979	238	£279,077	186	£183,211	587
	South Urban Rotherham	£117,521	47	£117,943	114	£148,039	339	£265,299	233	£178,675	733
	Rotherham Town Centre	£130,000	1	£60,423	13	£80,333	3	...	0	£68,029	17
Sheffield	Chapelton/ Ecclesfield	£91,621	65	£132,828	117	£160,710	197	£240,991	117	£164,016	496
	Sheffield City Centre	£119,224	438	£232,565	23	£143,993	7	...	0	£125,165	468
	East Sheffield	£67,173	15	£77,191	163	£108,926	163	£160,613	20	£95,726	361
	Manor/Arbourthorne/Gleadless	£99,173	78	£108,355	174	£132,050	244	£181,225	22	£121,229	518
	North East Sheffield	£75,659	28	£88,329	227	£110,183	377	£172,809	51	£106,180	683
	North West Sheffield	£111,509	69	£146,216	292	£196,817	181	£290,339	77	£175,071	619
	Peak District Fringe	£172,228	23	£236,422	26	£337,945	22	£531,421	55	£371,200	126
	Rural Upper Don Valley	£118,122	16	£180,256	26	£199,427	28	£303,813	18	£200,332	88
	South East Sheffield	£93,962	77	£111,753	280	£134,085	648	£230,824	297	£148,977	1302
	South West Sheffield	£204,318	123	£235,142	183	£344,283	358	£500,036	286	£352,027	950
	South Sheffield	£96,526	70	£144,149	268	£213,902	261	£289,433	88	£184,407	687
	Stocksbridge and Deepcar	£108,975	4	£118,587	83	£140,184	100	£221,777	72	£155,463	259
Sheffield Urban West	£168,524	260	£197,547	629	£284,355	266	£446,006	117	£232,621	1272	
	SRHM	£123,525	1,524	£135,762	3,406	£165,612	4,517	£293,029	2,188	£175,322	11,635

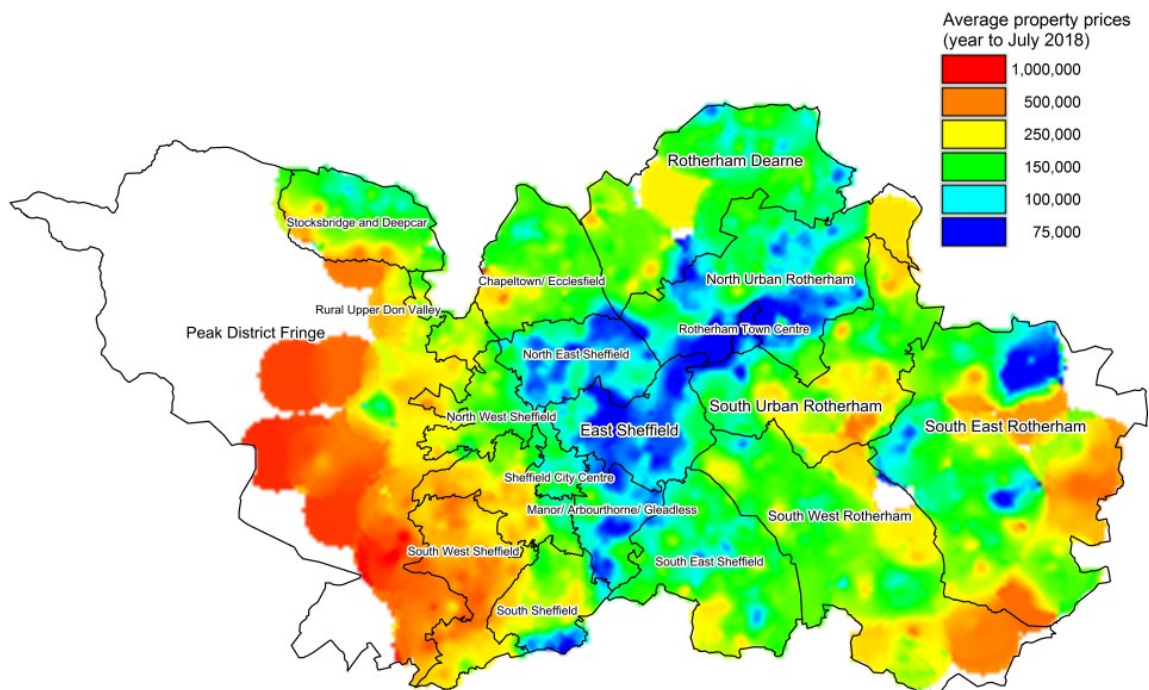
Note: includes all properties except those classified as type 'Other'. A total of 144 sales could not be geocoded.

Figure 4.3: Map of average property sale prices (year to July 2013)



Source: Spatial analysis of HM Land Registry 'price paid' data. Properties classified as 'Other' removed.

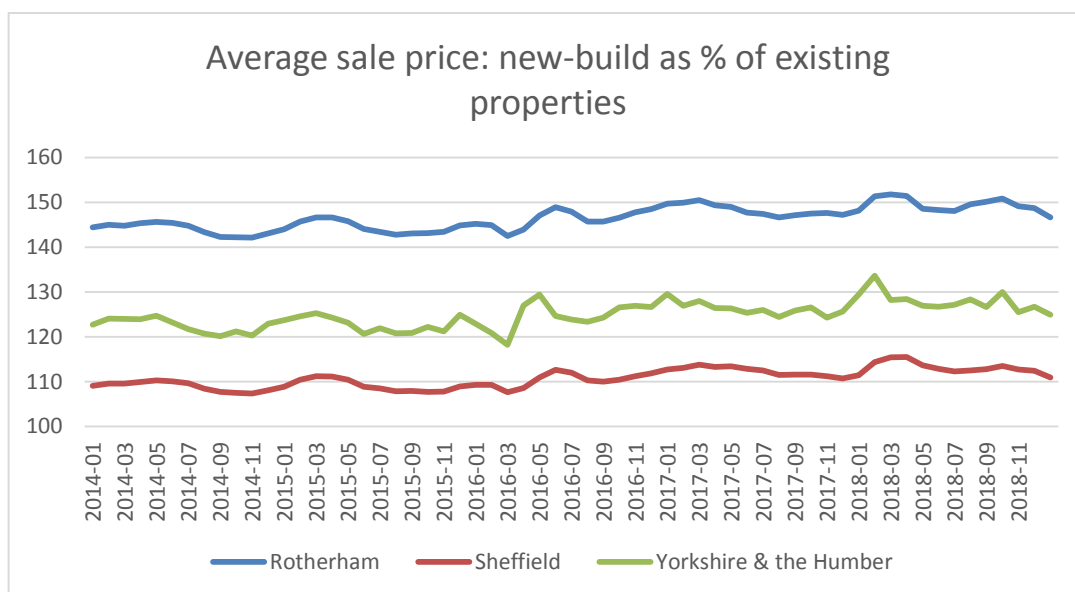
Figure 4.4: Map of average property sale prices (year to July 2018)



Source: Spatial analysis of HM Land Registry 'price paid' data. Properties classified as 'Other' removed.

- 4.17. Aside from the general picture of rising prices, in certain areas properties at higher price points are becoming more prevalent, for instance in the proportion of homes sold for £500,000 and over in the Peak District Fringe and Sheffield South West, and in the increase in properties averaging £250,000 in the South Urban area of Rotherham. Low prices have remained in the arc from Manor/Arbourthorne/Gleadless in Sheffield to the North Urban area of Rotherham.
- 4.18. As is the case in many urban housing markets, new-build properties sell at a higher average price than existing properties. The average sale price for new-builds in Rotherham is about 49 per cent higher than for existing properties (as at December 2018). The difference is less in Sheffield, where new builds sell at 11 per cent higher than existing properties. In both areas - as for Yorkshire and the Humber as a whole, the trend is that this difference has increased modestly over the past five years (Figure 4.5).

Figure 4.5: Average sale price: new build as % of existing properties



Source: HM Land Registry.

Income and affordability

- 4.19. The gross pay of full-time workers increased across the SRHM between 2013 and 2017 (Table 4.9). Gross weekly pay has increased by approximately £46 in both Sheffield and Rotherham since 2013.²⁷ However, inflation has meant that - in real terms - this has likely translated into only marginal additional household income. In recent years earnings growth among Sheffield residents in 2017 outperformed the Retail Price Index (RPI) marginally. In Rotherham earnings grew at only half the rate of inflation (as measured nationally). Whilst instructive, comparing local earnings to RPI can only ever be approximate, given variations in local costs related to, for instance, housing.

²⁷ Gross weekly pay is measured for full time workers and is calculated from the Annual Survey of Hours and Earnings (ASHE), source: Office for National Statistics, data accessed from NOMIS.

Table 4.9: Gross Weekly Pay: All Full Time Workers (£), 2007-2017

Year	Sheffield	Rotherham	Yorkshire & Humber	Great Britain
2007	427.20	422.00	425.60	460.00
2008	450.70	424.80	444.30	480.00
2009	457.50	440.80	452.60	490.50
2010	476.00	454.90	462.50	501.70
2011	470.50	450.90	461.70	500.20
2012	471.40	462.80	465.20	508.30
2013	478.30	447.60	479.10	517.90
2014	476.80	457.30	479.00	521.10
2015	485.10	481.10	480.60	529.00
2016	504.30	485.20	498.30	540.90
2017	524.00	494.00	502.30	552.70

Source: NOMIS

- 4.20. Household income disparities are apparent within the local authorities and across the SRHM. In both authorities over a third of households earn less than £20,000 per annum, whilst just under a third earn over £40,000 per year (Table 4.10).

Table 4.10: Annual gross household income, including income from investments and benefits

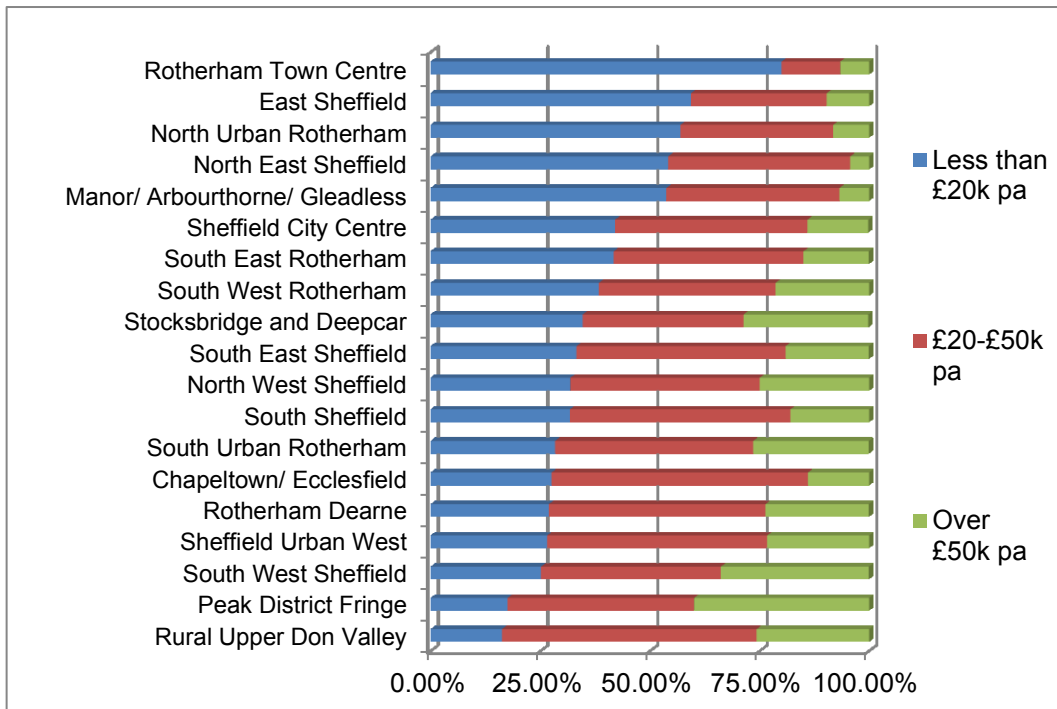
	%		
	Rotherham	Sheffield	Total
Under £10,000	14.6	13.9	14.1
£10,000 - 19,999	26.5	22.4	23.7
£20,000 - £29,999	15.4	20.4	18.8
£30,000 - £39,999	13.4	13.3	13.3
£40,000 - £49,999	12.6	11.4	11.8
£50,000 - £74,999	11.0	11.5	11.3
£75,000 - £100,000	3.4	4.7	4.2
Over £100,000	3.2	2.4	2.7

Source: Household Survey, 2018

Base: 2952

- 4.21. Whilst analysis of the survey data at HMA level requires some caution - due to lower response rates in some areas - large variations in incomes were apparent. As seen in Figure 4.6 and Table 4.11, a number of HMAs had over 50 per cent of respondents earning less than £20,000.

Figure 4.6: Annual gross household income, including income from investments and benefits, by HMA



Note: Table is sorted by percentage of households with income lower than £20,000 per annum
 Source: Household Survey, 2018

- 4.22. A number of HMAs have a high proportion of households with very low incomes, with over a quarter of respondent households in North Urban Rotherham, Rotherham Town Centre, East Sheffield and Manor/ Arbourthorne/ Gleadless earning less than £10,000 per annum.
- 4.23. Estimates of incomes for small areas, produced for the year 2016, provide further insights into the variation at local levels. Whilst the geography used (Middle Super Output Areas, MSOAs) does not align with our HMAs, the data does validate some of the patterns identified in our survey (Figure 4.7). MSOAs in the East Sheffield and North East Sheffield, and North Urban Rotherham and Rotherham Town Centre have the lowest net incomes before housing costs, ranging from £15,800-20,500 per year.

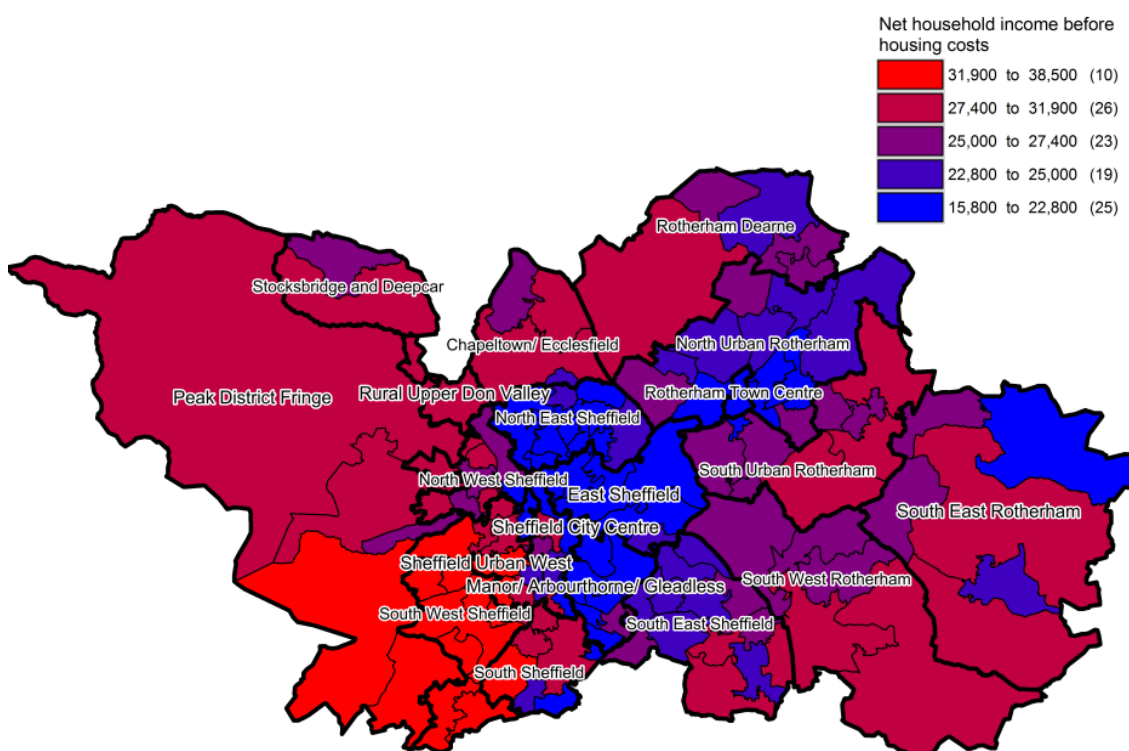
Table 4.11: Income distribution by Housing Market Area

	%							
	Under £10,000	£10,000- 19,999	£20,000- £29,999	£30,000- £39,999	£40,000- £49,999	£50,000- £74,999	£75,000- £100,000	Over £100,000
Rotherham Dearne	4.5	22.4	24.4	13.5	11.5	14.7	3.8	5.1
North Urban Rotherham	25.0	31.9	13.8	12.0	9.1	6.9	1.1	0.4
South East Rotherham	8.0	33.7	13.9	12.8	16.6	11.2	3.2	0.5
South Urban Rotherham	12.9	15.4	14.9	17.4	12.9	13.4	5.0	8.0
South West Rotherham	14.8	23.5	12.8	12.1	15.4	12.1	5.4	4.0
Rotherham Town Centre	26.7	53.3	6.7	6.7	0.0*	6.7	0.0*	0.0*
Rotherham	14.6	26.5	15.4	13.4	12.6	11.0	3.3	3.2
Chapelton/ Ecclesfield	10.6	16.9	32.4	13.4	12.7	9.9	4.2	0.0*
Sheffield City Centre	8.4	33.6	16.8	14.0	13.1	9.3	3.7	0.9
Sheffield Urban West	9.6	16.9	24.5	14.6	11.1	13.8	5.7	3.8
East Sheffield	35.4	23.9	14.2	8.0	8.8	1.8	8.0	0.0*
Manor/ Arbourthorne/ Gleadless	25.1	28.6	22.3	10.3	6.9	4.6	1.7	0.6
North East Sheffield	22.7	31.4	23.7	8.7	9.2	3.4	1.0	0.0
North West Sheffield	11.5	20.3	12.2	18.2	12.8	17.6	6.1	1.4
Peak District Fringe	0.0	17.5	12.5	17.5	12.5	15.0	10.0	15.0
Rural Upper Don Valley	9.7	6.5	19.4	22.6	16.1	12.9	6.5	6.5
South Sheffield	14.2	17.5	20.8	13.1	16.4	14.2	3.3	0.5
South East Sheffield	9.2	24.0	22.0	14.5	11.2	14.1	3.9	1.0
South West Sheffield	6.3	18.8	14.0	16.4	10.6	16.4	8.2	9.2
Stocksbridge and Deepcar	12.2	22.4	16.3	6.1	14.3	20.4	6.1	2.0
Sheffield	13.9	22.4	20.4	13.3	11.4	11.5	4.7	2.4
SRHM	14.1	23.7	18.8	13.3	11.8	11.3	4.2	2.7

Source: Household survey, 2018. Note rows may not sum exactly to 100% because of rounding.

Note: * denotes no responses in this income bracket were received from this HMA.

Figure 4.7: Net income before housing costs at Middle Super Output Area (MSOA) level



Affordability

- 4.24. There are signs of worsening affordability in several areas within the SCR. Various factors have driven the inflation in housing costs, including increasing demand from an expanding population, the availability of mortgage credit and equity loans and, to a lesser extent, rising incomes.
- 4.25. We can understand housing affordability in a number of ways. One frequently used measure is the relationship between lower priced properties (e.g. that which is in lowest 25 per cent of prices, or lower quartile) and the income needed to afford to purchase such housing. The underlying principle is the income-multiple test traditionally used as part of mortgage lending criteria. Data on the lower quartile house price to income ratio is provided at local authority level in Table 4.12, highlighting the change in this relationship over time and affordability levels in neighbouring districts. Whilst housing in Sheffield and Rotherham is more affordable according to this measure than in some neighbouring districts, it is generally less affordable than Barnsley and Bolsover. The lower quartile price-to-income ratio in Sheffield is worsening at a similar speed to that in Bassetlaw, Bolsover and Chesterfield, but slower than in Doncaster and North East Derbyshire. By this measure affordability in Rotherham has generally worsened in the period 2012-17 although showed some improvement in recent years.

Table 4.12: Lower quartile house price to lower quartile income by local authority, 2012-2017

	2012	2013	2014	2015	2016	2017
Barnsley	4.13	4.21	4.29	4.44	4.42	4.38
Bassetlaw	4.67	4.81	5.15	5.26	5.54	5.25
Bolsover	4.31	4.35	4.95	4.88	4.62	4.93
Chesterfield	4.97	4.90	5.62	4.99	5.11	5.73
Derbyshire Dales	8.05	7.70	7.82	8.91	8.25	7.71
Doncaster	4.55	4.74	4.79	5.16	5.17	5.30
North East Derbyshire	5.64	5.19	6.28	6.59	6.16	6.42
Rotherham	5.00	5.23	5.41	5.39	5.26	5.15
Sheffield	5.03	5.05	5.40	5.49	5.51	5.61

Source: ONS, 2018.

- 4.26. Assessing affordability at the HMA level requires using the best available data on incomes at this level, provided by our household survey data. Table 4.13 below shows lower quartile prices for each HMA, for the year to July 2018. It then calculates the gross household income required per year to afford such housing, using the measure of house prices needing to be four times the earnings.²⁸ Survey data from both homeowners and non-homeowners in each HMA enables estimates to be made about the maximum percentage who can afford lower prices in each area.
- 4.27. Looking across both Rotherham and Sheffield large proportions of non-owners are unable to afford lower quartile prices; 76 per cent in Rotherham and 61 per cent in Sheffield. In relatively low value areas like, East Sheffield, Manor/Arbourthorne/Gleadless and South East Rotherham, where the number of responses from non-owners was relatively large, the low levels of affordability among respondents is worthy of note. For those in higher value areas and with higher incomes, mobility across HMAs may enable them to access affordable properties to buy. Non-owners in areas with high prices appeared to be earning more (in relation to house prices) than those in areas with lower prices, and hence able to afford lower quartile prices in these locations.

²⁸ FCA, 2018. Nearly half of all individual mortgages in England in early 2018 were provided at 3.5 times annual earnings or more. The figure for joint mortgages is not known. However, Financial Conduct Authority (FCA) data suggest that two thirds of joint mortgages were provided at three times annual earnings or more. Using the multiple of four times earnings is therefore considered a suitable measure of the maximum house price for which households could secure a mortgage.

Table 4.13: Lower quartile house price and income needed to afford by HMA

HMA	Lower quartile house prices (£) (year to July 2018)	Income needed to afford (£)	% of survey respondents (non-owners) with income needed to afford in 2018	% of ALL survey respondents with income needed to afford in 2018
North Urban Rotherham	70,000	17,500	57	75
Rotherham Dearne	95,000	23,750	47	73
Rotherham Town Centre	40,000	10,000	64	73
South East Rotherham	90,000	22,500	19	58
South Urban Rotherham	120,000	30,000	25	57
South West Rotherham	120,000	30,000	3	49
Rotherham	93,000	23,250	24	59
Chapelton/ Ecclesfield	113,750	28,438	32	73
East Sheffield	67,000	16,750	25	65
Manor/ Arbourthorne/ Gleadless	86,000	21,500	24	46
North East Sheffield	78,875	19,719	61	77
North West Sheffield	130,000	32,500	30	56
Peak District Fringe	201,250	50,313	67*	40
Rural Upper Don Valley	137,000	34,250	56*	65
Sheffield City Centre	95,000	23,750	51	58
Sheffield Urban West	150,000	37,500	28	49
South East Sheffield	107,500	26,875	32	67
South Sheffield	125,000	31,250	9	48
South West Sheffield	244,625	61,156	15	34
Stocksbridge and Deepcar	102,250	25,563	29*	65
Sheffield	108,000	27,000	39	64

Note: The columns which outline the per cent of survey respondents with income needed to afford in 2018 should be understood a best-case scenario. It treats all those in an income bracket as being able to afford, even if the income threshold falls between the upper and lower limits of that bracket. Segmenting by non-owners and HMAs creates small frequencies. Where total responses were lower than 10, an * is used to identify this.

Source: HMLR, 2013:2018. Household Survey, 2018.

Deposits

- 4.28. The income to house price ratio provides an approximate measure of local household's ability to purchase a property. The size of the deposit affects the amount of loan required, with first time buyers often seeking the highest loan to values (LTVs) in the absence of existing equity. Following the UK recession of 2008-09 the deposit requirements for buyers increased resulting in lower LTVs, but conditions have since eased resulting in gradually increasing ratios. In 2013 the median loan to value for first time buyers in England was 80 per cent. In early 2018 this figure had increased to 83 per cent.²⁹ Using the 83 per cent LTV ratio, it is possible to set out the average deposit requirement for households wishing to purchase lower quartile priced property in each HMA in 2018, and for the SRHM and individual local authorities. In order to afford the lower quartile price in Rotherham at an 83 per cent LTV ratio a household must have had access to a deposit of £15,810, in Sheffield the deposit

²⁹ Council of Mortgage Lenders, 2018.

requirement was £18,360. The lowest required deposits were seen in Rotherham Town Centre, North Urban Rotherham, East Sheffield and North East Sheffield. In all but three HMAs 80 per cent or more of non-owners did not have sufficient savings to afford a lower quartile priced property in their current HMA.

- 4.29. It is probably that the government's Help to Buy scheme has had some impact on stimulating sales and construction since its launch in 2013, although the link with affordability cannot be determined with any confidence. By the end of 2018 a total 1,051 completions in Rotherham and 994 in Sheffield had been assisted by a Help to Buy equity loan, the majority of these for freehold houses.³⁰ Trend data shows that rates of loans have declined in Rotherham since 2016 (from approximately 55 per quarter after seasonal adjustment to around 35 per quarter), while increasing markedly in Sheffield over the same period (from approximately 30 per quarter to around 70 per quarter in 2018).

Table 4.14: Average deposit needed by non-owners in each HMA

	Lower Quartile Price 2018 (£)	Deposit required to buy at lower quartile price with 83% LTV (£)	Average savings held by all non-owners (%)				
			Up to £5k	£5k - £10k	£10k - £20k	£20k - £40k	£40,000 and over
North Urban Rotherham	70,000	11,900	85.7	5.2	7.8	1.3	0.0
Rotherham Dearne	95,000	16,150	55.6	7.4	0.0	37.0	0.0
Rotherham Town Centre	40,000	6,800	100.0	0.0	0.0	0.0	0.0
South East Rotherham	90,000	15,300	69.6	15.2	4.3	8.7	2.2
South Urban Rotherham	120,000	20,400	86.4	4.5	0.0	2.3	6.8
South West Rotherham	120,000	20,400	96.2	3.8	0.0	0.0	0.0
Rotherham	93,000	15,810	80.5	6.6	4.4	6.6	1.8
Chapelton/ Ecclesfield	113,750	19,338	41.2	29.4	17.6	5.9	5.9
East Sheffield	67,000	11,390	83.7	9.3	4.7	2.3	0.0
Manor/ Arbourthorne/ Gleadless	86,000	14,620	76.9	10.8	4.6	4.6	3.0
North East Sheffield	78,875	13,409	88.4	7.2	1.4	2.9	0.0
North West Sheffield	130,000	22,100	73.1	0.0	7.7	11.5	7.6
Peak District Fringe	201,250	34,213	33.3	0.0	33.3	0.0	33.3
Rural Upper Don Valley	137,000	23,290	42.9	14.3	28.6	14.3	0.0
Sheffield City Centre	95,000	16,150	50.0	18.6	14.0	12.8	4.7
Sheffield Urban West	150,000	25,500	51.9	21.8	12.0	9.8	4.7
South East Sheffield	107,500	18,275	68.8	20.3	7.8	3.1	0.0
South Sheffield	125,000	21,250	72.7	6.1	3.0	15.2	3.0
South West Sheffield	244,625	41,586	58.5	4.9	22.0	7.3	7.3
Stocksbridge and Deepcar	102,250	17,383	66.7	33.3	0.0	0.0	0.0
Sheffield	108,000	18,360	64.9	14.4	9.7	7.3	3.7

Note: Lower quartile prices were calculated from price paid data, with properties categorised as 'other' removed.

Source: Analysis of household survey; HMLR house price data.

³⁰ MHCLG Help to Buy tables, data table 9b (<https://www.gov.uk/government/statistics/help-to-buy-equity-loan-scheme-statistics-april-2013-to-31-december-2018>)

4.30. In addition to looking at non-owners it is also important to look at affordability for newly forming households. The household survey identified 483 new households likely to form in the next 3 years across the SRHM, and where information was provided about the resources available to those households for a deposit or rent bond. Using this information, the capacity of newly forming households to afford lower quartile prices is revealed. The relatively small number of identified households means it is not advisable to make these assessments at HMA level, so Table 4.15 shows this information for the SRHM and local authorities. If the deposit required to afford lower quartile prices in Rotherham is £15,810, and £18,360 in Sheffield, then it is clear a large proportion of newly forming households will not be able to afford to purchase a home. Taking the cumulative percentage and assuming an even distribution of respondents across the category £10,001 - £20,000, then applying the required deposit rate to this, suggests that 83 per cent of newly forming households in Rotherham cannot afford lower quartile purchase prices, and 88 per cent in Sheffield.

Table 4.15: Resources available to newly forming households

	Rotherham (%)	Sheffield (%)	SRHM (%)
None	17	26	23
Up to £1,000	29	18	21
£1,001 - £2,000	5	10	8
£2,001 - £10,000	25	23	24
£10,001 - £20,000	13	13	13
£20,001 - £40,000	1	6	5
£40,001 - £60,000	7	2	4
Over £60,000	3	2	3

Source: Household Survey, 2018.

- 4.31. The affordability of housing to buy is not the only concern, and given the recent expansion of the PRS, this is also worthy of attention. By analysing data from Rightmove.com on individual rents in both Sheffield and Rotherham (over the year to July 2018), it is possible to make informed assessments about affordability in the PRS (Table 4.16). Income data from our household survey suggests that households currently not owning a property but wishing to rent a 2-bed property in their current HMA will face varying levels of affordability. A large percentage of non-owners in the Peak District Fringe and Rural Upper Don Valley have relatively high earnings and are therefore able to afford local prices. In areas, where both average rents and incomes are relatively low, such as in Rotherham Town Centre and East Sheffield, the low level of affordability here for non-owners is an important issue.
- 4.32. Across the SRHM, 38 per cent of households earn less than £20,000 per year. Given that in 13 of the 19 HMAs the income required for a 2-bed is greater than £20,000, we can suggest that over a third of all households in the SRHM are priced out of the PRS in these areas, if they are seeking a 2-bed property. These HMAs are shaded red in the table below. Furthermore, when thinking about access to the PRS for newly forming households the survey revealed that 23 per cent of this group do not have access to any money for a rent deposit or bond. This is likely to be a significant constraint on household formation.

Table 4.16: Income needed to afford average private rent property by HMA

	Average rental price per year						Income needed to afford a 2-bed (at 30 percent of income)	% of respondents (non-owners) within HMA able to afford a 2-bed
	0 beds / Bedsit	1-bed	2-bed	3-bed	4-bed	5+ bed		
North Urban Rotherham	£3,969	£4,441	£5,340	£6,482	£9,503	£9,540	£17,801	28
Rotherham Dearne	£5,715	£5,386	£5,824	£6,952	£9,585	£12,900	£19,414	49
Rotherham Town Centre	£4,848	£5,212	£5,852	£6,467	£7,020	£8,100	£19,507	12
South East Rotherham	£5,300	£5,034	£5,613	£6,701	£8,787	£12,180	£18,710	28
South Urban Rotherham	£3,540	£5,131	£6,403	£7,361	£10,236	£16,943	£21,345	35
South West Rotherham	-	£5,114	£6,129	£7,702	£10,567	£16,800	£20,429	7
Rotherham	£4,500	£4,939	£5,773	£6,930	£9,596	£14,012	£19,245	27
Chapeltown/ Ecclesfield	£4,770	£5,341	£6,510	£7,672	£10,554	£14,400	£21,701	30
East Sheffield	-	£4,933	£5,573	£6,651	£8,148	£7,427	£18,575	12
Manor/ Arbourthorne/ Gleadless	£4,291	£5,673	£6,468	£6,893	£7,345	£4,468	£21,559	22
North East Sheffield	£4,524	£5,096	£6,122	£6,531	£7,350	£10,800	£20,407	37
North West Sheffield	£4,667	£5,561	£6,817	£7,709	£8,905	£13,538	£22,725	35
Peak District Fringe	-	£7,577	£8,624	£10,371	£13,914	£20,100	£28,745	67
Rural Upper Don Valley	-	£6,370	£6,853	£8,797	£11,970		£22,843	64
Sheffield City Centre	£6,338	£6,852	£8,451	£8,089	£6,369	£5,610	£28,168	35
Sheffield Urban West	£5,993	£6,228	£7,490	£7,352	£5,981	£5,703	£24,968	44
South East Sheffield	£4,095	£5,331	£6,451	£7,315	£9,905	£13,200	£21,502	29
South Sheffield	£5,700	£5,364	£6,744	£7,838	£11,739	£12,750	£22,481	22
South West Sheffield	£6,072	£6,406	£8,282	£10,223	£12,693	£18,500	£27,607	38
Stocksbridge and Deepcar	£6,600	£4,652	£5,909	£7,369	-	£12,000	£19,696	29
Sheffield	£6,060	£6,421	£7,452	£7,599	£7,071	£5,996	£24,840	30
SRHM	£5,989	£6,316	£7,186	£7,478	£7,287	£6,104	£23,952	27

Sources: Analysis of household survey; Rightmove rental data and authors' calculations.

Notes: 30 per cent of gross household income is used as the upper limit of housing expenditure on rent (note that this does not include service charges).

The aspirations and preferences of recent movers

- 4.33. The type, quality, and location of homes effects demand in complex ways. It is important to understand the perceptions of residents in terms of their current home - particularly in relation to its inadequacies - to understand the factors shaping housing demand. A total of 443 respondents to the household survey felt their present home was inadequate for their needs. Table 4.17 below presents the most significant reasons for this. Space, issues of quality/design, and outdoor amenities are the most significant factor. The location and price of the current home plays a relatively minor role in people's perceptions of the inadequacy of the current home.

Table 4.17: The top 10 reasons that current housing is inadequate

	% of respondents in Rotherham	% of respondents in Sheffield	% of respondents in SRHM
Not enough space (including storage)	15.8	13.9	14.5
It needs improvements/repairs	13.1	14.9	14.5
Kitchen or bathroom is unsuitable	11.7	7.1	8.5
Lack of a driveway, off-street or allocated parking	11.1	7.3	8.5
There are not enough bedrooms	7.5	8.3	8.1
Other	6.5	6.9	6.8
The garden is difficult to maintain	4.9	6.3	5.8
It is too costly to heat	4.3	5.7	5.3
It is affecting the health of me or my household	4.5	4.6	4.6
Neighbourhood services are inadequate	3.4	4.3	4.1

Note: Ordered by highest responses across the SRHM.
Source: Household survey, 2018.

- 4.34. For those moving in the last five years, similar patterns hold. Aside from those who moved to buy their own home, the desire for more internal and external space was again a significant factor. Other reasons associated with location came to the fore however, with moves driven by the desire to access 'better' neighbourhoods and increase proximity to work. Demand for larger properties was a more significant reason for those moving within or to Rotherham, while Sheffield had a higher proportion moving to buy their own home. The notable difference between authorities in terms of moves being driven by an end of tenancy is also worthy of note.

Table 4.18: Top 10 reasons for moving house among those moving in the last five years

	Rotherham (%)	Sheffield (%)	SRHM (%)
Wanted to buy own home	9.6	13.6	12.4
To move to a larger home	12.9	9.3	10.3
A bigger garden	6.6	6.3	6.4
To move to a better neighbourhood	6.6	5.7	5.9
Other	5.9	5.3	5.5
Relationship or family breakdown	4.3	5.8	5.4
To be closer to work or a new job	3.7	5.8	5.2
To live with a partner	8.6	3.5	5.0
End of tenancy	1.4	5.8	4.5
To move closer to friends/family	5.9	3.8	4.4

Source: Household Survey, 2018.
Note: Ordered by highest scores for SRHM.

- 4.35. Movements across tenure also reveal how demand is changing. Table 4.19 shows the previous and current tenure for all households and those moving in the last five years. As a subset of all households those moving in the last five years are more likely to have come from the PRS and are more likely to be moving within this sector.

Table 4.19: Current and previous tenure all household and those moving in the last five years

	All respondents %		Households moving in the last five years %	
	Previous	Current	Previous	Current
Owner-occupied (with a mortgage)	29.4	32.3	17.9	39.4
Owner-occupied (no mortgage)	8.5	28.6	7.4	9.2
Shared Ownership (part rented, part owned)	0.3	0.7	0.4	1.2
Rented from the Council	11.9	17.1	8.1	16.3
Rented from a Housing Association	3.8	7.4	3.5	7.0
Rented from a private landlord or letting agency (including student accommodation)	24.2	12.1	36.4	24.4
Rented from a relative / friend of a household member	1.8	1.7	1.8	2.5
Lived with my parents	17.1	-	20.6	-
Tied or linked to a job	-	0.2	-	0.1
Other	3.1	-	4.0	-

Source: Household survey.

- 4.36. The movement of residents within the PRS is an important feature of the housing market, as demonstrated by Table 4.20. In the 2013 SHMA for Sheffield, 48 per cent of those living within the PRS had moved in the previous year. In Rotherham, the corresponding figure was lower at 31 per cent. The table below suggests that in the year prior to this study, over 50 per cent of those now in the PRS had moved within that year. There are signs therefore of increasing turnover in the PRS. There was also an increase in the percentage of mortgaged owner occupiers who had moved in the last year, compared to data from previous studies. In the previous SHMAs for

SCC, 6 percent of respondents in this tenure had moved within the last year, with the equivalent figure for RMBC in 2015 being 9 per cent. Part of this change likely reflects the changing market conditions and increasing sales transactions generally.

Table 4.20: Recent movers and their current tenure

	Within the last year %	Between 1 and 5 years ago %	Over 5 years ago %	Always lived here %
Owner-occupied (with a mortgage)	12.5	40.5	43.9	3.1
Owner-occupied (no mortgage)	1.7	12.7	70.8	14.9
Shared Ownership (part rented, part owned)	36.8	35.0	28.2	0.0
Rented from the Council	9.3	34.4	49.1	7.1
Rented from a Housing Association	19.5	24.6	50.2	5.6
Rented from a private landlord or letting agency (including student accommodation)	50.2	37.7	10.7	1.3
Rented from a relative/friend of a household member	11.9	57.8	29.9	0.4
Tied or linked to a job	21.8	0.0	78.2	0.0

Source: Household survey, 2018.

- 4.37. For those respondents in the PRS who think their current home is inadequate, 69 per cent felt that this was due to the property needing improvements/repairs.

Neighbourhood satisfaction and quality of life

- 4.38. As shown above, the quality of the environment and services provided in a neighbourhood has a bearing on whether households move and where they move to. Figure 4.8 shows the satisfaction residents with their neighbourhood depending on which HMA they are located in. There are close similarities between Rotherham, Sheffield and the SRHM in terms of overall satisfaction with the neighbourhood, with 69 per cent of residents in the two local authorities stating they were either quite or very satisfied with their neighbourhood.
- 4.39. At the HMA level there is greater variation, however. In Rotherham Town Centre, East Sheffield, North East Sheffield less than 50 per cent of residents are satisfied with their neighbourhood, compared to Rotherham Dearne, the Peak District Fringe and South West Sheffield where the equivalent figure is over 85 per cent.

Figure 4.8: Satisfaction with the neighbourhood as a place to live, by HMA



Source: household survey. Note: 1='very dissatisfied'; 5='very satisfied'.

4.40. There are significant differences in perceptions of the local neighbourhood by resident tenure. Table 4.21 shows that Shared Owners have the highest levels of satisfaction with neighbourhoods, perhaps a product of the age and design of such schemes. Lower levels of satisfaction were seen among those renting from housing associations and the local authorities. Given the analysis above concerning the level of movement in the PRS stock, levels of satisfaction here are relatively high.

Table 4.21: Satisfaction with current neighbourhood, by tenure

	Very dissatisfied %	Quite dissatisfied %	Neither satisfied nor dissatisfied %	Quite satisfied %	Very satisfied %	Overall Satisfaction %
Owner-occupied (with a mortgage)	1	6	17	46	30	76
Owner-occupied (no mortgage)	3	5	15	37	40	77
Shared Ownership (part rented, part owned)	4	4	5	26	61	87
Rented from the Council	9	12	27	32	20	52
Rented from a Housing Association	6	19	28	30	16	46
Rented from a private landlord or letting agency (including student accommodation)	3	6	26	40	25	65
Rented from a relative/friend of a household member	6	10	23	39	22	61
Tied or linked to a job	0	0	19	41	40	81

Source: Household survey, 2018.

Local amenities

- 4.41. Table 4.22 sets out the qualities that respondents to the household survey cited as being important in a 'good neighbourhood'. It identifies the ten qualities that scored highest across the SRHM and then presents the variation across the HMAs.
- 4.42. Residents in certain HMAs clearly value certain qualities more than others in different HMAs. Understanding this variation could help target interventions locally, and enable service providers, public bodies and other stakeholders to take a more tailored approach to place-making. For example, public transport was a key issue for those located in Rotherham Town Centre and Sheffield Urban West, but less so in South Urban Rotherham and North East Sheffield. The quality of homes is of particular concern to residents in Sheffield City Centre, Sheffield Urban West, East Sheffield and the Peak District Fringe, but less so for those in the Rural Upper Don Valley. The visual appearance of properties was a bigger concern for those in Rotherham Town Centre and South Sheffield, than it was for those in South West Rotherham or North East and North West Sheffield.

Table 4.22: The most important ten qualities of a good neighbourhood and variation across HMA

	% of responses									
	Low crime levels	Low levels of anti-social behaviour	Good neighbours	Public transport	Quality of homes	Health services	Visual appearance of properties	Condition of roads and pavements	Access to parks and open spaces	Clean streets
Rotherham Dearne	12	12	12	7	7	6	6	11	9	18
North Urban Rotherham	17	14	12	7	8	9	7	10	4	12
South East Rotherham	10	15	10	8	8	12	7	13	6	12
South Urban Rotherham	14	13	13	6	9	9	6	9	5	16
South West Rotherham	15	15	8	9	9	11	5	9	7	13
Rotherham Town Centre	10	7	9	20	7	11	9	9	8	10
Rotherham	14	14	11	8	8	10	6	10	6	14
Chapelton/Ecclesfield	14	11	13	12	9	8	7	9	5	12
Sheffield City Centre	14	11	5	10	14	9	4	6	14	11
Sheffield Urban West	14	10	9	15	11	7	6	7	12	12
East Sheffield	10	7	13	11	11	10	6	5	8	19
Manor/Arbourthorne/Gleadless	13	13	11	13	8	8	5	7	8	15
North East Sheffield	17	13	14	9	8	9	3	8	6	13
North West Sheffield	14	13	13	14	9	9	3	6	12	8
Peak District Fringe	16	12	16	13	11	6	4	7	7	8
Rural Upper Don Valley	16	9	18	12	6	9	5	12	4	10
South Sheffield	11	16	9	14	7	8	9	5	11	11
South East Sheffield	16	16	11	10	8	8	6	9	5	11
South West Sheffield	13	10	13	11	9	7	5	7	16	10
Stocksbridge and Deepcar	15	12	11	12	9	17	4	4	5	11
Sheffield	14	12	11	12	9	8	5	7	9	12
SRHM	14	13	11	10	9	9	6	8	8	13

- 4.43. This information highlights how satisfaction with the neighbourhood is driven by various factors, only some of which relate to housing. The connections between housing and different forms of 'infrastructure' become clear, highlighting the importance of transport connectivity and access to greenspace in planning new development and communities.

Housing stock in the SRHM

- 4.44. The following section provides insights into the housing stock within the SRHM, showing variations by local authority and HMA, in terms of overall numbers of properties, the type of property and the tenure profile. The section also provides details on the current utilisation of the stock in terms of occupancy and vacancy, the condition of local housing and the nature and extent of new supply.

Overview of housing stock

- 4.45. In 2011 there were 230,595 dwellings in Sheffield and 112,018 in Rotherham. Estimates for 2017 from suggest that there were 244,520 dwellings in Sheffield and 115,510 in Rotherham. Recent modelling, undertaken by the Building Research Establishment (BRE) as part of stock condition surveys, has attempted a more accurate modelling which also provides details of likely tenure splits. These studies suggest that there are 243,477 dwellings in Sheffield and 118,035 for Rotherham.
- 4.46. Government statistics provide valuable information on stock levels, and particularly the amount of empty homes in each local authority. Table 4.23 shows that according to government estimates between 2013 and 2018 there was a reduction in empty properties in Rotherham and an increase in Sheffield - though as a proportion of the stock this represented a minimal change in Sheffield. On long term empties the picture has remained relatively static over this time period in both authorities.

Table 4.23: Empty and long-term empty properties

	2013 (MHCLG estimate)		2018 (MHCLG estimate)	
	<i>Rotherham</i>	<i>Sheffield</i>	<i>Rotherham</i>	<i>Sheffield</i>
Empty properties	3,441	6,156	2,990	6,387
Long term empties	1,059	2,409	1,101	2,433
Stock	113,130	238,010	117,562	247,580
Empty property percentage	3.04%	2.59%	2.54%	2.58%
Long term empty percentage	0.94%	1.01%	0.94%	0.98%

Source: MHCLG (2019). Table 615: All vacant dwellings² by local authority district, England. SCC and RMBC Council Tax records October 2018.

- 4.47. Using Council Tax records, the prevalence of empty homes can be explored at localised levels. Across the HMAs there is a significant variation in the number of empty properties, with Sheffield City Centre and Rotherham Town Centre having the highest proportion of its stock empty (Table 4.24). In absolute terms Sheffield Urban West and North Urban Rotherham have the highest number of empty homes. There may be many reasons for these variations, and higher numbers of empty homes may be a feature of specific neighbourhoods within HMAs, rather than the HMA in general.

Table 4.24: Dwellings and household spaces by HMA

	Dwellings	Empty dwellings	% empty
Chapelton/ Ecclesfield	14,382	236	1.64
East Sheffield	16,483	478	2.90
Manor/ Arbourthorne/ Gleadless	20,361	435	2.14
North East Sheffield	30,857	579	1.88
North West Sheffield	17,896	390	2.18
Peak District Fringe	3,841	94	2.45
Rural Upper Don Valley	2,812	32	1.14
Sheffield City Centre	15,155	672	4.43
Sheffield Urban West	37,127	1,106	2.98
South East Sheffield	40,663	714	1.76
South Sheffield	20,093	428	2.13
South West Sheffield	21,694	475	2.19
Stocksbridge and Deepcar	6,204	118	1.90
Sheffield	247,568	5,757	2.33
North Urban Rotherham	37,602	1,262	3.36
Rotherham Dearne	19,116	458	2.40
Rotherham Town Centre	1,258	141	11.21
South East Rotherham	21,583	714	3.31
South Urban Rotherham	22,757	559	2.46
South West Rotherham	15,210	382	2.51
Rotherham	117,526	3,516	2.99
SRHM	365,094	9,273	2.54

Note: HMAs established through postcode-based geocoding. The variation in total Council Tax records for SCC in Figure 4.23 and the dwelling number presented about relates to invalid postcodes. Source: SCC and RMBC Council Tax extracts, 2018

Tenure

- 4.48. Stock condition surveys conducted in 2016 and 2018, for SCC and RMBC respectively, provided estimates of the number of dwellings in each local authority and the tenure of that stock. Table 4.25 below presents this information, which reveals similarities in the tenure profile of the two districts. Whilst the growth in the private rented sector nationally has been pronounced in recent years, analysis within the stock condition reports suggests there were only 500 more private rented properties in Sheffield in 2016, compared to 2011.³¹ Changes in Rotherham are more marked, with the Census in 2011 suggesting only 11 per cent of households resided in the private rented sector. BRE estimates suggest that over 16 per cent of the housing stock is now rented privately.

³¹ BRE (2016) *Integrated Dwelling Level Housing Stock Modelling and Database for Sheffield City Council*.

Table 4.25: Tenure of the housing stock in Sheffield, Rotherham and the SRHM

	Rotherham		Sheffield		Total	
	Stock	%	Frequency	%	Frequency	%
Owner occupied	72,579	61.49	143,879	59.09	216,458	59.88
Social	26,535	22.48	61,080	25.09	87,615	24.24
Private Rented	18,921	16.03	38,518	15.82	57,439	15.89

Source: BRE, 2016/2018. Stock condition reports

- 4.49. At the HMA level there are significant differences in the absolute numbers of stock of different tenures. Some HMAs provide a large proportion of each districts social housing stock, for instance North Urban Rotherham and North East Sheffield. Private rented accommodation is also concentrated specific HMAs, again North Urban Rotherham and Sheffield Urban West. The uneven distribution of tenures across HMAs raises questions about the adequacy of supply in given areas, and the potential for certain HMAs to address localised needs from emerging and lower income households.

Table 4.26: Tenure profile by HMA and local authority, 2016/18

	All Stock	Owner Occupied		Private Rented		Social	
	Count	Count	%	Count	%	Count	%
Rotherham Dearne	23,772	14,806	62.3	3,330	14.0	5,636	23.7
North Urban Rotherham	33,329	16,750	50.3	5,081	15.2	11,498	34.5
South East Rotherham	21,820	15,115	69.3	3,655	16.8	3,050	14.0
South Urban Rotherham	21,824	14,159	64.9	4,176	19.1	3,489	16.0
South West Rotherham	16,047	11,512	71.7	2,108	13.1	2,427	15.1
Rotherham Town Centre	1,243	237	19.1	571	45.9	435	35.0
Rotherham	118,035	72,579	61.5	18,921	16.0	26,535	22.5
Chapelton/ Ecclesfield	13,902	10,942	78.7	944	6.8	2,016	14.5
Sheffield City Centre	9,748	1,828	18.8	5,382	55.2	2,538	26.0
Sheffield Urban West	36,283	16,964	46.8	13,021	35.9	6,298	17.4
East Sheffield	17,176	8,124	47.3	3,505	20.4	5,547	32.3
Manor/ Arbourthorne/ Gleadless	20,333	8,072	39.7	2,316	11.4	9,945	48.9
North East Sheffield	31,452	15,226	48.4	2,462	7.8	13,764	43.8
North West Sheffield	18,065	12,502	69.2	2,298	12.7	3,265	18.1
Peak District Fringe	3,894	3,075	79.0	377	9.7	442	11.4
Rural Upper Don Valley	2,894	2,288	79.1	208	7.2	398	13.8
South Sheffield	20,404	13,372	65.5	2,079	10.2	4,953	24.3
South East Sheffield	41,216	28,144	68.3	3,176	7.7	9,896	24.0
South West Sheffield	21,877	18,589	85.0	2,197	10.0	1,091	5.0
Stocksbridge and Deepcar	6,233	4,753	76.3	553	8.9	927	14.9
Sheffield	243,477	143,879	59.1	38,518	15.8	61,080	25.1
SRHM	361,512	216,458	59.9	57,439	15.9	87,615	24.2

Source: BRE, 2016/18.

Size of housing

- 4.50. Table 4.27 below shows the breakdown of properties in the SRHM, according to size. This is derived from the household survey, as information on property sizes can be difficult to obtain from secondary sources. Across the SRHM there are, on average, 2.67 bedrooms per property, with Rotherham having a slightly higher average (2.78) bedroom size than Sheffield (2.62). This is likely to reflect the proportion of smaller student accommodation and city centre dwellings in the latter. Our estimates suggest that average property sizes have decreased in Sheffield since 2011, when the mean number of bedrooms per household was 2.7. This may be driven by a new supply of a smaller size or sub-dividing of properties.

Table 4.27: Number of bedrooms

	Rotherham (%)	Sheffield (%)	SRHM (%)
0/bedsit	0.4	0.0	0.1
1	7.1	16.5	13.4
2	26.5	28.6	27.9
3	50.0	39.5	42.9
4	12.5	10.7	11.3
5+	3.4	4.7	4.2

Note: Percentages are proportions within each district
Source: Household survey, 2018

- 4.51. In Rotherham our surveying suggests that a higher proportion of the stock has 3-4 beds when compared with Sheffield. Sheffield conversely has over double the proportion of 1-bed properties. This has important implications for demand, with the potential for larger households influenced by the level of larger stock in Rotherham, and conversely, those seeking smaller properties by stock in Sheffield - though varied other factors will shape migration of households.
- 4.52. There is insufficient data to present meaningful estimates of property size by HMA and hence the Census provides perhaps the most meaningful estimates. As can be seen in Table 4.28, HMAs such as East Sheffield and Chapeltown/Ecclesfield had a higher proportion of smaller stock compared to other areas such as the Rural Upper Don Valley, which had a significant percentage of large 4-5 bed properties.

Table 4.28: Property size profile by HMA, 2011

HMA	% of households				
	One	Two	Three	Four	Five or more
Stocksbridge and Deepcar	11	24	53	10	2
South West Sheffield	6	14	42	26	12
South East Sheffield	11	27	51	10	1
South Sheffield	12	24	53	9	2
Rural Upper Don Valley	5	23	49	20	3
Peak District Fringe	5	24	41	21	11
North West Sheffield	10	20	57	9	2
North East Sheffield	10	36	49	4	1
Manor/ Arbourthorne/ Gleadless	14	35	45	5	1
East Sheffield	15	31	42	8	4
Sheffield Urban West	17	23	34	14	12
Sheffield City Centre	40	34	11	6	9
Chapelton/ Ecclesfield	5	25	54	14	2
Sheffield	12	27	45	11	5
North Urban Rotherham	11	29	52	7	2
Rotherham Dearne	6	25	55	12	2
Rotherham Town Centre	32	40	20	6	3
South East Rotherham	6	23	55	14	2
South Urban Rotherham	6	23	52	15	3
South West Rotherham	4	24	53	15	3
Rotherham	8	25	53	12	2

Source: Census 2011. Note: rows may not sum to 100 per cent because of rounding and removal of 0 beds.

- 4.53. This variation in size is likely to affect the search areas of movers into and within the SRHM. Changes to housing benefit entitlements (linked to the Spare Room Subsidy - commonly known as the Bedroom Tax) means that property size has potentially become an even more significant driver of demand. One problem experienced in other districts is a shortage of smaller social rented and affordable rented property to meet the needs of those affected by the Spare Room Subsidy. Table 4.29 presents findings from the household survey, which shows the proportion of properties of a certain size (by number of bedrooms) in each tenure. This suggests that less than a quarter of those renting from a housing association or the local authority in Rotherham were in a 1-bed property. This compares to over a third in Sheffield. Across the SRHM, few responses were received from tenants in housing association or local authority dwellings with four or more bedrooms. Whether this reflects a shortage in such supply is an issue for further investigation.

Table 4.29: Dwelling tenure by bedroom size

	Rotherham %						Sheffield %						SRHM %					
	0	1	2	3	4	5+	0	1	2	3	4	5+	0	1	2	3	4	5+
Owner-occupied (with a mortgage)	0	0	17	59	20	5	0	7	24	50	15	5	0	4	22	53	17	5
Owner-occupied (no mortgage)	0	1	18	57	18	6	0	3	22	54	15	6	0	2	21	55	16	6
Shared Ownership (part rented, part owned)	0	0	68	32	0	0	0	5	32	11	18	34	0	3	45	19	11	22
Rented from the Council	0	21	36	43	0	0	0	33	43	21	1	3	0	28	40	30	0	2
Rented from a Housing Association	0	17	74	8	0	0	0	35	35	27	4	0	0	31	44	23	3	0
Rented from a private landlord or letting agency (including student accommodation)	4	17	36	37	5	1	0	36	32	18	7	6	1	33	33	22	7	5
Rented from a relative/friend of a household member	0	8	73	19	0	0	0	25	32	34	9	0	0	20	45	30	6	0
Tied or linked to a job	0	0	0	46	17	37	0	0	11	32	22	35	0	0	6	38	20	36

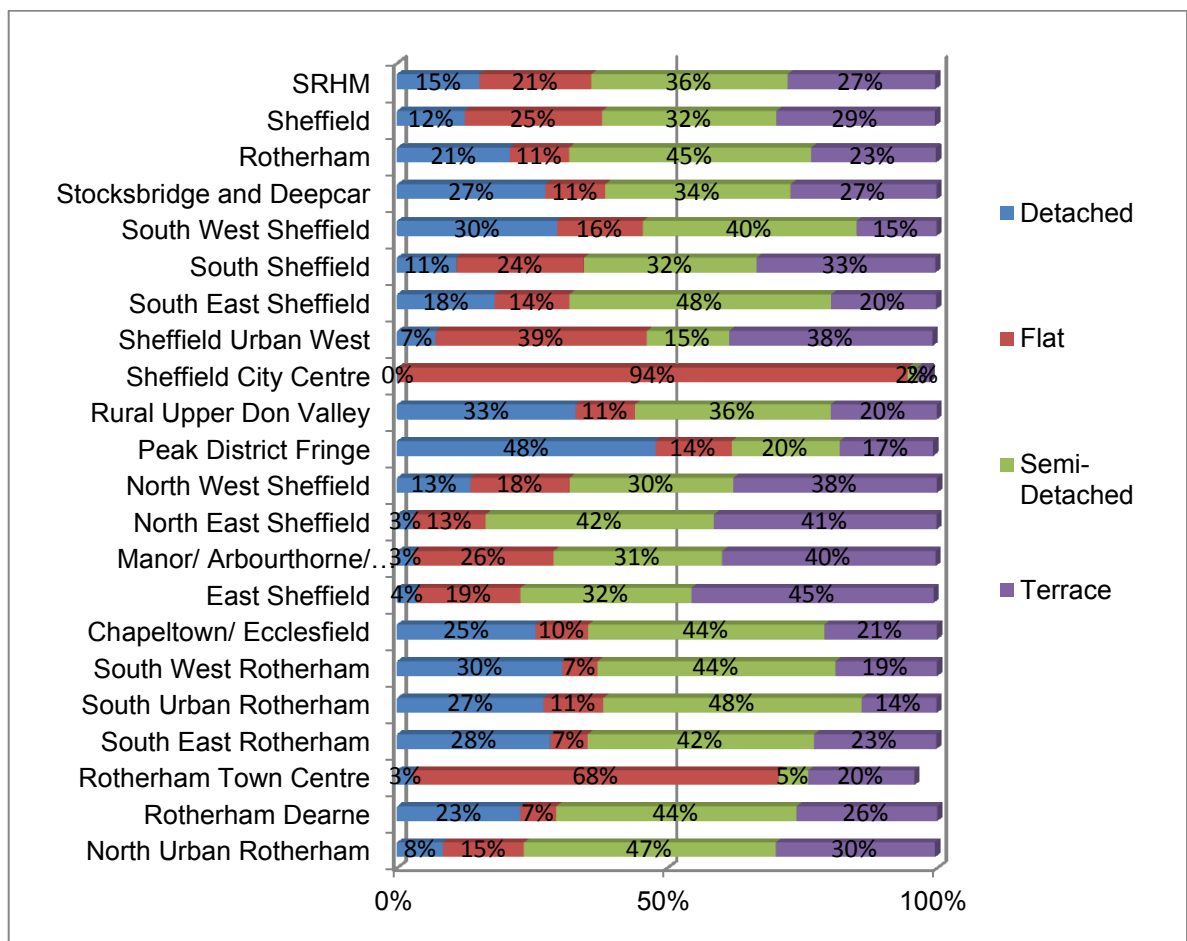
Note: Percentages are for rows, and separated for Rotherham, Sheffield and the SRHM.

Source: Household Survey, 2018

Dwelling type

- 4.54. Allied with assessments of property size, understanding the influence of housing type is also important. Detached housing in Sheffield has historically constituted a relatively small proportion of the stock. Analysis of LLPG data, which contained details of property types, provides an up to date picture of this. This evidence suggests that 12 per cent of addresses in Sheffield are detached compared to 21 per cent in Rotherham. This could represent a change over time with the 2013 SHMA suggesting detached properties constituted 14 per cent of the stock at that time in Sheffield. Rotherham also has a high prevalence of semi-detached properties which make up nearly half of all housing. This is offset by a low proportion of flatted accommodation, which in Sheffield makes up a quarter of the stock. Again, there are signs this has increased since the 2013 study.
- 4.55. The proportion of different property types varies by HMA (Figure 4.9). Detached and semi-detached housing are less prevalent in central areas, where flats and apartments dominate. In Sheffield City Centre, 94 per cent of the properties in the LLPG file are flats, compared to 68 per cent in Rotherham Town Centre. Terraced housing is most prevalent in the suburban HMAs, such as East Sheffield and North Urban Rotherham. Detached housing is the dominant form in the Peak District Fringe and Rural Upper Don Valley, and South East and South West Rotherham.
- 4.56. The extent to which this distribution of property types will match demand, and whether future demand will shift to increase pressure on certain types of housing in specific HMAs, is an issue we turn to in Chapter 5.

Figure 4.9: Property type profile by HMA, 2018



Source: LLPG, 2018.

Occupancy levels

- 4.57. The extent to which the size of housing in a local area is sufficient for each household is a key factor in the function of the local housing market. Levels of over and under-occupation can reveal both problems with overcrowding and the extent to which the housing stock is not being used efficiently. There are different measures of occupancy levels, often premised on whether the number of bedrooms in a property matches a stated need. This 'bedroom standard' is based on the number of people in a dwelling, their ages, their relationships to each other and the number of dedicated bedrooms in that dwelling. Hence, the bedroom standard³² suggests that a single bedroom is allocated to two children under 10, and two children of the same sex between 10-15, but two bedrooms are required if those children are of a different gender.
- 4.58. Whilst the bedroom standard is a useful test where there is detailed information at the individual dwelling and household level, direct, accurate and comparable information is rarely available in comparing at the local authority level. The occupancy level data however gives a rough approximation of under and over occupation using common standards and definitions.
- 4.59. The 2011 Census provides occupancy ratings for local authorities, whereby positive figures of 1 or more indicate a household under-occupying the property, and negative figures of -1 or less indicate overcrowding. In 2011, Sheffield had 68 per cent of households receiving a rating of +1 or more, compared to 75 per cent in Rotherham and Doncaster, 76 per cent in Barnsley and 80 per cent in North East Derbyshire. Sheffield has the highest percentage of households with a zero rating (27 per cent) where the number of rooms and the requirement are in balance and the highest over-occupation rating of -1 or less (5 per cent). This census-based analysis revealed that over-occupation affected approximately 3 per cent of households in Rotherham and 5 per cent in Sheffield.
- 4.60. Table 4.30 provides the calculations of the bedroom standard for each HMA, district and for the SRHM. The levels of over-occupying in Rotherham Town Centre are high but required information from respondents in this HMA was low. The calculations suggest that over-occupation is significant in North Urban Rotherham and Sheffield Urban West. Under-occupation appears most prevalent in South West Rotherham and the Rural Upper Don Valley, accepting that the latter had valid responses from 43 households.

³² ONS, 2018.

Table 4.30: Calculation of occupancy by bedroom standard by HMA

	%			
	Over-occupying	Balanced	Under-occupying	Partial response
Rotherham Dearne	0.5	14.1	83.5	2.0
North Urban Rotherham	8.9	27.9	60.9	2.3
South East Rotherham	2.1	13.5	82.7	1.7
South Urban Rotherham	1.0	21.5	75.5	2.0
South West Rotherham	2.2	14.2	83.6	0.1
Rotherham Town Centre*	23.2	19.0	52.2	5.6
Rotherham	4.0	19.7	74.5	1.8
Chapelton/ Ecclesfield	1.3	14.0	83.0	1.7
Sheffield City Centre	6.0	62.3	27.7	4.1
Sheffield Urban West	7.1	30.6	59.5	2.8
East Sheffield	6.2	44.4	48.1	1.3
Manor/ Arbourthorne/ Gleadless	2.9	34.8	58.7	3.5
North East Sheffield	4.1	32.8	60.7	2.4
North West Sheffield	0.5	21.2	76.7	1.6
Peak District Fringe*	1.3	13.7	77.6	7.4
Rural Upper Don Valley*	0.0	9.1	83.9	7.0
South Sheffield	0.5	31.0	66.9	1.6
South East Sheffield	2.8	30.2	65.4	1.6
South West Sheffield	0.8	15.6	81.1	2.6
Stocksbridge and Deepcar	0.0	27.9	69.1	3.0
Sheffield	3.2	30.0	64.3	2.5
SRHM	3.4	26.6	67.6	2.3

Note: HMAs with an * received less than 50 responses to the questions required to make the occupancy calculation.

Source: Authors' calculations based on household survey.

- 4.61. The pattern of occupancy varies by tenure. As revealed in Table 4.31, over-occupation is more pronounced among tenants in housing association property. With a striking 92 per cent of households who own their property outright technically under-occupying. The potential benefits of increased downsizing by such households, in terms of more efficient use of the stock, become apparent through this analysis.

Table 4.31: Occupancy rating by tenure

	%			
	Over-occupying	Balanced	Under-occupying	Partial response
Owner-occupied (with a mortgage)	2.0	14.3	83.5	0.2
Owner-occupied (no mortgage)	0.4	7.3	91.8	0.5
Shared Ownership (part rented; part owned)	3.7	24.9	71.4	0.0
Rented from the Council	6.4	55.0	37.6	1.0
Rented from a Housing Association	12.9	55.5	28.6	3.0
Rented from a private landlord or letting agency (including student accommodation)	5.1	50.8	43.4	0.7
Rented from a relative/friend of a household member	2.0	30.5	67.5	0.0

Note: Insufficient responses were received to make calculations for housing 'Tied or linked to a job'.
Source: Authors' calculations based on household survey, 2018.

Stock condition and facilities

- 4.62. The demand for housing, and how this is manifest geographically and in terms of types and tenures, is in part affected by housing condition. As noted in section 4.3, 443 respondents to the household survey (nearly 12 per cent) felt their present home was inadequate for their needs. The reasons for this were varied, but for numerous households this related to issues that might loosely be described as 'stock condition' problems. Table 4.32 shows that, among those who deem their housing to be inadequate, certain issues are more prevalent some of which may drive demand for housing in different tenures and forms. The unsuitability of kitchens and bathrooms is a more pronounced issue in Rotherham, whereas in Sheffield a greater proportion of those who think their housing is inadequate say they have no heating.

Table 4.32: Selected reasons (related to stock condition) for the perceived inadequacy of housing

	%		
	Rotherham	Sheffield	SRHM
It needs improvements/repairs	35.2	49.3	44.5
Kitchen or bathroom is unsuitable	31.4	23.6	26.3
It is affecting the health of me or my household	12.2	15.2	14.2
It is too costly to heat	11.1	19.0	16.3
There's no heating	0.1	1.8	1.2

Note: Relates only to those respondents who think their housing is inadequate. Percentages represent the proportion of respondents within each district stating the reasons for inadequacy of their housing.
Source: Household survey respondents to question: 'Why do you think your present home is not adequate for your household's needs? (Please tick all that apply)'.

- 4.63. This picture becomes more pronounced when analysing responses by the tenure of those who deem their housing inadequate. Table 4.33 shows that those renting from a landlord or letting agency are significantly more likely to see the need for improvements/repairs as the source of the inadequacy of their housing (69 per cent). Those renting from the local authority see issues with their kitchens and bathrooms. Identifying potential issues of fuel poverty and excessive cold, those owning their properties outright are more likely to say their house is too costly to heat.

Table 4.33: Selected reasons (related to stock condition) for the perceived inadequacy of housing, broken down by tenure

	%				
	It needs improvements / repairs	Kitchen or bathroom is unsuitable	It is affecting the health of me or my household	It is too costly to heat	There's no heating
Owner-occupied (with a mortgage)	50.3	20.1	9.1	18.5	0.0
Owner-occupied (no mortgage)	37.5	17.3	13.2	23.3	0.3
Shared Ownership (part rented; part owned)	0.0	0.0	0.0	0.0	0.0
Rented from the Council	33.9	48.6	17.8	15.2	2.3
Rented from a Housing Association	46.4	17.7	21.8	11.1	0.0
Rented from a private landlord or letting agency (including student accommodation)	68.5	9.6	6.2	19.0	2.4
Rented from a relative/friend of a household member	19.7	0.0	9.0	19.2	0.0
Tied or linked to a job	0.0	0.0	0.0	0.0	0.0

Note: Percentages represent the proportion of responses to a given reason for inadequacy from within each tenure.

Source: Household survey respondents to question: 'Why do you think your present home is not adequate for your household's needs? (Please tick all that apply)' and 'Do you own or rent your current home? Please tick one only'.

- 4.64. Table 4.34 summarises the main facilities and amenities in survey respondents' homes. There is a marked difference between the two authorities in terms of proportion of residents who have central heating, with 95 per cent of respondents in Rotherham saying they have this and only 89 per cent in Sheffield. There are similar patterns in responses between the authorities in relation to loft insulation and cavity or other external insulation.

Table 4.34: Facilities in the home

	%		
	Rotherham	Sheffield	SRHM
A driveway, off-street or allocated parking	74.2	59.0	63.9
A garage	42.7	28.2	33.0
A garden	89.7	75.2	79.9
Central heating	95.1	89.2	91.1
Full double glazing	90.6	82.6	85.2
Partial double glazing	5.5	8.8	7.7
Loft insulation	78.3	60.8	66.5
Cavity or other external insulation	53.4	39.3	43.9
Bathroom on every floor	25.1	20.1	21.7

Note: responses to question 'Does your home have any of the following? Tick all that apply'. Percentages represent the proportion of respondents in each district/SRHM that have that facility
Source: Household survey.

- 4.65. Recent stock condition surveys (notably that conducted by SCC in 2016) reveal some of the key characteristics of - and challenges inherent in - the local housing stock. Surveys of properties using the Housing Health and Safety Rating System (HHSRS), revealed that 15 per cent of private properties have a category 1 hazard. These hazards can relate to damp and mould growth, excessive cold, risk of falls, faulty gas boilers, fire risks and dangerous electrics. Isolating the private rented stock in Sheffield shows that approximately 10,800 dwellings had category 1 HHSRS hazards at the time of the survey, equating to 28 per cent of the total stock of private rented housing. The highest concentrations of all category 1 hazards in the private sector stock were found to be in Sheffield Urban West and North West Sheffield HMAs.
- 4.66. Surveys of properties using the HHSRS, revealed that 13 per cent of Rotherham's private properties have a category 1 hazard. Isolating the private rented stock in Rotherham shows that approximately 3,019 dwellings had category 1 HHSRS hazards at the time of the survey, equating to 16 per cent of the total stock of private rented housing. The highest concentrations of all category 1 hazards in the private sector stock were found to be in the North and South Urban Rotherham and the Town Centre HMA's.

New housing supply

- 4.67. Government statistics on dwelling stock by tenure suggests that across the SRHM there was, on average, an increase of 2,223 dwellings per year between 2013-17.³³ This represents a change in the overall stock of housing in Sheffield and Rotherham of 3 per cent and 2 per cent respectively (Table 4.35). The majority of these additional dwellings came from the private sector, though an increase in stock held by Private Registered Providers (PRPs) contributed to this. In Rotherham there was a large percentage change in PRP stock numbers between 2013-17 (9 per cent). These 5-year figures represent a marginally lower level of output per annum than seen in the government's Housing Delivery Test. The latter suggests that in the last 3 years - 2015-16 to 2017-18 - on average 2,047 units were delivered in SCC per year and 554 in RMBC. This equates to on average 2,600 units per annum across the SRHM.

³³ DCLG Live Table 100 (2018).

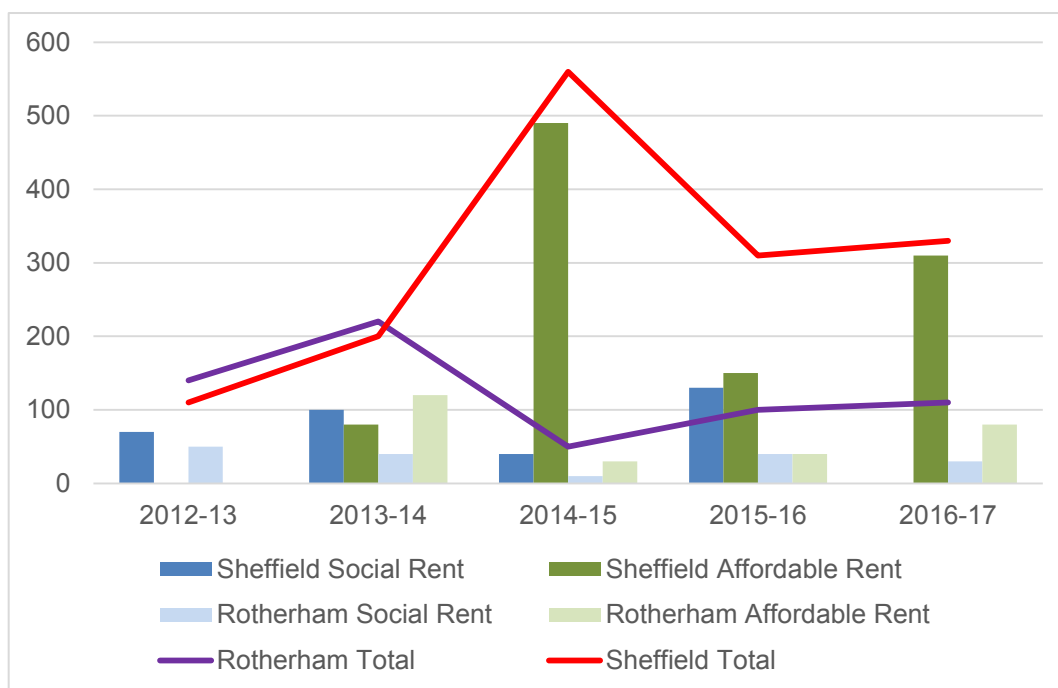
Table 4.35: Changes in housing stock in the SRHM by tenure, 2013-2017

		2013	2014	2015	2016	2017	% change 2013-17
Sheffield	Local Authority	41,060	40,730	40,380	40,200	39,930	-3
	Private Registered Provider	17,190	17,240	17,570	17,640	17,760	3
	Other public sector	100	90	80	80	80	-20
	Private sector	179,660	180,860	182,660	184,370	186,760	4
	Total	238,010	238,920	240,690	242,280	244,520	3
Rotherham	Local Authority	20,950	20,870	20,790	20,690	20,560	-2
	Private Registered Provider	4,300	4,480	4,580	4,590	4,670	9
	Other public sector	180	180	320	320	320	78
	Private sector	87,700	88,150	88,630	89,310	89,960	3
	Total	113,130	113,680	114,320	114,900	115,510	2

Source: DCLG, 2018. Table 100: Dwelling stock: Number of Dwellings by Tenure and district: England.

- 4.68. However, reductions in local authority stock affected overall numbers of dwellings held by affordable housing providers. In Sheffield these reductions, along with reductions in 'other public sector stock', offset increases from PRPs to the extent that there were 580 fewer dwellings held by affordable housing providers. The picture in Rotherham was slightly different where reductions in local authority and other public sector stock did not create a negative change. Here there was an increase of 120 dwellings held by affordable housing providers.
- 4.69. Figure 4.10 below presents a breakdown of the tenure of new affordable supply across the SRHM and districts over the period 2012-13 to 2016-17. Large increases in affordable rented property (priced at up to 80 per cent of market rents) can be seen, with a relatively low output of social rented housing (610 units in total over the five years).

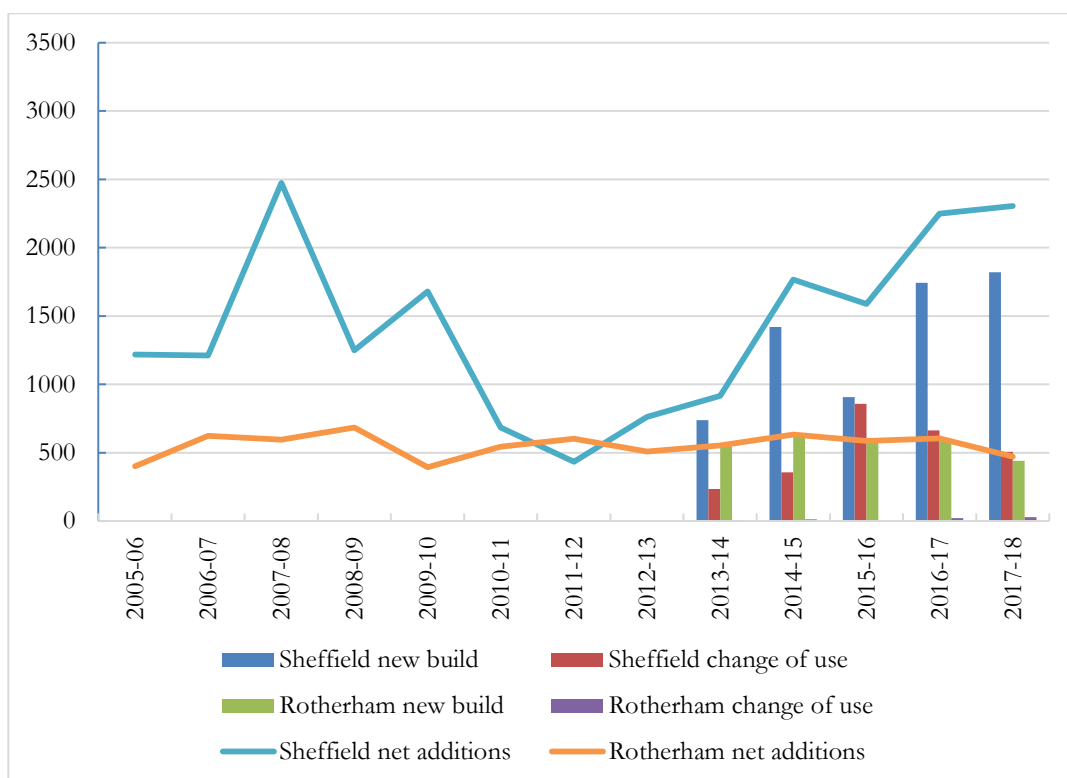
Figure 4.10: The supply of new social and affordable rented properties 2012-13 to 2016-17



Source: MHCLG (2019) Tables 1006: Additional social rent (and affordable rent) dwellings provided by local authority area, England - Completions.

- 4.70. Overall changes in stock in the SRHM mirror movements in neighbouring districts. Over the same time period Barnsley, Doncaster and Bolsover saw stock increases of 3 per cent. Derbyshire Dales, High Peak and North East Derbyshire saw increases of 2 per cent. The stock in Chesterfield was estimated to have increased by only 1 per cent. The capacity for, and output of, additional housing in neighbouring authorities is a key issue in light of migration patterns and the local travel to work area. For instance, constrained supply in Chesterfield may well have implications for demand in the SRHM and other neighbouring districts.
- 4.71. It is important to understand the nature of new supply as a being either newly built properties or dwellings created through changes in use, conversions and so on. This information can be combined with overall figures for net additional dwellings (which accounts for demolitions). As Figure 4.11 shows there have been fluctuations in the net additions in Sheffield since the early 2000s. The most noticeable trend is that a reduction in supply was apparent following the financial crisis of 2007-08, with recovery from 2011-12 onwards. In Rotherham a slight reduction in net additions was seen over the same period, but the general trend has been of a more stable supply of net additions at around 500-600 dwellings per annum. Data on the types of additions to the stock - in the last five years - shows that in Sheffield new build properties make up a large proportion of the increase, though additions due to changes in use are significant. This is less the case in Rotherham where new-build properties account for nearly all new additions. This is important as supply premised on changes in use or conversions is necessarily finite and achieving continued levels of supply via this route is dependent on the availability of non-residential property (particularly office space) and subsequent planning approvals.

Figure 4.11: Net additional dwellings and components of supply



Source: MHCLG (2018). Table 123: Housing supply; net additional dwellings, component flows of, by local authority district, England.

Market sectors

4.72. This section of the report considers some of the principal housing market sectors within the SRHM. To reflect the importance of the City and Town Centre markets, these have been treated as individual HMAs in this report, enabling us to gauge demand for housing in these areas. The following section looks at the following market sectors:

- The City and Town Centre housing markets.
- The private rented sector.
- Areas of market weakness.

The City and Town Centre housing markets

4.73. Sheffield City Centre has continued to experience great physical change since the last housing market assessment, with vibrant new residential developments contributing to a thriving city centre housing market. Over the past two decades Sheffield's City Centre population has increased from 3,000 to 27,000,³⁴ with major developments serving a range of groups, but notably professionals and a burgeoning student population. Recent interviews with estate agents revealed the extent of demand in the City, alongside an appetite for property investment:

'For 12 years all I've seen is people wanting to live in the City Centre...one scheme of 190 units which is due to complete in 2020...there's only 48 left and

³⁴ Sheffield City Council (2018) *This Is Sheffield: Our City Centre Plan 2018–28*.

70 per cent have been purchased by overseas buyers' (Sheffield-based Estate Agent)

- 4.74. Clearly, this level of interest in the City Centre is driving changes in the nature and price of new supply, with particular ripple-out effects from student demand. Estate agents reflected on how 'exclusive' luxury apartments - never designed as student accommodation - had become largely occupied by overseas students (*Sheffield-based Estate Agent*).
- 4.75. Ambitious plans for the City Centre,³⁵ if delivered, will add significantly to the residential housing offer. At the time of writing there are 4,901 units of housing with planning permission for the City Centre, with these expected to be completed between 2018/19 and 2022/23).
- 4.76. Recent masterplans³⁶ for Rotherham Town Centre set ambitious plans to improve the existing housing stock, increasing the choice and quality of dwellings. These plans acknowledge the difficulties in supporting the supply for sale, such as that at Keppel Wharf, but that there are very few vacant apartments in the Town Centre. Plans identify a pipeline of potential conversions of commercial property to residential and development as policymakers seek to catalyse the market in the Town. However, there are clearly dynamics in this market that are affecting demand, and these relate to changing tenure patterns, and also household finances and preferences. As one local estate agent noted in an interview:

'..people [are] being reticent to buy in Clifton...because the majority [of properties] are becoming private rented...you never know your neighbours, there's no opportunity to build community spirit ...what's happening now because the mortgage deals are still so very good [First Time Buyers] are saying 'well, I've got the deposit, I'm not so much worried about the monthly payments because they're very manageable, so I'm not gonna buy a 2-bedroom terraced house; I'm gonna buy a 3-bedroom semi-detached further out of town...demand for terraced properties full stop has got significantly less' (Rotherham-based Estate Agent)

- 4.77. As part the household survey for this study, demand for housing in both Sheffield City Centre and Rotherham Town Centre has been assessed. The full results of this are set out in a separate thematic report. However, as a broad assessment of demand, Table 4.36 reveals interest in City/Town Centre living, with 'gross weighted' counts indicating the total number of households in the SRHM who would consider such locations. A large proportion of households would consider the City Centre, and whilst the question does not provide an estimate of *effective demand* - that which is likely to be realised - it nonetheless suggests a large number of households (or future households) may be attracted to housing in this area. The gross weighted numbers are much lower for Rotherham Town Centre, but this HMA has a relatively low number of dwellings. Hence if even a small proportion of the 2,336 households considering this location were to choose to move, the impact on demand could be significant. The issue then becomes one of the quality of the housing product on offer.

³⁵ *ibid.*

³⁶ RMBC and WYG (2017) *Rotherham Town Centre: Implementation Masterplan*.

Table 4.36: Households with members who would consider living in the City/Town Centre

	Count (Gross weighted)	%
Sheffield City Centre	46,989	13.5
Rotherham Town Centre	2,336	0.7
Either Sheffield city centre or Rotherham town centre	2,166	0.6
Neither	111,357	32.0
Total	162,849	46.8
No response	185,151	53.2

Note: Multiple response question so totals equal more than 100 per cent.
Source: Household survey, 2018.

- 4.78. Households interested in City Centre living were largely found in the HMAs Sheffield Urban West, East Sheffield and Manor/ Arbourthorne/Gleadless, with significant numbers in South West Sheffield also. Those considering Rotherham Town Centre were largely located in North Urban Rotherham.
- 4.79. The present tenure of households perhaps reveals something of the potential housing that these individuals may desire in future. Over three quarters of those considering the City Centre are currently living in owner-occupied or private rented accommodation. Whereas a large percentage of those who would consider Rotherham Town Centre are currently renting from the local authority or a housing association, though there is also clearly a level of demand from those renting privately. The age profile of those who would consider the City or Town Centre is also revealing. Nearly 40 per cent of those considering the City Centre were from households where the respondent was in the 18-24 bracket, whereas the biggest cohort considering Rotherham Town Centre were in households headed by 25-34-year-olds (25 per cent of all those considering this location).
- 4.80. Furthermore, there is varying interest in these locations from households in different tenures (Table 4.37).

Table 4.37: The tenure of households considering City/Town Centre housing

	%	
	Sheffield City Centre	Rotherham Town Centre
Owner-occupied (with a mortgage)	30.1	5.9
Owner-occupied (no mortgage)	11.3	13.7
Shared Ownership (part rented; part owned)	1.6	0.0
Rented from the Council	9.3	41.2
Rented from a Housing Association	7.7	3.9
Rented from a private landlord or letting agency (including student accommodation)	37.4	35.3
Rented from a relative/friend of a household member	2.1	0.0
Tied or linked to a job	0.4	0.0

Note: Figures relate to proportions within column (preferred location).
Source: Household survey, 2018.

- 4.81. The forthcoming City and Town Centre Living study provides further insights into the nature of this demand, and likely requirements for future supply. For the purpose of this broad housing market assessment it important to note the important role that these markets are playing in shaping demand across the SRHM, affecting housing demand in other areas which traditionally served these groups.

The private rented housing market

- 4.82. The private rented sector has played an increasing role in meeting the housing needs of various groups. It is important to note then changing patterns in prices and affordability.
- 4.83. As Table 4.16 above revealed, a significant number of current non-owners are priced out of 2-bed properties in 13 of 19 HMAs in the study area. Rents in the private rented sector have increased for all property sizes in both Sheffield and Rotherham in the last five years. Table 4.38 demonstrates this using data from the Valuation Office Agency. An interesting feature is the rate change in price for different sizes of property. In Rotherham prices for 1 and 4-bed properties have grown at the fastest rates, whereas in Sheffield prices for 2 and 3-beds have grown most rapidly. Clearly compositional differences will affect average prices, particularly where there are big differences in the sizes of 4+ bed properties.

Table 4.38: Average rental prices pcm in the PRS

	Rotherham			Sheffield		
	Average price pcm 2013-2014	Average price pcm 2017-2018	% change 2013-14 to 2017-18	Average price pcm 2013-2014	Average price pcm 2017-2018	% change 2013-14 to 2017-18
1-bed	£371	£407	9.70	£480	£525	9.4
2-bed	£451	£478	5.99	£546	£602	10.3
3-bed	£492	£528	7.32	£587	£652	11.1
4+ bed	£767	£842	9.78	£1,001	£1,039	3.8

Source: VOA, 2014:2018.

- 4.84. As shown in Table 4.16 above, private rental prices vary considerably across HMAs. Figure 4.13 and 4.14 presents this visually, showing localised variation in prices within HMAs for 1-bed and 4-bed properties from lettings data for 2017-18. One insight is the lack of lettings in certain areas, particularly for 4-bed properties. Large price variations are also apparent, with average prices for 1-bed properties in some LSOAs being double that of others.

Figure 4.13: Average 1-bed rental prices pcm by Lower Super Output Area (2017-18)

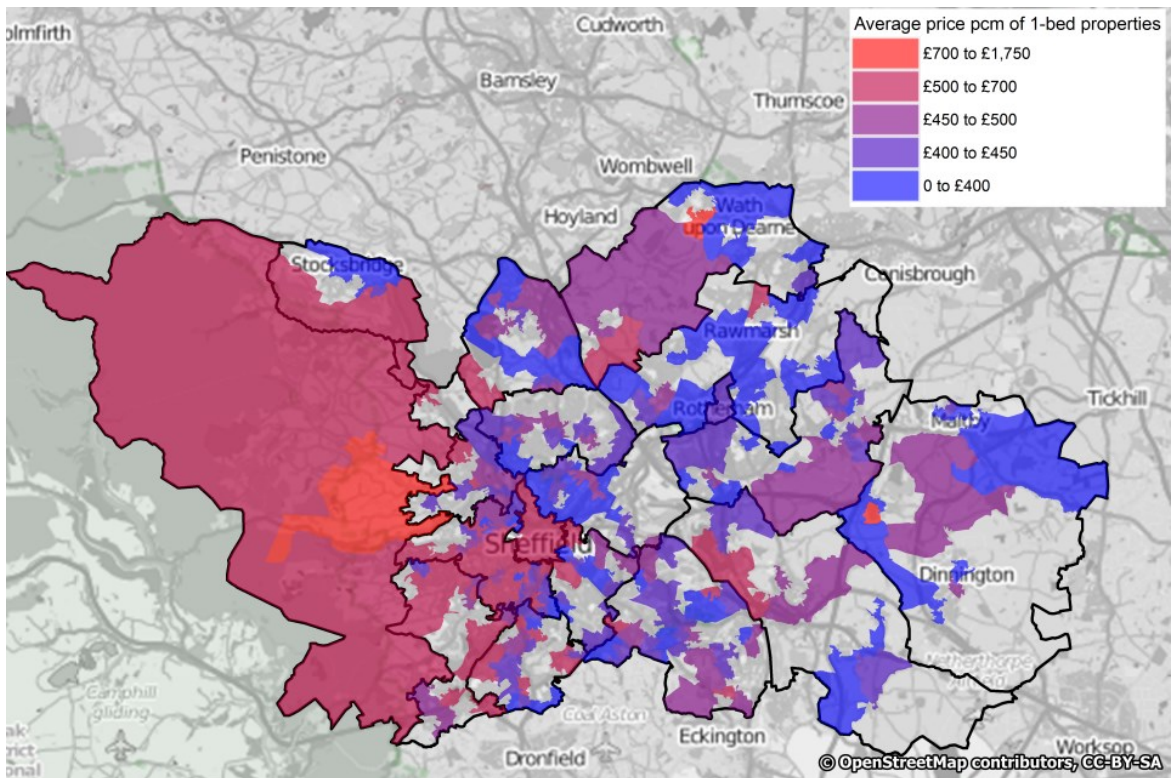
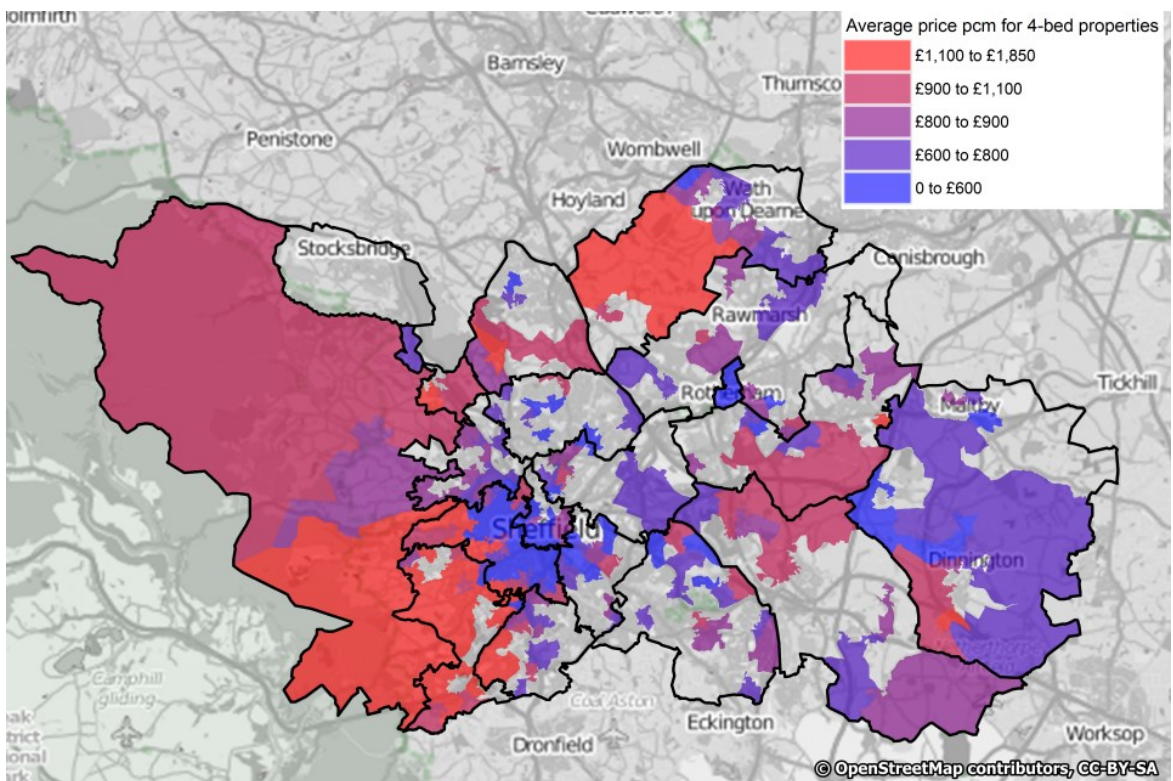


Figure 4.14: Average 4-bed rental prices pcm by Lower Super Output Area (2017-18)



Stakeholder views of the PRS

- 4.85. Stakeholder interviews have helped explore some of these patterns. In Rotherham, a mixed picture emerges in terms of demand, related to changes in the types of household seeking private rented property. This was certainly the view of one local estate agent who noted:

'My take on that is that demand is very high...what we would call 'first time buyers' ...became 'first time renters'. (Rotherham-based Estate Agent)

- 4.86. Demand in the PRS, as noted above, is having knock-on effect on sales markets, with the lack of stock in more popular areas potentially constraining the movement of households into these areas:

'The most popular areas - because they are the most sought-after areas - have got such a high proportion of owner-occupation that the availability is relatively low in those areas...The highest proportion of rented properties will be close to the town centre - which has had a very adverse and negative effect on the sales market in the town centre .' (Rotherham-based Estate Agent)

- 4.87. Stakeholders present a very different picture in Sheffield, where changes have taken place in the age profile of renters.

'We're seeing older tenants...people coming out of owner occupation...over the years the age of tenants is going up' (Sheffield-based Estate Agent)

- 4.88. Here loft apartments, rented at 'between £1000-£1300 per month' are not uncommon, though changes to the taxation system have meant that 'some landlords are leaving the sector, or changing their client-base' (Sheffield-based Estate Agent). Stakeholders suggest that selective licensing in some areas, along with general changes in demand and aspirations, has resulted in tenants expecting a higher standard of property. The PRS in the City Centre could be susceptible to changes in overseas investment, and in terms of becoming saturated with supply of a certain type, for instance, accommodation originally for students. Estate agents reported declining requests to market such properties given the over-supply.

- 4.89. There is little sign that a major increase in Build to Rent is underway. Interviews with estate agents and landlords revealed low levels of awareness of this class of affordable homes, though the rationale for it was supported by some. As one landlord noted:

'I think the private sector has got to build more affordable housing...we need cheap, affordable housing, for both owner-occupiers and for rent' (Sheffield - based Landlord)

Social and affordable rents; housing turnover and cross tenure moves

- 4.90. Since 2013-14 there has been fluctuation in both the level of new lettings of affordable housing, as well as in the type of that supply. In 2011 legislative changes and funding regimes created an 'affordable rent' product (with rental prices chargeable at 80 per cent of market rents). This change has impacted on the nature of a supply in the last five years.

- 4.91. From 2013 both districts saw increased provision of this type of rented property, with new supply peaking in 2014-15 in Sheffield and 2013-14 in Rotherham, as outlined in Table 4.39. Since that output has tailed-off in both districts. New lets of social rented housing have continued in both areas, unlike other parts of England. Relets of affordable rented property have over time, partly reflected an increased stock.

However, relets of social rented properties have declined markedly, decreasing by 39 per cent in Rotherham and 23 per cent in Sheffield over the period 2013-14 to 2017-18. This is significant as it may have constrained access to affordable housing to those currently outside of these tenures. Part of this reduction may be explained by reductions in affordable stock overall, but this is unlikely to be the major cause.

Table 4.39: New lets and re-lets of social and affordable rented properties

		2013/14		2014/15		2015/16		2016/17		2017/18	
		Social Rent	Affordable Rent	Social Rent	Affordable Rent	Social Rent	Affordable Rent	Social Rent	Affordable Rent	Social Rent	Affordable Rent
Sheffield	New lets	86	83	52	301	91	256	41	207	34	71
	Relets	4,948	214	5,526	192	5,212	271	4,398	256	3,828	239
Rotherham	New lets	75	60	22	31	31	21	32	16	16	21
	Relets	2,651	37	2,114	26	2,112	47	1,990	55	1,623	53

Source: Continuous Recording of Social Housing Lettings, (CORE), 2013/14 - 2017/18.

- 4.92. Data from CORE permits detailed analysis of the reasons for lettings and the household characteristics of those occupying new tenancies. However, they are understood to slightly undercount the number of social rent lettings made by local authorities. Whilst the remainder of this chapter presents an analysis of relets, the data carried forward into our later modelling (in Chapter 6) uses a combination of Local Authority Housing Statistics (LAHS) and CORE, as this provides a more accurate assessment of the *quantity* of relets.
- 4.93. Nearly half of all social lets in Sheffield per year are made to existing local authority tenants, and this has remained relatively unchanged over time. Table 4.40 shows that the most significant changes relate to those entering social rented property having previously been living with family and friends (nearly 2 per cent higher in 2016-17 than 2014-15). Fewer households are entering social rented accommodation having previously been owner occupiers. In Rotherham a different picture has emerged, with relatively fewer households coming from local authority stock (although this has increased over time) and a much larger proportion previously living with family and friends. Approximately 30 per cent of households entering a social let register this as their previous tenure. There has been a recent drop in the proportion coming from the private rented sector.

Table 4.40: Previous tenure of new social lets, 2014/15-2016/17

Previous tenure/circumstances	% of lets			
	2014-15	2015-16	2016-17	3-year average
Sheffield				
Temporary accommodation	3.1	3.4	3.7	3.4
General needs LA tenant	47.7	47.1	47.6	47.5
General needs PRP tenant	7.6	7.3	7.5	7.5
Living with family/friends	14.7	15.6	16.6	15.6
Private rented sector	11.0	12.4	11.7	11.7
Owner occupation	2.4	2.6	1.3	2.1
Supported housing	5.9	7.0	6.9	6.6
Other	7.6	4.6	4.7	5.6
Total	100.0	100.0	100.0	100.0
Rotherham				
Temporary accommodation	2.7	2.1	2.9	2.5
General needs LA tenant	25.1	30.4	32.8	29.5
General needs PRP tenant	8.9	8.3	8.7	8.7
Living with family/friends	30.3	33.1	28.4	30.6
Private rented sector	19.0	15.2	15.9	16.7
Owner occupation	3.0	2.8	3.7	3.2
Supported housing	5.4	4.5	4.4	4.8
Other	5.5	3.5	3.3	4.1
Total	100.0	100.0	100.0	100.0

Source: CORE

- 4.94. Looking at comparable data for affordable rents in Sheffield shows similar increases in terms of new lets to those previously in local authority housing and decreases in those coming from owner-occupation (Table 4.41). In Rotherham significantly more households are accessing affordable rents having previously been local authority tenants, with large reductions in those previously housed in private rented accommodation.

Table 4.41: Previous tenure of new affordable lets, 2014-15 to 2016-17

Previous tenure/circumstances	% of lets			
	2014-15	2015-16	2016-17	3-year average
Sheffield				
Temporary accommodation	2.2	4.4	1.9	2.8
General needs LA tenant	32.5	30.2	36.3	33.0
General needs PRP tenant	20.1	18.8	21.6	20.2
Living with family/friends	16.6	15.4	16.2	16.1
Private rented sector	18.9	18.8	17.7	18.5
Owner occupation	5.9	5.1	1.1	4.0
Supported housing	2.2	2.5	2.4	2.4
Other	1.6	4.9	2.8	3.1
Total	100.0	100.0	100.0	100.0
Rotherham				
Temporary accommodation	1.8	0.0	1.4	1.1
General needs LA tenant	12.3	21.2	21.1	18.2
General needs PRP tenant	12.3	7.6	12.7	10.8
Living with family/friends	28.1	31.8	29.6	29.8
Private rented sector	36.8	30.3	22.5	29.9
Owner occupation	5.3	4.5	0.0	3.3
Supported housing	3.5	3.0	0.0	2.2
Other	0.0	1.5	12.7	4.7
Total	100.0	100.0	100.0	100.0

Source: CORE.

- 4.95. This data suggests the connections between the social rented sector and other tenures is relatively low. A large proportion of lettings are made to those either already housed in local authority or Private Registered Provider (PRP) properties, or some other supported accommodation. This relation seems to be weakening further, as access to social or affordable rents from those in the private rented sector generally decreases. The reasons for this are unclear, but analysis above does reveal movement *within* the private rented sector is more prevalent among recent movers than all households. The lack of social and affordable rented properties may, in part, explain this.
- 4.96. For those leaving social rented accommodation in Sheffield, a large proportion goes on to rent privately (40 per cent in 2016-17). As Table 4.42 shows, this is less prevalent in Rotherham though this movement still constituted a quarter of moves in 2016-17. A small proportion of those leaving affordable rented accommodation are entering the PRS. This may be a feature of the average age of such properties, being more likely to be newly built and more desirable in comparison local PRS stock.

Table 4.42: Reasons for re-let of social rented properties, 2014/15-2016/17

	Sheffield			Rotherham		
	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
Relet because the former tenant moved (to another social rented property)	1992	1191	1626	885	1099	1105
Relet because tenant moved to private sector or other accommodation	2312	2068	1779	684	544	497
% moved to private sector or other accommodation	41.4	45.9	40.1	32.0	25.4	24.6
Other reasons for relet	1274	1244	1034	567	500	420

Source: CORE (2019). Local Authority Area Reports.

Table 4.43: Reasons for re-let of affordable rent properties, 2014/15-2016/17

	Sheffield			Rotherham		
	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
Relet because tenant moved (to another affordable rented property)	95	117	79	6	16	17
Relet because tenant moved to private sector or other accommodation	68	113	117	8	16	23
% moved to private sector or other accommodation	13.79	21.44	25.27	14.04	24.24	32.39
Other reasons for relet	330	297	267	43	34	31
Total	493	527	463	57	66	71

Source: CORE (2019). Local Authority Area Reports.

Conclusions

- 4.97. The size of the population and composition of households in Sheffield and Rotherham is shaping the nature of demand for housing. A growing population in both districts is affecting housing demand though it is important to understand differences in composition. Sheffield has a higher proportion of 1-person households than the national average, whereas Rotherham has a higher proportion of households with dependent children. It is questionable whether the housing stock reflects existing or future household composition. The SRHM is ethnically diverse - particularly Sheffield - with signs from recent pupil data in Rotherham that the non-white British population is increasing. Understanding how demographic changes will affect preferences and aspirations for housing is important.
- 4.98. There have been large reductions in the number of JSA claimants in Sheffield, Rotherham and neighbouring authorities over the last five years, though recent data suggests a slight reversal in the SRHM. The challenge facing both Sheffield and Rotherham is that young people (16-24) form a higher proportion of all JSA claimants than in neighbouring districts. Worsening affordability of housing may therefore affect young people disproportionately. The government's welfare reforms may be a contributing factor in this, for instance, where under-35-year-olds can only claim the shared accommodation rate of housing benefit or universal credit for their housing costs.

- 4.99. Both Sheffield and Rotherham have experienced house price rises in the last five years. The pace of price inflation has been greater in Sheffield, outstripping that of most neighbouring districts. Wide variations in both price and levels of supply of certain types and sizes of properties shows the SRHM to be a diverse market, with significant disparities in wealth. Sheffield South West and Peak District Fringe have the highest average prices, with almost all property types across these areas averaging over £200,000. These markets, along with South East Rotherham are among the highest value areas in the SRHM. The lower value properties exist in the corridor between Sheffield and Rotherham.
- 4.100. Survey data on incomes at HMA level suggests that in a number of HMAs a large number of households earn less than £20,000. The affordability of housing has worsened for those on low income households as an expanding population, the availability mortgage credit and equity loans and - to a lesser extent - rising incomes has driven price rises. Using the simple multiple that house prices are affordable at 4 times gross household earnings, data suggests that across both Rotherham and Sheffield a large proportion of those who do not currently own housing are unable to afford lower quartile prices; 76 per cent in Rotherham and 61 per cent in Sheffield. Specific assessments of the affordability of housing for newly forming households have been made. If the deposit required to afford lower quartile prices in Rotherham is £15,810, and £18,360 in Sheffield, then it is clear a large proportion of newly forming households will not be able to afford to purchase a home. Our estimates suggest that 83 per cent of newly forming households in Rotherham cannot afford lower quartile prices, and 88 per cent in Sheffield.
- 4.101. Affordability in the private rented sector is also an issue of concern. In 13 of the 19 HMAs in the SRHM the income required for a 2-bed is greater than £20,000. We suggest that over a third of all households in the SRHM are therefore priced out of the PRS in these areas, if they are seeking a 2-bed property.
- 4.102. Those households moving in the last five years are more likely to have come from the PRS and are more likely to be moving within this sector. This highlights the potential turnover and self-containment of this sector. This is also borne out in evidence about the previous tenure of those accessing social and affordable rents. Whether this pattern continues will be affected by various factors, not least the extent to which new and existing landlords provide a sufficient supply of PRS properties, and also whether changes in house prices and the affordability of owner occupation absorbs demand in this sector or boosts it further.
- 4.103. While, generally speaking, the majority of households are satisfied with their housing and their neighbourhood, there is significant variation in levels of satisfaction between neighbourhoods, tenures, and property types. In Rotherham Town Centre, East Sheffield, North East Sheffield less than 50 per cent of residents are satisfied with their neighbourhood, compared to Rotherham Dearne, the Peak District Fringe and South West Sheffield where the equivalent figure is over 85 per cent. The perceived qualities of a good neighbourhood also vary by HMA. For residents in Sheffield City Centre, Sheffield Urban West, East Sheffield and the Peak District Fringe the quality of homes was of concern. In Rotherham Town Centre and South Sheffield, the visual appearance of properties was a key factor.
- 4.104. Official government estimates of the total housing stock in Sheffield and Rotherham suggest marked increases in supply over the previous five years. Our own analysis of Council Tax records suggests similar patterns with approximately 365,000 dwellings in SRHM (117,000 in Rotherham and 247,500 in Sheffield). Estimates for empty dwellings suggests reductions between 2013-17, with government estimates suggesting around 2.5 per cent of the stock in 2017 was empty. There has been an increase in the proportion of the housing stock in Rotherham which is privately

rented. Only marginal increases in the private rented stock were observed in Sheffield.

- 4.105. Calculations on occupancy levels reveals the extent of over and under-occupation. Over-occupation is significant in North Urban Rotherham and Sheffield Urban West, whereas under-occupation appears most prevalent in South West Rotherham and the Rural Upper Don Valley, accepting certain limitations on the data in light responses response levels in some HMAs. Occupancy ratios vary by tenure reveal very high levels of under-occupying among those who own their property outright; 92 per cent of survey respondents from this group.
- 4.106. For those in the SRHM who deem their housing to be inadequate, nearly half suggest this is due to it needing improvements/repairs. For the subset of this group in the private rented sector that figure rises to nearly 70 per cent.
- 4.107. New housing supply is being driven - in absolute terms - by the private sector, though registered providers have increased their output in the last five years. However, reductions in local authority stock affected overall numbers of dwellings held by affordable housing providers. In Sheffield these reductions, along with reductions in 'other public sector stock', offset increases in supply from registered providers to the extent that there were 580 fewer dwellings held by affordable housing providers. The picture in Rotherham was slightly different where reductions in local authority and other public sector stock did not create a negative change. Here there was an increase of 120 dwellings held by affordable housing providers.
- 4.108. There have been fluctuations in the net additions to Sheffield's housing stock since the early 2000s, although from 2011-12 onwards a steady increase is apparent. In Rotherham a slight reduction in net additions was seen over the same period. Data on the types of additions to the stock - in the last five years - shows that in Sheffield new build properties make up a large proportion of the increase, though additions due to changes in use are significant. This is less the case in Rotherham where new-build properties accounts for nearly all new additions. This is important as supply premised on changes in use or conversions is necessarily finite and achieving continued levels of supply via this route is dependent on the availability of non-residential property (particularly office space) and subsequent planning approvals.
- 4.109. Assessment of markets sectors across the SRHM reveal areas of growth and weakness. In Sheffield demand for City Centre properties is buoyant, with significant investor interest driving off-plan purchases of new properties and fuelled by unpredictable demand from the student market. Rotherham Town Centre faces different challenges, with local estate agents suggesting the growth of private renting is dampening demand for properties to buy, with first time buyers looking at different markets.
- 4.110. Assessing the dynamics of the private rented market, price inflations over the recent past are evident for different sizes of property. In Rotherham prices for 1 and 4-bed properties appear to have grown at the fastest rates, whereas in Sheffield prices for 2 and 3-beds have grown most rapidly. Mapping the average rental price for smaller and larger properties at lower level geographies shows a lack of lettings in certain areas in the year to June 2018. A relatively low number of lettings for 4-bed properties is apparent. Large price variations are also evident with the average prices for 1-bed properties in some LSOAs being double that of others. In the social rented sector relets of social rented properties have declined markedly. This is significant as it may have constrained access to affordable housing to those currently outside of these tenures.

4.111. In sum, as the population of the SRHM grows, and increasing numbers of people find themselves in employment, demand for housing is changing in complex ways. Changes in tenure patterns reflect both shifts in preferences but also pressures on household finances and issues of affordability. Evidence suggests that certain types of locations are becoming popular due to the housing on offer there, and features and characteristics of the wider neighbourhood. The extent to which the existing housing stock is being used efficiently has been identified as a key issue. Other issues are seen in the lack of housing of specific sizes and which meet certain quality and design preferences. Efforts to address housing requirements through new supply are being driven by the private sector, but this is arguably not remedying issues of affordability.

The Future Housing Market

KEY POINTS

Demographic change

- The populations of Rotherham and Sheffield are set to grow, but through differing sources and via different age cohorts.
- Population estimates are sensitive to economic and political drivers, the likely effect of which is presently uncertain. Different types of forecast can be used to derive population projections. The use of Sub-National Population Projections (SNPP) has proven valid in previous SHMAs, and these are corroborated by evidence from household surveys.
- Various models have been assessed which suggest that additional households per annum could range between 1,800-2,200 in Sheffield, 500-650 for Rotherham and 2,300-2,850 for the SRHM as a whole, over the next 5-10 years. However, these projections are sensitive to changing constraints on household formation and migration. We conclude MHCLG's calculation of Local Housing Need (LHN) provides a sound basis for the overall housing requirement in the next five years.

Household preferences

- Within the SRHM, 22.1 per cent of existing households think they need to move to a different home within the next five years. This compares to 38.2 per cent that stated they will neither need nor want to move over this period.
- Homeownership is the dominant form of tenure for expectant movers with 76.3 per cent of potential movers in Rotherham envisaging they will reside in this tenure, compared to 63.2 per cent in Sheffield. Among those expecting to move there is a clear preference for detached and semi-detached housing across the SRHM.
- In the SRHM there are 30,616 existing households (11,422 in Rotherham and 19,194 in Sheffield) containing other households looking to form in the next three years. This is largely driven by children of the current household reference person.

Effective and new demand levels

- Demand for housing is a function of the requirements from existing households, newly forming households and net migration. Over the next 5 years there may be 32,760 moves per annum from existing households (24,038 from Sheffield and 8,722 from Rotherham). A further 16,921 per annum could come from newly forming households (12,148 from Sheffield; 4,773 from Rotherham).
- Subtracting those likely to move out of the district, those unable to afford to access market housing and those wanting to move but already within market housing, provides an overall gross demand picture arising from the area's existing households before considering the impact of migration, death or moves into care settings. Annual new demand from existing households (and newly forming households from them) – before accounting for deaths/care and migration – is therefore estimated at 3,543 in Sheffield and 1,761 in Rotherham. This is a gross figure and cannot be compared directly with LHN.

Introduction

- 5.1. This chapter focuses on the future housing market. Whilst any attempt to predict the future dynamics of the housing market is difficult, it is clear that any assessment of future housing requirement and need must begin with a clear analysis of the fundamental parameters of change and likely future direction of those changes.
- 5.2. Within housing markets, the fundamental unit of demand is the household. Whilst this is not itself indivisible – households are fluid and comprised of course of individuals – certain social, cultural and market norms in combination mean that we can have some confidence in viewing the household as the key determinant of housing. Whilst trends in the ways that, and extent to which, people form households can change, these are a result of a range of social pressures and trends and not simply a response to market forces. Moreover, it is the collective resources of the individuals within a household that determines ability to afford, rather than individuals themselves: although not an impossibility, households do not tend to form or dissolve solely as a strategy for maximising purchase or rental power within the housing market.
- 5.3. Our broad approach, then, is to start by analysing household projections and exploring the extent to which the numbers of new households might vary under different employment and migration scenarios.
- 5.4. The household survey also provides important insights on the future expectations and aspirations of local households and their preferences. Alongside household projections, these provide a forward-looking perspective and rounded view of future demand-side pressures. Specifically, the survey enabled us to explore three possible sources of demand: (i) demand from existing households, (ii) demand that might be generated by newly forming households (including households whose formation has been suppressed or that are currently concealed within other households), and (iii) the impact of migration flows.
- 5.5. Taken together, the analysis helps highlight the overall scale of demand, its spatial distribution, the levels of demand for different house sizes, dwelling types and different market options. It also reflects on the extent to which financial constraints may play a part in shaping effective demand, drawing in part on the analysis of financial resources within households covered in Chapter 4.
- 5.6. The key questions addressed in this chapter are:
 - How might the number of households change in the future, as a result of demand from existing households, newly forming households, and migration?
 - How might the profile and type of households change?
 - What do the key drivers of change look like?
 - How will this translate into demand for different tenures, house sizes, house types, housing options and neighbourhoods?
- 5.7. In thinking about the future housing market, it is sometimes helpful to contrast the two differing concepts of *latent* and *expressed* demand. Latent demand is essentially that demand in the market that would be expressed if conditions allowed households that are concealed or suppressed to form and obtain their own housing in the market. Expressed demand is that demand revealed in the market, as evidenced by actual transactions and household mobility. In other words, if there were no significant supply constraints and there were no affordability problems, we would expect all latent demand to be expressed demand. In a supply-constrained market with

affordability problems the differences between latent and expressed demand can be significant. These can manifest themselves, for example, as suppressed or delayed household formation and changes in migration flows.

Demographic Change

5.8. This section considers the potential changes to several key factors underpinning housing market demand in Sheffield and Rotherham and in the SRHM as a whole. The section covers:

- population and household projections;
- forecast changes to the economy;
- changes to higher education;
- the impact of regeneration and other policies and interventions.

Demographic change/projections

5.9. The 2017 ONS mid-year population estimates reveal that the SRHM's population continues to increase as a result of demographic (natural) change and net international migration (Table 5.1). In 2017 Sheffield's population was estimated to be 578,100, an increase of around 4,000 persons compared to the previous estimate in 2016. Rotherham had an estimated population of 262,900 (an increase of approximately 800 persons).

5.10. As shown in Chapter 3, Sheffield gains its population from very different sources than Rotherham. While the areas are part of the same functional housing and labour markets, they play distinct roles within those markets, catering for distinct demographics. Sheffield loses a small proportion of its population each year through net internal (domestic) migration, principally although not solely to Rotherham. Sheffield has, by contrast to Rotherham, a much higher rate of natural population increase.

5.11. Whilst natural population increases are important for Sheffield, the largest net contribution to population growth continues to be net international migration, which is in contrast to the surrounding areas. This is also a source of population growth that is susceptible to the effects of extant and likely policy and economic changes associated with the UK's withdrawal from the European Union, for instance increased government focus on the immigration system, including student visas, and general economic uncertainty. Any resulting downward pressure on population will disproportionately affect Sheffield in the short term, although will also eventually result in reduced housing demand in Rotherham because of the high level of population interplay between the two parts of the housing market area.

5.12. That said, it is clear that the established structure of population flows between Sheffield and Rotherham and the other South Yorkshire districts is likely to persist. Components of population change resulting from internal migration are consistent with the flows of net internal migration summarised in the previous chapter – in which Sheffield plays a sub-regional role as a population growth pole centred on its comparative economic and cultural power. This feeds population growth in surrounding districts through established 'counter-urbanisation' migration processes.

5.13. The different components of population change in different areas imply that there will be different housing requirements as a result of growth in different types of household.

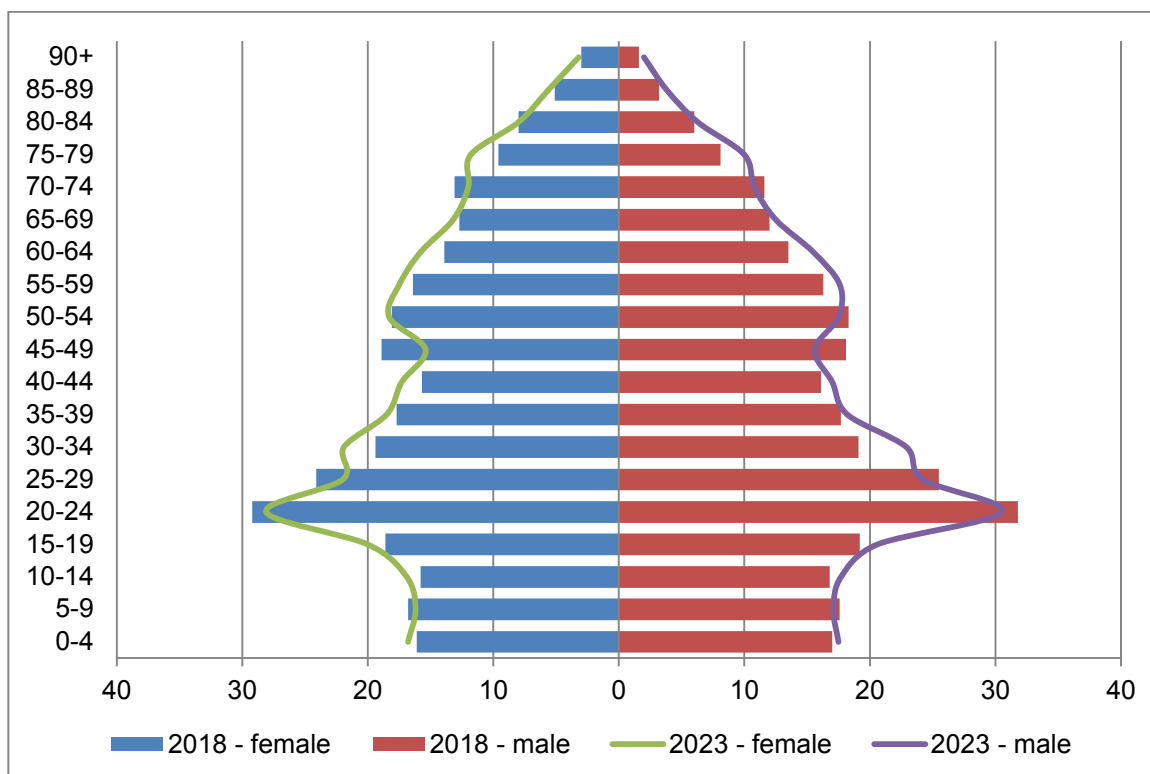
Table 5.1: Components of estimated population change, 2016-2017 (thousands)

Area names	Mid-2016 pop'n estimate	Natural change	Net internal migration	Net internat'l migration	Other changes	Mid-2017 pop'n estimate
Barnsley	241.8	0.3	0.9	0.8	0.0	243.7
Doncaster	307.4	0.3	-0.5	0.8	0.0	307.9
Rotherham	262.1	0.2	0.1	0.4	0.0	262.9
Sheffield	574.1	1.7	-1.3	3.5	0.1	578.1
<i>SRHM</i>	<i>836.2</i>	<i>1.9</i>	<i>-1.2</i>	<i>3.9</i>	<i>0.1</i>	<i>841.0</i>
Yorkshire & Humber	5,425.4	10.2	-1.6	13.3	1.3	5,447.6

Source: Population projections incorporating births, deaths and migration for regions and local authorities 2016, ONS. Rows may not sum exactly due to rounding.

- 5.14. Figures 5.1 and 5.2 below shows the population age structure in Sheffield and how it is projected to change by 2023. The demographic importance of the student age group (approximately ages 18-22) to the housing market areas can be seen, mainly as a function of Sheffield's role as a university city of international significance. The contrast with Rotherham's population structure is stark in this regard, where there is a demographic 'dip' in the 15-24 age brackets. Rotherham on the other hand has clearly a much more elderly population on the whole, further consolidating a view that, while connected, the two districts play a distinct role within the shared market area.

Figure 5.1: Sheffield population projections pyramid, 2018-2023 (thousands).



Source: ONS, Population projections by sex and five-year age groups, all local authorities and higher administrative areas within England, mid-2016 to mid-2041.

Figure 5.2: Rotherham population projections pyramid, 2018-2023 (thousands)



Source: ONS, Population projections by sex and five-year age groups, all local authorities and higher administrative areas within England, mid-2016 to mid-2041.

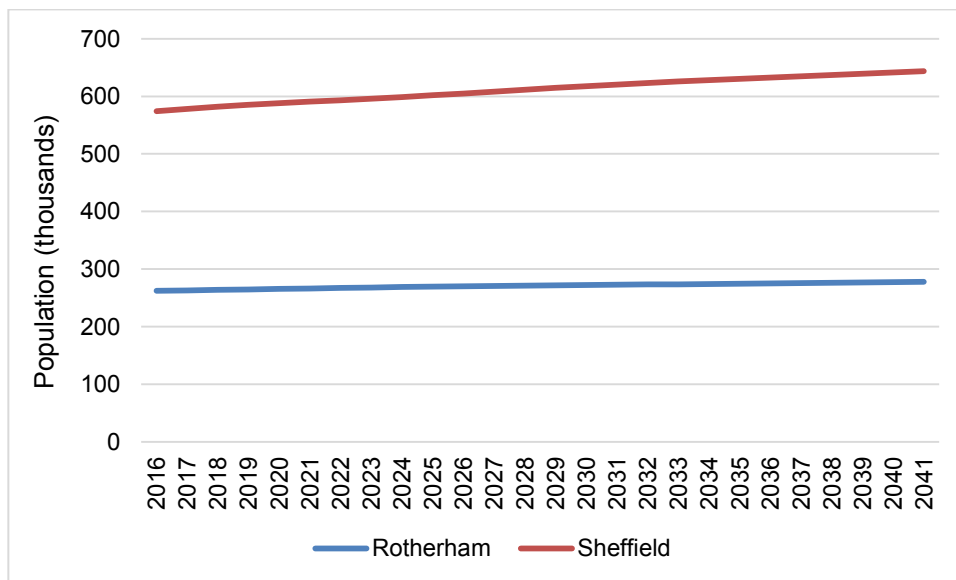
From population to household change

- 5.15. In 2013, a range of household projections were produced for the Sheffield City Region and its constituent districts by SCC based on 2008 mid-year population estimates and other data. These projections were used by previous SHMAs in Sheffield and Rotherham to provide a reference point against which data from other projections as well as the household survey were compared. Using the most up to date population and household estimates produced by ONS allows comparison with the various projections produced in 2013.
- 5.16. In terms of population, the most recent estimated population (2017) of Sheffield of 578,100 reported in the previous section is closest to the Sub-National Population Projection (SNPP) scenario produced in 2013, which forecast a population in Sheffield by 2017 of 580,950.
- 5.17. In Rotherham, the estimated 2017 population of 262,900 is again closest to the SNPP scenario forecast for 2017. This validates the previous SHMAs’ use of the SNPP scenario, which also closely accorded with the evidence from the household surveys at the times of those SHMAs.
- 5.18. Using the most recent SNPP data (2016-based population projections) from ONS shows that the population of the SRHM is expected to be 863,800 in 2023, made up of 595,800 in Sheffield and 268,000 in Rotherham. The rate of increase is expected to be greatest in Sheffield.
- 5.19. It is important to note several things at this point. First, projections are of necessity greatly influenced by past trends. For reasons outlined earlier, past trends in international migration especially, but also natural change (especially fertility) and internal migration, may not be a reliable indicator of what might happen over the next

five years. Lending constraints and affordability problems may have suppressed rates of household formation in comparison to the original household projections.

- 5.20. Second, projections are also influenced by the ability of the population to move – this can be a result of policy as well as opportunity in the market. The projections include anticipated growth in students, for example. Sheffield is an important destination for students in both UK and international markets, including the EU. The city’s Universities are planning for uncertainty and volatility in student numbers arising from a number of factors, including an apparent ‘demographic dip’ in 18 year olds in England (albeit that this dip is expected to tail off), uncertainty around student funding (the Augar Review of post-18 education and funding), economic volatility in key overseas markets, notably China, and uncertainty around the future of EU students, who at present enjoy a favourable fees regime in contrast to non-EU students and who also benefit from various EU mobility programmes. Other factors include supply-side changes that create new opportunities for population mobility. Significant strategic allocations for new housing in Rotherham’s Local Plan (especially at Waverley which is now delivering housing) will have created a population increase in those areas which may feed into future projections.
- 5.21. Finally, natural change has a geographic dimension. Life expectancy in some areas is significantly longer, and the level of health inequality between areas is growing. Birth rates also vary considerably by area, with higher fertility associated with a younger age profile, with more mothers of childbearing age. As the pattern of geographic mobility between different parts of the SRHM is skewed by age, Rotherham has on balance an older age profile and therefore has a disproportionately higher death rate, and disproportionately lower birth rate, in comparison to Sheffield. The trends in population growth are shown in Figure 5.3 below.

Figure 5.3: 2016-based Sub-National Population Projection for Sheffield and Rotherham (thousands)



Note: The figures provided on the chart are projections for 2023
Source: ONS, 2018

- 5.22. As the SNPP are used as the basis for official household projections, the connections between the two are important to understand. However, in order to assess the likely range of household increases we need to set this data alongside information from a range of different sources.

- 5.23. Table 5.2 considers the implications of a number of different sources of information on the likely range of household growth set alongside MHCLG's Local Housing Need target.

Table 5.2: Summary of different implied household requirements

	Implied additional households per annum		
	Sheffield	Rotherham	SRHM
2014-based household projections (5 years to 2023)	1,851	560	2,410
2014-based household projections (10 years to 2028)	1,917	540	2,457
2016-based household projections (5 years to 2023)	1,062	395	1,458
2016-based household projections (10 years to 2028)	1,255	439	1,694
MHCLG approach to Local Housing Need (LHN)	2,124	581	2,705
SHMA 2018 household survey	1,814	616	2,430
Likely range of household growth	1,800-2,200	500-650	2,300-2,850
For context: <i>Gross estimate of existing and newly forming households demanding market housing before accounting for death or migration (see Table 5.27)</i> <i>Note: cannot be compared directly with household projections or LHN data shown above.</i>	3,543	1,761	5,304

- 5.24. Table 5.3 shows the population profile by HMA in 2016, highlighting the marked difference between absolute numbers of people in different groups across the HMAs. The largest population group in an HMA is in the 19-29 age group in Sheffield Urban West with 39,166 people, compared to just 85 people aged 80+ in Rotherham Town Centre. Relative differences also occur across the HMAs. Sheffield City Centre has only 11 per cent of its population in the 0-18 age group, whilst in the North Urban Rotherham this group constitute 24 per cent of the population. There is greater relationship proportionally between HMAs when the City Centre is set aside.

Table 5.3: Population profile by HMA, 2016

HMA	Age group																Total
	0-18		19-29		30-39		40-49		50-59		60-69		70-79		80+		
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	
Rotherham Dearne	9367	22.3	5228	12.4	5082	12.1	5687	13.5	6070	14.4	5182	12.3	3451	8.2	2029	4.8	42096
North Urban Rotherham	20212	24.1	12092	14.4	10156	12.1	11029	13.1	11611	13.8	8881	10.6	6237	7.4	3758	4.5	83976
South East Rotherham	10565	22.2	5983	12.6	5100	10.7	6444	13.6	6798	14.3	5939	12.5	4426	9.3	2292	4.8	47547
South West Rotherham	7572	22.5	3918	11.6	4159	12.3	4795	14.2	4652	13.8	4039	12.0	3120	9.3	1444	4.3	33699
South Urban Rotherham	11445	21.9	6230	11.9	5773	11.0	7154	13.7	7338	14.0	6488	12.4	4988	9.5	2949	5.6	52365
Rotherham Town Centre	504	22.4	498	22.2	434	19.3	274	12.2	219	9.7	145	6.5	88	3.9	85	3.8	2247
Rotherham	59665	22.8	33949	13.0	30704	11.7	35383	13.5	36688	14.0	30674	11.7	22310	8.5	12557	4.8	261930
Chapelton/ Ecclesfield	6057	19.0	3566	11.2	3312	10.4	4527	14.2	4610	14.5	4406	13.9	3422	10.8	1905	6.0	31805
Sheffield City Centre	3720	10.9	22815	66.8	4229	12.4	1414	4.1	919	2.7	552	1.6	311	0.9	189	0.6	34149
East Sheffield	15963	34.1	7465	16.0	7058	15.1	5783	12.4	3884	8.3	2920	6.2	2172	4.6	1529	3.3	46774
Manor/Arbourthorne/ Gleadless	11140	24.4	8325	18.2	6319	13.8	5943	13.0	5224	11.4	3844	8.4	3048	6.7	1827	4.0	45670
North East Sheffield	19017	27.0	10561	15.0	8939	12.7	9163	13.0	8758	12.4	6296	8.9	4832	6.9	2972	4.2	70538
North West Sheffield	7712	20.1	5214	13.6	5220	13.6	5542	14.4	5337	13.9	4130	10.7	3302	8.6	1995	5.2	38452
Peak District Fringe	1730	20.1	772	9.0	832	9.7	1192	13.8	1395	16.2	1139	13.2	979	11.4	581	6.7	8620
Rural Upper Don Valley	1402	21.7	604	9.3	732	11.3	1040	16.1	1003	15.5	779	12.1	581	9.0	319	4.9	6460
South East Sheffield	18525	20.6	12033	13.4	10087	11.2	12730	14.2	13130	14.6	10308	11.5	7949	8.8	5182	5.8	89944
South West Sheffield	11329	22.6	4482	9.0	5477	10.9	7372	14.7	7247	14.5	6382	12.7	4535	9.1	3248	6.5	50072
South Sheffield	9182	21.6	5434	12.8	5670	13.3	5963	14.0	5880	13.8	4514	10.6	3435	8.1	2507	5.9	42585
Stocksbridge and Deepcar	2641	20.0	1517	11.5	1405	10.6	1930	14.6	1922	14.5	1740	13.2	1303	9.9	765	5.8	13223
Sheffield Urban West	15232	15.7	39166	40.3	12649	13.0	9347	9.6	7590	7.8	6075	6.3	4044	4.2	3029	3.1	97132
Sheffield	123650	21.5	121954	21.2	71929	12.5	71946	12.5	66899	11.6	53085	9.2	39913	6.9	26048	4.5	575424
SRHM	183315	21.9	155903	18.6	102633	12.3	107329	12.8	103587	12.4	83759	10.0	62223	7.4	38605	4.6	837354

Source: Lower Super Output Area (LSOA) Mid-Year Population Estimates 2016, ONS.

- 5.25. These differences in total population numbers in each HMA, and the composition of different age cohorts within them, clearly has a bearing on the quantity, type, tenure and form of housing required.

Household Preferences and Aspirations

- 5.26. This section explores potential demand as revealed by the survey data. It considers in turn demand from existing households, demand from newly forming households and the likely impact of migration flows on demand.

Moving intentions of existing households

- 5.27. Within the SRHM, 22.1 per cent of existing households think they need to move to a different home within the next five years. 38.2 per cent stated that they will neither need nor want to move over this period. A further 29.9 per cent do not need to move in the next five years but stated they might want to do so. A final 9.8 per cent were uncertain (Table 5.4).

Table 5.4: Responses to question on future moving intention (gross weighted)

Response	Sheffield	Rotherham	SRHM	% in SRHM
Yes, I need to move as soon as possible	11,726	2,783	14,508	4.5
Yes, in the next year	12,160	4,043	16,203	5.0
Yes, in 1 to 3 years	18,779	4,883	23,662	7.3
Yes, in 3 to 5 years	10,703	6,409	17,113	5.3
No, I don't need to move but might want to	70,019	26,810	96,829	29.9
No, I don't need to move and don't want to	74,607	48,839	123,446	38.2
Don't know	18,570	13,055	31,625	9.8

Source: Household survey, 2018.

- 5.28. Responses suggest that 17.0 per cent of households across Rotherham think that they will move in the next five years; contrasting with 24.6 per cent of Sheffield residents (Table 5.5). Furthermore, nearly half of households in Rotherham (45.7 per cent) do not think they will need to move and don't want to in the next five years. In Sheffield, this figure was 34.6 per cent suggesting a potentially greater level of mobility here.
- 5.29. Table 5.5 breaks moving intentions down further by looking at the variation in the proportion of households that intend to move by household type and current tenure. This reveals that intentions to move are highest generally among households with children. One person households are the least likely to say they need to move, although such households in Sheffield are more likely to say they need to move than in Rotherham. There is possibly an age dimension to this variation, with younger one-person households likely to say they need to move. Tenure provides some further clues: The group with by far the most intention to move is current private renters. Nearly 62 per cent of renters in Sheffield and 43 per cent of renters in Rotherham say that they will need to move in the next five years. Households in social rented housing in Sheffield are also more than twice as likely to say they need to move than those in Rotherham, again indicative of higher rates of moving intention generally among Sheffield households.

Table 5.5: Responses to question on future moving intention (gross weighted) by household type and current tenure

	Rotherham			Sheffield			SRHMA		
	Yes	No	Don't know	Yes	No	Don't know	Yes	No	Don't know
Household Type									
One Person Household	13.7	74.8	11.4	20.0	71.0	9.0	18.3	72.0	9.7
Two Or more adults: no children	16.6	65.9	17.5	26.0	65.3	8.7	22.7	65.5	11.8
Adults with at least one child	21.3	73.9	4.7	31.4	61.1	7.6	27.5	66.0	6.5
Current tenure									
Owner-occupied (with a mortgage)	16.5	77.2	6.3	17.5	77.4	5.1	17.1	77.4	5.5
Owner-occupied (no mortgage)	16.0	67.9	16.1	9.5	79.8	10.7	11.8	75.6	12.6
Rented from the Council	10.1	74.6	15.2	25.9	59.7	14.4	19.4	65.9	14.8
Rented from a Housing Association	13.9	60.4	25.6	36.7	55.5	7.8	31.1	56.7	12.2
Rented from a private landlord or letting agency (including student accommodation)	43.0	49.5	7.6	61.6	31.2	7.2	57.6	35.1	7.3
Total	17.1	70.8	12.1	24.7	66.8	8.5	22.2	68.1	9.7

Source: Household survey, 2018.

- 5.30. Where there is a clear commonality between Sheffield and Rotherham is with regards to the expected moves of those currently living in the city and town centres (Table 5.6). 42.2 per cent of households in the Rotherham Town Centre HMA and 49.3 per cent of households in the Sheffield City Centre HMA expect to move in the next 5 years, perhaps reflecting various demographic and stock tenure profiles. It is notable that 35.1 per cent of households in the Rotherham Town Centre HMA think they won't need to move and don't want to either (contrasting with 11.2 per cent in the Sheffield City Centre HMA).

Table 5.6: Do you think you will need to move to a different home in the future?

HMA	% of responses			
	Yes	No, don't want to	No, but would like to	Don't know
Rotherham Dearne	12.3	54.3	27.5	5.9
North Urban Rotherham	13.4	46.5	25.2	14.8
South East Rotherham	13.6	36.3	27.5	22.6
South West Rotherham	21.9	49.5	21.4	7.2
South Urban Rotherham	23.6	44.6	24.7	7.0
Rotherham Town Centre	42.2	35.1	8.4	14.3
Rotherham	17.0	45.7	25.1	12.2
Chapelton/ Ecclesfield	10.6	48.0	34.2	7.1
Sheffield City Centre	49.3	11.2	34.4	5.0
East Sheffield	38.9	31.2	24.1	5.8
Manor/ Arbourthorne/ Gleadless	21.9	31.9	36.5	9.7
North East Sheffield	32.2	25.6	29.7	12.4
North West Sheffield	12.1	46.4	37.5	4.0
Peak District Fringe	15.6	52.2	21.0	11.2
Rural Upper Don Valley	12.4	60.1	20.6	6.9
South East Sheffield	15.4	41.7	35.2	7.8
South West Sheffield	17.8	46.6	27.8	7.7
South Sheffield	19.8	35.6	33.7	10.9
Stocksbridge and Deepcar	14.3	40.2	29.6	15.9
Sheffield Urban West	39.8	17.0	34.1	9.2
Sheffield	24.6	34.5	32.3	8.6

Source: Household survey, 2018

- 5.31. The survey also indicates that there is variation in expectations to move between household types (Table 5.7). Households with children have a higher propensity to move (27.5 per cent), compared to other household types. Of the respondents in this group, 21.7 per cent are likely to move within five years. In contrast, only 18.3 per cent of one person households expect to move within the entire 5-year period. An interesting addition to the narrative emerging from the survey is the indication that one person households in the SRHM have more difficulty in moving homes than other household types. 34.2 per cent of one person households stated that whilst they do not need to, they would like to move within the next five years. For households consisting of two or more adults or those with children these figures were both close to 27 per cent. The main reasons given by one-person households for not moving when they would like to include cost or lack of suitable or available property (Table 5.8). One-person households cite reasons that are related to private or social renting marginally more frequently than households on average. It must be noted, however, that in the majority of cases there is no specific reason given (54 per cent of responses).

Table 5.7: Intention to move by Household Type (proportions)

Household type	Yes, as soon as possible		Yes, in next 5 years		No, don't want to		No, but would like to		Don't know	
	Count	%	Count	%	Count	%	Count	%	Count	%
One Person Household	5707	4.7	16473	13.6	45868	37.8	41488	34.2	11744	9.7
Two Or more adults: no children	4476	3.5	24358	19.2	48794	38.4	34409	27.1	14936	11.8
Adults with at least one child	4235	5.8	15965	21.7	28331	38.6	20115	27.4	4764	6.5

Source: Household survey, 2018.

Table 5.8: Top 5 reasons for not moving given by one person households who say that they do not need to move but would like to

Response	Number of households	Proportion of responses (%)	Proportion of responses (all household) for comparison (%)
Nothing is preventing me from moving	21119	54	54
Have not saved a large enough deposit	5364	14	12
The mortgage cost	4523	11	13
Lack of suitable property to buy	4369	11	12
Availability of Council or Housing Association property	3316	8	6

Base n=39368 one-person households who do not need to move but would like to. Comparison base (all household types who do not need to move but would like to) n=90862. Note that multiple responses were possible.

Source: Household survey, 2018.

Drivers of demand

- 5.32. The motivations for household moves are varied (Table 5.9). Housing demand can be influenced by a number of factors and, as discussed elsewhere, demographic and economic drivers tend to dominate at the aggregate level. The survey offers a bottom-up perspective on the drivers of demand. It shows that some of the most important reasons for wanting or needing to move are linked to the nature of the current property, tenure, and cost. More specifically, needing a larger home (15.5 per cent), wanting a bigger garden (6.8 per cent), wanting to buy own home (9.4 per cent), and moving to cheaper accommodation (7.4 per cent) were amongst the top reasons given by those wanting or needing to move in the next five years.
- 5.33. Where the proportion of households who expect to move in the next five years citing a reason to move is greater than the proportion of households generally, this may provide a clue to those reasons that are driving mobility and demand. Using such a comparison, repossession (5.0x), the ending of a private tenancy through choice (4.2x) or no choice (2.5x), to attend higher education (3.0x), changes to welfare benefits (3.0x) and movement to a cheaper house (2.2x) are among the biggest drivers of mobility.
- 5.34. By contrast needs or desires being expressed by households less certain that they will move include those caused by problems getting around the home; the need for a

larger or smaller home; wanting to move due to retirement; and wanting a new build home.

Table 5.9: Main reasons for wanting or needing to move to a different home

Reasons	(A) % of all households	(B) % of households expecting to move in next five years	Ratio column B to column A
To move to cheaper accommodation	3.4	7.4	2.2
Because of changes to my welfare benefits (e.g. Housing Benefit)	0.6	1.8	3.0
To move to a smaller home	6.3	3.1	0.5
To move to a larger home	16.6	15.5	0.9
Want a more modern home	6.8	5.6	0.8
Want a newly built home	2.2	0.8	0.4
Want a bigger garden	7.5	6.8	0.9
Condition of current property	3.1	5.1	1.6
To free up capital	1.8	0.6	0.3
Wanting to buy own home	5.3	9.4	1.8
Wanting to rent a home	0.6	0.0	0.0
A change in friend, family or relationship status	5.1	4.3	0.8
To be nearer family and friends	3.7	3.9	1.1
To be closer to work	2.7	2.6	1.0
Moving to, or leaving accommodation tied to a job	0.3	0.6	2.0
Retiring	2.0	0.9	0.5
Being evicted	0.0	0.0	N/A
My private tenancy has ended and I do not want to renew it	2.0	8.3	4.2
My landlord has ended my private tenancy	0.2	0.5	2.5
Home being repossessed	0.1	0.5	5.0
Problems getting around my home (e.g. stairs)	3.3	0.8	0.2
The property is affecting my/our health	1.4	0.9	0.6
To make it easier to receive care and support	1.4	1.5	1.1
To make it easier to provide care and support to family or friends	0.7	0.5	0.7
To move to a better neighbourhood	8.3	6.6	0.8
I am experiencing harassment	1.3	0.8	0.6
To move closer to transport links	1.5	1.5	1.0
To move closer to shops and services	1.5	0.8	0.5
To move to a school catchment area	1.9	0.7	0.4
To attend higher education/university in Sheffield/Rotherham	0.6	1.8	3.0
To attend higher education/university outside Sheffield/Rotherham	0.3	0.3	1.0
I am leaving higher education	1.5	2.3	1.5
Other	6.2	3.7	0.6

Note: Top five answers for those expecting to move are highlighted in bold.
Source: Household survey, 2018.

Potential moves by tenure

- 5.35. The extent to which expected moves might impact on different tenures is varied. Across the SRHM, 66.7 per cent of households who anticipate moving within the next five years expect to be owner occupiers (19.2 per cent own outright, 47. per cent with a mortgage) (Table 5.10). A high proportion of households in Rotherham expect to be owner-occupiers (76.3 per cent) compared to Sheffield (63.2 per cent). This difference is largely reflected in a higher proportion of households in Sheffield expecting to rent from a private landlord (14.1 per cent compared to 6.1 per cent in Rotherham). A similar number of households in both Sheffield and Rotherham expect to rent directly from their respective Council; although a higher proportion of households in Sheffield anticipate renting from a Housing Association (6.1 per cent against 1.7 per cent in Rotherham).

Table 5.10: Expected tenure of prospective movers

Tenure	Rotherham (%)	Sheffield (%)	SRHM (%)
Owner-occupied (with a mortgage)	50.6	46.4	47.5
Owner-occupied (no mortgage)	25.7	16.8	19.2
Shared Ownership (part rented; part owned)	0.2	0.3	0.3
Rent from the Council	14.1	12.6	13.0
Rent from a Housing Association	1.7	6.1	4.9
Rent from a private landlord or letting agency (including student accommodation)	6.1	14.1	11.9
Rent from a relative / friend of a household member	0.0	0.2	0.1
Live with my parents	0.0	0.9	0.6
Other	1.5	2.6	2.3
Total	100.0	100.0	100.0

Base (number of households expecting to move within 5 years), n = 71,214.
Source: Household survey, 2018.

- 5.36. The aspirations of households relates to their household income, and whilst it is beyond the scope of this research to prove a determining factor, there is a clear relationship between income levels and the projected demand in different tenures, specifically in relation to owner occupation with a mortgage and the social rented sector (see Table 5.11).
- 5.37. The percentage of households who expect to move in the next five years and would like to move to owner occupied accommodation (albeit with a mortgage) steadily increases as household income increases. The inverse relationship occurs with social rented accommodation and income.

Table 5.11: Gross household income and expected tenure of prospective movers

Expected tenure	% of households by gross annual household income				
	Below £10k	£10-20k	£20-30k	£30-40k	£40k+
Owner-occupied (with a mortgage)	10.8	29.8	59.6	64.9	73.6
Owner-occupied (no mortgage)	13.5	19.2	15.7	21.4	21.2
Shared Ownership (part rented; part owned)	0.0	0.3	0.3	0.0	0.2
Rent from the Council	44.2	19.4	4.8	2.1	0.4
Rent from a Housing Association	16.3	5.3	5.2	1.4	0.0
Rent from a private landlord or letting agency (including student accommodation)	9.6	21.2	12.5	9.4	3.9
Rent from a relative / friend of a household member	1.3	0.0	0.0	0.0	0.0
Live with my parents	0.5	0.0	0.0	0.0	0.0
Other	3.9	4.7	1.8	0.9	0.7

Base (number of households expecting to move within 5 years), n = 71,214.
Source: Household survey, 2018.

- 5.38. The survey also allows us to explore the extent to which demand might be met by different housing options. Across the SRHM, of existing households who think they will need to move to a different home in the future - or are likely to move to a different home in the future - the majority (93.3 per cent) expect to move to ordinary, unsupported accommodation. Chapter 7 explores in detail the requirements of the remaining households who expect to need additional support, but initial insights are of value here. As Table 5.12 shows, 54.8 per cent of households in Rotherham anticipate requiring a home that is adapted to allow them to live as independently as possible. In Sheffield, this figure is much lower, 37.2 per cent, indicating less reliance on adapted housing. Part of this difference appears to be reflected in the greater anticipated demand for independent accommodation that includes visiting or live in support (16.8 per cent in Sheffield, 6.1 per cent in Rotherham).

Table 5.12: Expectations of future supported housing needs

Type of supported housing	Rotherham (%)	Sheffield (%)	SRHM (%)
Adaptations to the home that help you live as independently as possible	54.8	37.2	42.5
Independent accommodation with visiting or live in support	6.1	16.8	13.5
Sheltered housing for older people	12.1	16.6	15.3
Extra care housing for older people	9.6	10.9	10.5
Residential/nursing home	0.0	2.6	1.8
Something other than these	17.4	16.0	16.4

Base (number of households expecting to move within 5 years), n = 71,214.
Source: Household survey, 2018.

Property type and dwelling size

- 5.39. The survey reveals a clear preference for detached and semi-detached housing across the SRHM. Table 5.13 below shows that in Rotherham, 50.2 per cent and 43.8 per cent of respondents to this question aspire for such property types (respectively). In Sheffield, there were similar proportions of respondents, albeit in an inverse fashion. 50.5 per cent of respondents expect to move to a semi-detached property compared to 39.6 per cent to a detached property. Flats or apartments are anticipated to be in much greater demand in Sheffield (28.3 per cent of respondents) whereas there appears a greater demand for bungalows in Rotherham (31.2 per cent) compared to Sheffield (17.2 per cent).

Table 5.13: Property type expectations

Property type	Rotherham (%)	Sheffield (%)	SRHM (%)
Detached house	50.2	39.6	42.4
Semi-detached house	43.8	50.5	48.7
Terraced (including end-terraced)	12.9	25.4	22.1
Flat/apartment	13.1	28.3	24.2
Bedsit/Studio	0.5	2.5	1.9
Bungalow	31.2	17.2	20.9
Maisonette	1.7	3.1	2.7
Student accommodation	0.0	0.4	0.3
Other	2.0	2.5	2.4

Note: Multiple choice question, therefore columns do not sum to 100 per cent. For a summary of the profile of responses see Chapter 8.

Base (number of households expecting to move within 5 years), n = 71,214.

Source: Household survey, 2018.

- 5.40. The demand for detached and semi-detached housing is reflected in high levels of households who would prefer to live in 2- or 3-bedroom properties (Table 5.14). There is no clear alignment between the households need for a certain number of bedrooms and what they would like. For example, across the SRHM 37.6 per cent of households would like a 3-bedroom property, yet only 29.6 per cent of household's reported needing that number of bedrooms. This presents some policy challenges in terms of making efficient use of the housing stock.

Table 5.14: Demand by dwelling size (like and need)

	Number of bedrooms				
	1	2	3	4	5+
How many bedrooms would you need?	37989	65771	47596	8710	924
How many bedrooms would you like?	11097	40665	57902	34786	9609
How many bedrooms would you need? (%)	23.6	40.8	29.6	5.4	0.6
How many bedrooms would you like? (%)	7.2	26.4	37.6	22.6	6.2

Base (number of households expecting to move within 5 years), n = 71,214.

Source: Household survey.

- 5.41. Table 5.15 below demonstrates that there is slightly greater demand amongst newly forming households for properties with fewer numbers of bedrooms. For newly forming households, both Person 1 (69.7 per cent) and Person 2 (66.1 per cent) responses indicated there is greater demand for 1- or 2-bedroom properties (compared to 64.4 per cent for current households). This is perhaps unsurprising

given the composition of such households but does direct attention to nature of new supply to meet this need. In contrast, there is a clear distinction between demands for 3-bedroom properties amongst current households against those that will form. 29.6 per cent of current households expect to move to a 3-bedroom property yet only 19.7 per cent (Person 1) and 20.7 per cent (Person 2) of newly forming households expect this.

Table 5.15: Size of dwelling households would expect to move to: existing households and newly forming households

Number of bedrooms	Current household %	Newly forming household %	
		Person 1	Person 2
1	23.6	27.3	32.7
2	40.8	42.4	33.4
3	29.6	19.7	20.7
4	5.4	5.5	10.3
5+	0.6	5.1	3.0

Source: Household survey, 2018.

Neighbourhood preferences

- 5.42. The survey also sheds light on preferences for specific locations, among those likely to move. Table 5.16 shows that the most popular HMAs are those to the South West of Sheffield (11.2 per cent of respondents) and out into the Peak District Fringe (10.4 per cent). The most popular HMA in Rotherham, in absolute terms, is South Urban Rotherham (4.8 per cent), closely followed by South West Rotherham (3.9 per cent). The least popular HMA's across the SRHM are North Urban Rotherham (2.4 per cent); Manor, Arbourthorne and Gleadless (2.4 per cent); East Sheffield (1.9 per cent); and Rotherham Town Centre (0.8 per cent).
- 5.43. The extent to which households expect to move to HMAs which are the highest priced and with the most significant constraints on new development (e.g. Peak District National Park; South West Sheffield) indicates that indications of demand derived from these responses are likely to be overestimates. This should be borne in mind as it provides additional complexion to the interpretation of the implied level of household growth in the market area using survey data on expected moves.

Table 5.16: Where households expect to move to

Rank	HMA	Count	%
1	South West Sheffield	37454	11.2
2	Peak District National Park	34965	10.4
3	South Sheffield	34070	10.2
4	Sheffield City Centre West	31197	9.3
5	Chapelton / Ecclesfield	25505	7.6
6	North West Sheffield	24905	7.4
7	Sheffield City Centre	23678	7.1
8	South East Sheffield	17065	5.1
9	South Urban Rotherham	16004	4.8
10	South West Rotherham	13178	3.9
11	South East Rotherham	12471	3.7
12	North East Sheffield	10934	3.3
13	Rural Upper Don Valley	10144	3.0
14	Rotherham Dearne	9466	2.8
15	Stocksbridge and Deepcar	8782	2.6
16	North Urban Rotherham	8000	2.4
17	Manor / Arbourthorne / Gleadless	7869	2.4
18	East Sheffield	6434	1.9
19	Rotherham Town Centre	2667	0.8

Source: Household survey, 2018.

Newly forming and suppressed households

- 5.44. Newly forming households have different expectations and resources when compared to existing households. For instance, newly forming households are less likely to have access to capital (e.g. from the sale of an existing property).
- 5.45. The household survey shows that across the SRHM there are 30,616 existing households (11,422 in Rotherham and 19,194 in Sheffield) containing within them other households looking to form in the next three years. Survey respondents were asked to identify up to two newly forming households within their current household, connecting these to two individuals; we will call these Person 1 and Person 2. In Rotherham, a large percentage of newly formed households will arise from the current children of the household reference person (see Table 5.17 below): 84.0 per cent and 62.7 per cent as Person 1 and Person 2 respectively. In Sheffield newly forming households are also centred on those arising from current children of the household reference person. Here 63.5 and 52.0 per cent of newly forming households fall into category (for new Person 1 and 2 respectively). Friends also form a high proportion of potentially new households, particularly in Sheffield (13.0 per cent and 18.6 per cent for Person 1 and 2). One explanation for this could be the higher proportion of younger people in Sheffield potentially living in house shares. The household survey also suggests there are a high number of new households potentially forming from the partner/spouse of the household reference person. Similar patterns are being seen nationally in terms of the structures of new family

units.³⁷ The extent to which this pattern locally exceeds national trends will demand further analysis.

Table 5.17: Who is looking/likely to look for accommodation in the next three years?

	Rotherham (%)		Sheffield (%)		SRHM (%)	
	Newly forming household – Person 1	Newly forming household – Person 2B	Newly forming household – Person 1	Newly forming household – Person 2B	Newly forming household – Person 1	Newly forming household – Person 2B
Parent/Grandparent	2.3	3.2	2.2	2.5	2.3	2.6
Child who will be aged 16+	84.0	62.7	63.5	52.0	71.1	54.1
Partner/spouse	6.4	19.7	12.0	13.4	9.9	14.6
Lodger	0.0	2.5	2.4	3.4	1.5	3.2
Friend	0.0	7.0	13.0	18.6	8.2	16.3
Other relative	7.2	4.8	6.9	10.1	7.1	9.1

Source: Household survey, 2018.

- 5.46. The two types of household most frequently cited as likely to form in the next three years are single adult households and couple households, both without children (see Table 5.18). This supports some of the other evidence above about the nature and requirements of these new households.

Table 5.18: Type of newly forming household

	Rotherham (%)		Sheffield (%)		SRHM (%)	
	Newly forming household – Person 1	Newly forming household – Person 2B	Newly forming household – Person 1	Newly forming household – Person 2B	Newly forming household – Person 1	Newly forming household – Person 2B
Single adult without children	63.5	31.6	72.1	66.7	69.1	60.3
Single adult expecting or with children	3.5	0.0	4.1	1.0	3.9	0.8
Couple without children	19.3	47.3	18.2	25.7	18.5	29.6
Couple expecting or with children	12.3	16.5	3.9	3.8	6.8	6.1
Other	1.5	4.6	1.7	2.8	1.6	3.2

Source: Household survey, 2018.

37 Resolution Foundation (2019) See <https://www.resolutionfoundation.org/media/blog/the-one-million-missing-homes/>

- 5.47. Fewer newly forming households expect to move immediately, with more expected to move in the next year and then even more within the next three years (Table 5.19). This gives policy makers and developers some clarity on the flows of demand over time, and potential to meet needs over different development time horizons.

Table 5.19: Likely timing of newly forming household moves

	Rotherham (%)		Sheffield (%)		SRHM (%)	
	Newly forming household – Person 1	Newly forming household – Person 2B	Newly forming household – Person 1	Newly forming household – Person 2B	Newly forming household – Person 1	Newly forming household – Person 2B
As soon as possible	7.1	15.1	17.7	14.3	14.0	14.4
Within a year	39.7	27.0	39.4	43.2	39.5	40.3
In 2 to 3 years	53.2	57.9	42.9	42.5	46.5	45.3

Source: Household survey, 2018.

- 5.48. Newly forming households will have a differential impact on the three main tenures (Table 5.20). Owner-occupation (with a mortgage) is a likely scenario for newly forming households, particularly those in Rotherham (53.1 per cent and 59.9 per cent for Person 1 and 2 respectively). Comparable figures for Sheffield show a slightly different picture, with new households more likely to be renting in the private sector (approximately 36 per cent for both Person 1 and 2). In Rotherham, expectations to rent from the private sector were lower (25.2 per cent and 19.0 per cent respectively for the newly forming households linked to Person 1 and 2). The social rental sector is another key tenure option for new households. In Rotherham this was more likely to be from the Council; in Sheffield Housing Associations are seen as a more likely option for such households.

Table 5.20: Expected tenure of newly forming households

	Rotherham (%)		Sheffield (%)		SRHM (%)	
	Newly forming household – Person 1	Newly forming household – Person 2B	Newly forming household – Person 1	Newly forming household – Person 2B	Newly forming household – Person 1	Newly forming household – Person 2B
Owner-occupied (with mortgage)	53.1	59.9	39.0	25.2	43.9	31.1
Owner-occupied (no mortgage)	2.5	5.0	2.8	1.8	2.7	2.4
Shared Ownership (part rented, part owned)	0.8	0.0	4.5	6.3	3.2	5.2
Rent from the council	15.7	16.1	10.6	8.1	12.4	9.4
Rent from a housing association	0.4	0.0	4.6	14.0	3.2	11.6
Rent from a private landlord or letting agency	25.2	19.0	36.4	36.8	32.5	33.8
Rent from a relative / friend	0.1	0.0	0.6	5.4	0.4	4.5
Live with parents	0.0	0.0	0.2	0.2	0.2	0.2
Other	2.2	0.0	1.2	2.3	1.6	1.9

Source: Household survey, 2018.

- 5.49. The financial resources of newly forming households will influence their ability to rent in the private sector or own a property and will therefore also influence the likelihood of falling into housing need. The household survey asked households about the estimated income of newly forming households (Table 5.21). 62.7 per cent of such households across the SRHM were estimated to have an income of less than £20,000. This high percentage of lower earnings is likely to mean there are significant barriers for newly forming households in terms of purchasing property. As shown in Chapter 4, few HMAs offer purchasing potential for these households on lower incomes, demanding either alternative tenure choices or mobility across HMAs to cheaper locations. In Rotherham, 18.8 per cent of newly forming households expect to have gross annual income of £30,000-£49,999. In contrast, this figure is only 8.6 per cent in Sheffield. This is perhaps related to the composition of new households in Rotherham, and the proportion of newly forming households arising from partners or spouses of the household reference person.

Table 5.21: Likely annual income of forming households

Estimated gross annual income	Rotherham (%)	Sheffield (%)	SRHM (%)
Up to £4,999	12.8	14.1	13.7
£5,000-£9,999	7.9	6.6	7.0
£10,000-£14,999	11.0	18.7	16.5
£15,000-£19,999	23.3	26.4	25.5
£20,000-£24,999	16.6	11.5	12.9
£25,000-£29,999	7.9	13.6	12.0
£30,000-£39,999	14.6	7.1	9.2
£40,000-£49,999	4.2	1.5	2.3
£50,000-£100,000	1.7	0.3	0.7
Over £100,000	0.0	0.3	0.2

Source: Household survey, 2018.

- 5.50. Analysis of the survey responses suggests that 28.4 per cent of newly forming households will be full-time students (30.9 per cent from Sheffield, and 21.9 per cent from Rotherham). 89.1 per cent of such students from Rotherham and 75.6 per cent of such students from Sheffield expect to be students in Sheffield institutions. The majority of those (81.0 per cent) would expect to find accommodation in the private rented sector or purpose-built student accommodation. In total this might yield a total demand for student accommodation of around 9,400 bed spaces from this source over five years although this should be considered a maximum given that competition from other regional and national universities means that in practice students will also choose other cities.
- 5.51. Table 5.22 shows that newly forming households in the SRHM frequently cite flats/apartments as their expected property type - 26.4 and 25.0 per cent for Persons 1 and 2). This may in part relate to this being the most affordable housing in the SRHM for younger households without children. In Sheffield, terraced housing is also highly cited (23.6 and 16.6 per cent for Persons 1 and 2 respectively). Across the whole SRHM, but particularly in Rotherham, semi-detached properties are in high demand from such groups. In Rotherham, this may be explained by the higher household incomes observed, as discussed above.

Table 5.22: What type of property is the newly forming household likely to move to?

	Rotherham (%)		Sheffield (%)		SRHM (%)	
	Newly forming household – Person 1	Newly forming household – Person 2B	Newly forming household – Person 1	Newly forming household – Person 2B	Newly forming household – Person 1	Newly forming household – Person 2B
Detached house	9.0	30.4	5.4	10.0	6.6	13.5
Semi-detached house	41.4	35.2	20.3	15.5	27.6	18.9
Terraced (including end-terraced)	5.2	9.6	23.6	16.6	17.2	15.4
Flat/apartment	21.0	18.7	29.3	26.4	26.4	25.0
Bedsit/Studio	9.2	2.4	1.7	2.9	4.3	2.8
Bungalow	0.5	3.3	1.9	1.3	1.4	1.6
Maisonette	0.4	0.0	0.0	0.0	0.2	0.0
Shared accommodation	13.2	0.0	14.4	21.5	14.0	17.8
Other	0.0	0.4	3.4	5.8	2.2	4.8

Source: Household survey.

The impact of migration out of Sheffield and Rotherham

- 5.52. The likely impact of migration flows is more difficult to evidence than the potential demand flowing from existing and newly forming households. As we discussed in Chapter 4, secondary data helps shed some light on this and provides an indication of the likely flows and the net effects of these. In this section, we explore the data supplied by households to estimate the numbers of households who may leave the SRHM in the future, and their reasons for doing so. Limits to survey length in the design stage restricted the capacity to explore the likely destinations of those households moving outside of the SRHM. However, it is possible to infer who this group may be by subtracting them from those who stated a preference for HMAs within the SRHM. This is an imperfect approach, and likely overestimates those considering moving outside the district, but nonetheless provides indicative figures. This group should therefore be seen as only 'potential movers,' rather than 'likely movers.'
- 5.53. Table 5.23 presents the intentions of existing households, both those who stated a destination HMA for their future move, and those who did not. It shows that of those expecting to need to move as soon as possible, a greater proportion (9.1 per cent) anticipate moving within the SRHM as opposed to outside of it (6.2 per cent). In contrast, those who do not need to move but might want to showed a greater expectation to make this move outside of the SRHM (60.0 per cent) compared to within it (57.0 per cent). In Rotherham, those expecting to move within 3-5 years showed a greater preference for moving outside of the SRHM (16.6 per cent) compared to within it (13.6 per cent). Some of these patterns may simply reflect the fact that imminent movers have given more thought to their destination and are more able to pinpoint a specific location. The total number of existing households who are likely to move outside the SRHM are 3,794 from Rotherham and 7,552 from Sheffield.

Table 5.23: Number of households expecting to move within or outside the SRHM

	Rotherham		Sheffield		SRHM	
	Expect to move within SRHM (%)	Not selected (%)	Expect to move within SRHM (%)	Not selected (%)	Expect to move within SRHM (%)	Not selected (%)
Yes, I need to move as soon as possible	2464 (7.0)	319 (3.2)	10293 (9.8)	1433 (7.7)	12757 (9.1)	1751 (6.2)
Yes, in the next year	3144 (9.0)	899 (9.2)	9462 (9.0)	2698 (14.5)	12606 (9.0)	3597 (12.7)
Yes, in 1 to 3 years	3935 (11.2)	948 (9.7)	16603 (15.8)	2176 (11.7)	20538 (14.7)	3124 (11.0)
Yes, in 3 to 5 years	4782 (13.6)	1627 (16.6)	9457 (9.0)	1246 (6.7)	14239 (10.2)	2874 (10.1)
No, I don't need to move but might want to	20786 (59.2)	6024 (61.4)	59000 (56.3)	11019 (59.3)	79786 (57.0)	17043 (60.0)
Totals	100.0	100.0	100.0	100.0	100.0	100.0
Total movers expecting to move outside SRHM		3794		7552		11346

Source: Household survey, 2018.

Table 5.24: Destination of potential newly forming households (%)

Destination	Newly forming household arising from existing household in:	
	Sheffield	Rotherham
Sheffield	69.0	24.8
Rotherham	3.9	57.1
Elsewhere	27.1	18.1
Total	100.0	100.0
Total moving out of district	31.0	42.9

Source: Household survey, 2018.

- 5.54. Table 5.24 presents an indication, based on survey responses, of the likely destination of newly forming households. 31.0 per cent of newly forming households arising from an existing household in Sheffield expect to move out of the district. The equivalent proportion for households arising in Rotherham is 42.9 per cent.
- 5.55. Relying on the responses of households to project future migration has some pros and cons. It is essentially prospective - rather than retrospective - and therefore may account for changing drivers in decisions around housing choices and migration. However, we may question whether households can accurately predict the moves they eventually make, particularly if these are not imminent. In assessing the extent of future demand to be met outside the SRHM, we have drawn on data concerning

recent migration patterns across local authorities (provided by the ONS) and allied this with the survey data and other evidence to try to create a triangulated picture.

Effective and New Demand Levels

- 5.56. As we note above, the overall demand for housing comes from existing households within the market, newly forming households from within the SRHM and from the net effects of migration.
- 5.57. This section of the report seeks to consider the extent to which this latent demand might lead to effective demand that cannot be accommodated within the existing stock, thus providing an estimate of the overall housing requirement.
- 5.58. Table 5.25 below sets out the estimated annualised number of households that expect to move and the estimated number of households that might potentially form in the next 3 years. This information is cross tabulated with the expected end tenure for that household.

Table 5.25: Estimating potential annual market demand from existing and newly forming households by tenure

	Sheffield			Rotherham			SRHM		
	Existing household	Newly forming	Total	Existing household	Newly forming	Total	Existing household	Newly forming	Total
Owner-occupied (with mortgage)	11162	4058	15220	4412	2605	7017	15574	6663	22237
Owner-occupied (no mortgage)	4044	295	4339	2243	143	2386	6287	438	6725
Shared Ownership (part rented; part owned)*	77	631	708	19	28	48	97	659	756
Rent from the council*	3024	1162	4185	1231	755	1986	4255	1916	6171
Rent from a housing association*	1469	1024	2493	149	14	163	1618	1038	2656
Rent from a private landlord or letting agency	3379	4440	7819	533	1140	1672	3912	5580	9491
Rent from a relative / friend*	38	308	346	2	4	6	40	312	352
Live with parents*	212	27	239	0	0	0	212	27	239
Other	633	204	837	133	84	217	766	288	1053
Total	24038	12148	36186	8722	4773	13495	32760	16921	49681
Of which non-market (*)	4820	3152	7971	1402	801	2203	6222	3953	10175
Market demand	19218	8996	28215	7320	3972	11292	26538	12968	39506

Note: This analysis uses variables which ask for moving intentions/household formations over varying periods. This is addressed through the annualisation of data.
Source: Household survey, 2018.

- 5.59. The largest contribution to overall demand comes from existing households. The survey suggests each year over the next 5 years there may be 32,760 potential movers (24,038 from Sheffield and 8,722 from Rotherham).

- 5.60. A further 16,921 could come from newly forming households (12,148 from Sheffield; 4,773 from Rotherham).
- 5.61. All households that expect to move into non-market housing (10,175 households, made up of 6,222 existing households and 3,953 newly forming households) are eliminated from the analysis (23.4 per cent of newly forming households; and 19 per cent of existing households) as these will not impact on market demand, although their needs are considered in the separate housing needs model (see Chapter 6). This leaves a potential market requirement of 28,214 households per annum in Sheffield, and 11,292 in Rotherham (a total of 39,506 in the SRHM) (see row 7 in Table 5.27).
- 5.62. Of this group, however, it will remain the case that a proportion will be unable to move as a result of financial constraints (e.g. limited savings, lack of mortgage availability, high costs, etc.). The financial capacity of potential movers may be complicated by a number of factors. We can assume that households that say they are likely to form will find a way of doing so if at all possible, but that if financial constraints and a lack of affordable property conspire against them this may lead to suppressed (delayed) household formation or a concealed household. Table 5.26 provides a summary of key affordability metrics presented in Chapter 4.

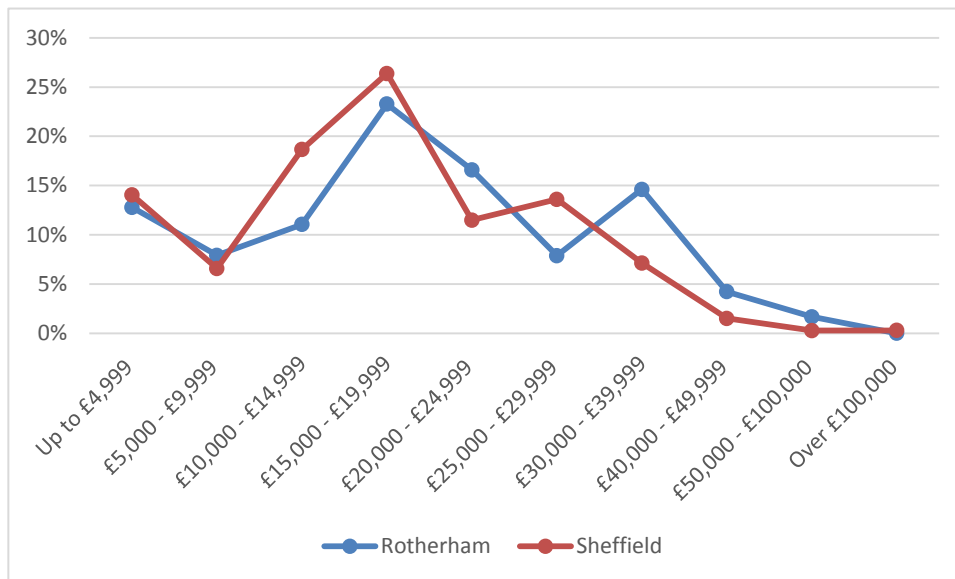
Table 5.26: Summary of key affordability metrics.

Affordability measure	Sheffield (%)	Rotherham (%)
(a) Percentage of all households with sufficient income to afford lower quartile house price	64	59
(b) Percentage of non-owners with sufficient income to afford lower quartile house price	39	24
(c) Percentage of non-owners without required deposit to buy at lower quartile price (at 83 per cent LTV)	77-90	76-89
(d) Percentage of non-owners able to afford market rent for 2-bed property	30	27
(e) Percentage of newly forming households with income required to afford market rent for 2-bed property	27	52
(f) Percentage of newly forming households without income required to afford market rent for 2-bed property	73	48
(g) Affordability reason preventing existing household in need from moving	68	72

- 5.63. Whilst precise circumstances will vary, the data suggest that in general affordability is slightly worse in Rotherham, partly on account of lower average incomes. Alternatively, the affordability metrics suggest that of all households, including those already in owner occupation, some 64 per cent in Sheffield and 59 per cent in Rotherham might be able to afford lower quartile house prices (row a). This suggests 36 per cent in Sheffield and 41 per cent in Rotherham are unable to afford. For newly forming households, the picture is slightly different. Using data from the household survey and an analysis of market rents for studios, 1- and 2-bed properties, we calculate that 73 per cent of potentially newly forming households in Sheffield will be unable to afford (row f). The comparable statistic for Rotherham is much lower, at 48 per cent. Taken together this suggests that existing households in Rotherham are more constrained by their circumstances on average than those in Sheffield, but that the situation for potential newly forming households in Rotherham

may be better than in Sheffield. Figure 5.4 shows the income distribution of potential newly forming households in both districts and confirms that it is expected that a higher proportion of such household in Rotherham will be in higher income brackets.

Figure 5.4: Income distribution of newly forming households



Source: Household survey 2018.

- 5.64. Using this information, we can work through certain calculations to provide an estimate of future annual housing requirements that arise from existing and newly forming households (Table 5.27). It is important to recognise that this is not directly comparable with estimates of the housing requirement that result from household projections. The projections also factor the additional requirements that will result from net migration and will also net off the impact of the deaths of one person households (see paragraph 5.67).

Table 5.27: Summary of calculation of requirement from existing and newly forming households

Row	Calculation step	Sheffield	Rotherham	SRHM
1	Demand from existing households wanting to move per annum (n) (Table 5.25)	24038	8722	32760
2	Households expecting to move into non-market housing (n) (Table 5.25)	4820	1402	6222
3	Potential market demand from existing households (row 1 – row 2)	19218	7320	26538
4	Potential newly forming households (n) (Table 5.25)	12148	4773	16921
5	Households expecting to move into non-market housing (n) (Table 5.25)	3152	801	3953
6	Potential market demand from newly forming households (row 4 – row 5)	8996	3972	12968
7	Total potential demand from existing households and newly forming households (n) (row 3 + row 6)	28214	11292	39506
8	Ratio of demand from existing to newly forming households (row 3: row 6)	2.1	1.8	2.0
9	Estimated number of existing households likely to move out of district (n) (Table 5.23)	7552	3794	11346
10	% of newly forming households likely to move out of district (Table 5.24)	31.0	42.9	n/a
11	Estimated number of newly forming households likely to move out of district (row 6 x row 10)	2789	1704	4493
12	Remaining potential demand from existing households (n) (row 3 – row 9)	11666	3526	15192
13	Remaining potential demand from newly forming households (n) (row 6 – row 11)	6207	2268	8475
14	Existing households able to afford (%) (Table 5.26 row a)	64	59	n/a
15	Able to afford (n) (row 12 x row 14)	7466	2080	9546
16	Existing households wanting to move and already within market housing (%) (from survey)	75	72	73
17	Remaining market requirement from existing households (n) (row 15 x (100 – row 16))	1867	582	2449
18	Newly forming household able to afford (%) (Calculated from table 5.26 row f)	27	52	n/a
19	Able to afford (n) (applied to newly forming households) (row 13 x row 18)	1676	1179	2855
20	Remaining market requirement per annum (n) (row 17 + row 19)	3543	1761	5304

5.65. The approach taken to estimating the indicative housing requirement arising from the survey (existing and potential newly forming households) is as follows:

- Take from Table 5.25 the total number of existing households wishing or needing to move (row 1) and subtract those who say that they would expect to move into non-market housing (row 2) to leave a subtotal of the potential market demand from existing households (row 3).
- Take from Table 5.25 the total potential number of newly forming households (row 4). Subtract those where the survey respondent expects the household to move into non-market housing (row 5) to leave a subtotal of the potential market demand from newly forming households (row 6).
- The total potential demand from existing and newly forming households is therefore row 3 added to row 6 (result in row 7).
- Again from the survey, estimate the total number of households wanting to or needing to move who say that they are likely to move out of the SRHM (row 9). This is derived from Table 5.23.
- From Table 5.24 take the proportion of newly forming households that might move away from their 'home' district (row 10). Applying this proportion to the total potential market demand from newly forming households (row 6) gives an estimate of the number of newly forming households that will move out of their district (row 11).
- The remaining potential demand from existing (row 12) and newly forming (row 13) households can then be computed, by subtracting rows 9 and 11 respectively.
- An affordability test is then applied, first to existing households and then to newly arising households. From Table 5.26, the proportion of existing households that are unlikely to be able to afford market housing is found (row 14). This is applied to the remaining potential demand from existing households in row 12 to give an unadjusted estimate of future revealed demand (row 15). For existing households, the number of households who are already in market housing (and thus will release a market unit as they take one up) are netted off. This accounts for the majority of such households (the proportions are in row 16); the remaining demand is from existing households who are currently in affordable housing but who might be able to express effective demand for a market unit in Sheffield or Rotherham (row 17).
- A similar affordability test is applied to newly forming households. Again, the affordability metric is taken from Table 5.26 although this time applying only to newly forming households (giving a significantly different measure of affordability given the more constrained circumstances of most newly forming households). The affordability percentages are in row 18, and the remaining market demand from potential newly forming households in row 19.
- Adding the potential market demand from existing (row 17) and newly forming (row 19) households gives an estimate of the total market requirement (row 20).

5.66. It is extremely important to remember that this constitutes an unadjusted market demand arising from existing and newly forming households from within the market area. This differs from estimates that will arise from household projections and other modelled sources in a number of important respects:

- Each year a proportion of the housing stock is released from use on account of the death of a sole remaining household member (or a move into long term institutional care). Whilst population projections on which household projections

are based can model this to some extent, it is not possible to estimate from the survey.

- The impacts of incoming migration must also be factored in. As noted elsewhere in this report, migration data are relatively volatile and particularly sensitive to changing economic and policy factors. It would not be appropriate to build these into this model, as the application of age, sex and other cohort-specific headship rates would be required to convert population migration estimates into a robust household requirement.
- Finally, it should be recognised that households in market housing, that move outside the SRHM, will release a market dwelling that should be capable of satisfying demand.

5.67. We can return now to the question of how our estimate of the housing requirement compares with that suggested by government's Local Housing Need (LHN) methodology. Table 5.2 set out LHN alongside various other sources of data from which an implied level of household change might be derived. This shows that LHN has been calculated at 2,124 in Sheffield and 581 in Rotherham.

5.68. We would note, however, the considerable uncertainties that must be attached to the question of predicting future housing requirements at this time. It seems appropriate to consider that the LHN may be towards the middle of a range (1,800-2,200 in Sheffield; 500-650 in Rotherham; and 2,300-2,850 across the SHRM as a whole) wherein the likely requirement may sit.

5.69. Factors suggesting the upper end of the range would include increased student and graduate retention; and an improving local economy (the success against the SCR Strategic Economic Plan's jobs target is, we believe, a material factor here). Factors suppressing the requirement might include ongoing welfare reforms and austerity, lack of regeneration funding, and uncertainties around the EU exit affecting both the desire to move and capacity to do so.

5.70. Set alongside the various other estimates of housing requirement that are implied by household projections and the government's proposed method of calculating LHN, as well as the overall estimate of household formation taken from the survey, we can conclude that the LHN model provides a broadly sound basis for understanding the overall housing requirement in the next five years.

Affordable housing need

KEY POINTS

- A stock flow model is constructed using robust survey and secondary data sets to provide an estimate of the overall shortfall of affordable housing which should be provided to ensure that needs are met.
- Plans, policies and programmes of Sheffield and Rotherham councils and their partners should be aligned to deliver an annual quantity of affordable housing which is aimed at meeting a backlog of existing needs and newly arising need.
- The key assumption, in line with standard practice, is that the backlog will be tackled progressively over the next 5 years.
- Overall, there is an annual shortfall in affordable units of 902 in Sheffield and 716 in Rotherham.
- As a guideline, 25% of units could potentially be shared ownership, Affordable Rent or other intermediate products. The majority should be homes for social rent.
- A number of trends have come together to result in an increase in the shortfall since previous SHMAs. These include:
 - General increases in need amongst existing households.
 - Affordability problems caused both by high rents and prices in some submarkets, and low and static household incomes, sometimes in combination.
 - Forecast increases in the levels of homelessness.
 - Continuing increases in the number of affordable units lost through the Right to Buy.
 - A decline in the level of social housing relets.
- Needs and supply in some parts of the SRHM might be in approximate balance, with little or no shortfall. These include South East Sheffield and East Sheffield.
- Some areas may be exhibiting a crude surplus of affordable housing, where the ongoing policy challenge may be around tenure and product diversification. This might include Manor/Arbourthorne/Gleadless and North East Sheffield.
- Rotherham Town Centre, focus of an emergent submarket, has a small requirement for affordable housing but the focus of regeneration plans there may need to anticipate a wider range of price points and products if correctly marketed.
- Areas with significant shortfalls include many parts of Rotherham, Sheffield Urban West, North West and South West Sheffield. Given their small size, shortfalls may also be locally significant in Rural Upper Don Valley and the Peak District Fringe as well as Chapelton/Ecclesfield and Stocksbridge/Deepcar.

- 6.1. This chapter considers the amount of affordable housing need that is estimated to exist within the market area and is estimated to arise over the next five years.
- 6.2. A conventional stock-flow model of the type often used in housing needs assessments is employed. The basic architecture of the model is that it:
 - Estimates the amount of housing need that exists at the model baseline (2018), and then annualises this based on a policy assumption that the backlog of housing need will be cleared over five years.
 - Estimates the extent of new need that will arise in the market area each year going forward.
 - Estimates the net supply of affordable housing that can be expected each year, capable of meeting needs.
- 6.3. The model is data driven. It relies on detailed empirical estimates and calculations drawn from secondary data sources and the household survey. The model is capable of disaggregation to HMA level, although the results at the HMA level are less robust than at the level of the district or SRHM as a whole. This is because for some data sources an HMA level of granularity is not available and so a breakdown is estimated on a proportional basis.
- 6.4. A summary of the model is provided at Table 6.1. This should be read in conjunction with the detail within paragraphs 6.5 to 6.37, which explain the derivation of each line of the model and the key data sources and assumptions used.

Table 6.1: Housing needs model

	Ref.	Calculation step	2018			Previous SHMAs for comparison		
			Roth'm	Shef.	SRHM	Roth'm 2014	Shef. 2013	SRHMA 2013/14
(B) Backlog of Need	1a	Households in unsuitable housing (paras 6.8–6.11)	12,981	25,891	38,872	14,630	23,789	38,419
	1b	+ Household says adequate but technically overcrowded (paras 6.12–6.13)	1,605	4,437	6,042	1,574	2,744	4,318
	1c	= SUB TOTAL All existing households in housing need (1a+1b)	14,586	30,328	44,914	16,279	27,857	44,136
	2a	Overcrowding will be resolved in situ (concealed household moves out) (para 6.15)	611	3,034	3,644	427	1,912	2,339
	2b	<i>Unsuitability expected to be resolved by move within SRS</i> (para 6.16)	3,024	14,354	17,378	4,827	15,033	19,860
	2c	<i>Adjustment to account for bed size mismatch in SRS turnover (%)</i> (para 6.16)	1.80	2.10	2.05	10.01	6.00	6.97
	2d	SUB TOTAL - unsuitable housing resolved within SRS stock (2b – 2c%)	2,970	14,052	17,022	4,344	14,131	18,475
	2e	Unsuitable housing resolved by out migration (para 6.17)	469	1,650	2,119	414	484	898
	2f	SUB TOTAL Existing households in need, but resolved in situ or by migration (2a+2d+2e)	4,049	18,736	22,785	5,185	16,527	21,712
	2g	SUB TOTAL Households in unsuitable housing and need to move (1c – 2f)	10,536	11,592	22,129	11,093	11,330	22,423
	3a	Percentage unable to afford to buy or rent (para 6.19)	72.4	67.7	69.9	0.62	0.67	
	3b	Households in unsuitable housing, need to move and cannot afford to (2g × 3a%)	7,627	7,851	15,478	6,922	7,602	14,524
	4	Backlog homeless households (paras 6.20–6.21)	280	535	815	54	290	344
	5a	TOTAL BACKLOG NEED (3b + 4)	7,907	8,386	16,293	6,976	7,892	14,868
	5b	TOTAL ANNUAL NEED TO REDUCE BACKLOG (20%/YEAR) (5a × 0.2)	1,581	1,677	3,259	1,395	1,578	2,973
(N) Newly Arising Need	6	<i>New household formation</i> (para 6.23)	616	1,814	2,431	1,723	2,269	3,992
	7a	<i>Percentage unable to buy or rent in market</i> (para 6.24)	48	73	67	0.59	0.75	
	7b	SUB TOTAL Annual newly forming households unable to buy or rent (6 × 7%)	296	1,325	1,620	558	1,702	2,260
	8a	Existing households falling into priority need (paras 6.25–6.26)	215	567	781	143	1,326	1,469
	8b	TOTAL NEWLY ARISING NEED (7b + 8a)	510	1,891	2,402	701	3,028	3,729
(S) Supply of Affordable Housing	9a	Supply of social re-lets (paras 6.28–6.31)	1,472	2,919	4,391	1,723	3,728	5,451
	9b	Shared Ownership re-sales (para 6.32)	4	14	18	6	18	24
	9c	= SUB TOTAL Annual supply of affordable housing (9a + 9b)	1,476	2,933	4,409	1,729	3,746	5,475
	10	Units taken out of management through Right to Buy (para 6.33)	238	533	771	61	65	126
	11	Committed units of new affordable supply + LCHO (paras 6.34–6.36)	142	280	422	191	200	391
	12	TOTAL ANNUAL AFFORDABLE SUPPLY (9c – 10 + 11)	1,376	2,666	4,042	1,859	3,881	5,740
SUMMARY	B	Annual need to reduce backlog (B) (5b)	1,581	1,677	3,259	1,395	1,578	2,973
	N	Newly arising need (N) (8b)	510	1,891	2,402	701	3,028	3,729
		TOTAL AFFORDABLE NEED (B+N)	2,092	3,568	5,660	2,096	4,606	6,702
	S	Affordable Supply (S) (12)	1,376	2,666	4,042	1,859	3,881	5,740
	OVERALL ANNUAL SHORTFALL ((B + N) – S)	716	902	1,618	237	725	962	

Note: values may not sum precisely due to rounding within the model.

- 6.5. As can be seen from the model, the level of affordable housing shortfall that should be supplied annually in Sheffield is 902 units per annum. For Rotherham, the figure is 716 units per annum. These figures represent the required level of new affordable supply that would be required if the backlog is to be cleared over 5 years.
- 6.6. In both areas, this represents an increase on previous SHMA estimates. This is to be expected given our assessment of changes in socio economic conditions and the policy environment, as discussed earlier in this report.
- 6.7. However, the extent of increase in Rotherham is clearly very significant – the estimated need in Rotherham in the 2014 SHMA was 237 units. This implies that the ability of households to form and to afford may be significantly constrained in Rotherham, thus suppressing household projections and survey estimates. Yet, this is unlikely to be the full story. A comparison of the current and previous models reveals a decrease in the level of affordable housing supply in Rotherham. This is mainly driven by the tightening of social housing relets – which is normally the largest component of affordable housing supply in any given year. Levels of annual supply in Rotherham and Sheffield are lower than they were at the time of the previous SHMA, a loss of affordable supply from all sources of just under 1,700 units per annum across the SRHM. This makes a significant contribution to the increase in the shortfall.

Backlog of need

Unsuitable housing and overcrowding

- 6.8. The starting point in estimating the backlog of need is an assessment of the number of households whose housing circumstances are inadequate. We derive this in two main ways. First, we ask households in the housing survey whether they think their housing is adequate for their needs and, if not, we ask them to expand on the reasons. Second, we undertake a technical assessment of overcrowding using the legal definition. For those households deeming their housing to be adequate but where our assessment shows them to be statutorily overcrowded, we consider them to be in need.
- 6.9. We purposely adopt a wide-ranging definition of inadequacy. Housing can be inadequate because it is too small, or too big. Indeed, this latter measure of inadequacy has increased salience thanks to welfare reforms including the introduction of an overall benefit cap and the removal of the spare room subsidy. Households with certain health conditions or impairments may struggle with the upkeep of larger properties and households may find it difficult to heat larger homes especially if they are in fuel poverty.
- 6.10. Table 4.17 in chapter 4 provides the reasons for inadequacy cited by households. We do not count households who say that their home is inadequate for the sole reason that there is a “lack of driveway, off-street or allocated parking”. The total estimate of households in inadequate housing by HMA is provided in Table 6.2. Whilst there is variation between HMAs, on average around 12 per cent of existing households have some form of housing need – 11.9 per cent in Rotherham and 11.4 per cent in Sheffield. HMAs with the greatest need in proportional terms include Rotherham Town Centre (30.4 per cent), East Sheffield (23.5 per cent), North East Sheffield (18.7 per cent), Manor/ Arbourthorne/ Gleadless (17.2 per cent) and North Urban Rotherham (15.4 per cent). HMAs with the lowest levels of need include South East Sheffield (5.9 per cent), Stocksbridge and Deepcar (6.6 per cent) and Sheffield Urban West (7.6 per cent).

- 6.11. In total, 25,891 households in Sheffield, and 12,981 households in Rotherham, are considered to be in inadequate housing. This includes households who recognise their home as inadequate for their needs and are also technically overcrowded according to the statutory definition. This initial estimate of inadequate housing is reflected in the model in line 1a.

Table 6.2: Households in inadequate housing by HMA

Area	In your opinion, is your present home adequate for your household's needs?		Total households in inadequate housing ¹	
	Yes	No	Number	%
Rotherham Dearne	16023	1497	1485	8.5
North Urban Rotherham	28320	5166	5166	15.4
South East Rotherham	17357	2523	2523	12.7
South Urban Rotherham	18772	2065	1958	9.4
South West Rotherham	14499	1370	1360	8.6
Rotherham Town Centre	1122	490	490	30.4
Rotherham	96093	13110	12981	11.9
Chapelton/ Ecclesfield	13630	1405	1314	8.7
Sheffield City Centre	10729	2120	1777	13.8
Sheffield Urban West	29601	2676	2466	7.6
East Sheffield	10894	3713	3432	23.5
Manor/ Arbourthorne/ Gleadless	16253	3524	3397	17.2
North East Sheffield	20860	4925	4834	18.7
North West Sheffield	14925	1940	1940	11.5
Peak District Fringe	3822	339	339	8.1
Rural Upper Don Valley	3314	313	300	8.3
South Sheffield	17467	1842	1842	9.5
South East Sheffield	33086	2093	2093	5.9
South West Sheffield	19338	1770	1770	8.4
Stocksbridge and Deepcar	5506	387	387	6.6
Sheffield	199427	27047	25891	11.4
SRHM	295520	40157	38872	11.6

Source: Household survey.

Note 1 This excludes households whose only cited reason for inadequacy of their housing was lack of driveway, off street or allocated parking.

- 6.12. To this estimate of inadequate housing we add those households who, by virtue of their household composition and age, gender and relationship of household members, are technically overcrowded against the number of bedrooms they have. Although the statutory definition of overcrowding allows for all living space (e.g. living rooms) to be purposed as sleeping space, we adopt the definition that is used within the housing allocations policies in force within Sheffield and Rotherham councils. Essentially, a household is overcrowded if the number of required bedrooms exceeds the number of bedrooms available. Siblings are expected to share two to a room, except for children aged over 10 who are not expected to share with a sibling of the opposite sex. Couples and unrelated adults are each allowed a bedroom.

6.13. We estimate that there are 4,437 such households in Sheffield and 1,605 in Rotherham (table 6.1, model line 1b). These are added to the estimate of households in line 1a to give a sub total of all existing households in housing need. This subtotal is 30,328 households in Sheffield and 14,586 in Rotherham, or a total of 44,914 across the SRHM.

Resolving need 'in situ'

6.14. A significant proportion of households in housing need are able to resolve their housing needs in situ, and therefore are not counted towards the backlog of need. The three ways that we expect housing needs can be resolved in this way are:

- If a household ceases being overcrowded because a concealed household moves out.
- If a household in need is provided with a social let to a property that meets their needs (recognising that allocations policies will not normally permit a tenancy to start if a household would still be in need).
- If the household moves out of the market area.

6.15. We use answers to questions about the likely moving intentions of current household members to determine the likely number of concealed households that will move out. These are subject to the overcrowding test. If an overcrowded household will cease being overcrowded because a current member of the households expects to move out, we subtract this household from the running tally of households in need. In Sheffield 3,034 such households are subtracted; in Rotherham the figure is 611 households (model line 2a).

6.16. A household in need can have their needs met by a new tenancy in the social rented sector. When they do so, they are assumed to release their existing property for reallocation, thus forming part of the supply of affordable housing. They are therefore netted off from the initial estimate of households in need. A significantly higher number of households currently in need in Sheffield (14,354) are in the SRS than is the case in Rotherham (3,024). However, the size profile of the released housing stock will never be a perfect match for the size profile required by households in need. We have therefore computed a matching inefficiency based on the cumulative mismatch between the number of bedrooms that will be released by households and the number of bedrooms required by households. The cumulative mismatch for properties of 3 bedrooms and over is taken to be indicative of the inefficiency in matching (Table 6.3). For Sheffield this mismatch of 297 properties of a total of around 14,000 suggests an inefficiency of 2.1 per cent. This is around a third of the equivalent inefficiency in the previous SHMA (6 per cent) and reflects a tighter social housing system as a whole, with fewer empty properties, less turnover and possibly the impact of the removal of the spare room subsidy which disincentivises households to over-occupy social housing. In Rotherham, the mismatch is 55 properties of around 3,000, giving an inefficiency of 1.8 per cent. The total number of households estimated to resolve their needs by a move in the SRS is deflated by 1.8 per cent in Rotherham and 2.1 per cent in Sheffield, giving an adjusted subtotal in line 2b of 14,052 in Sheffield and 2,970 in Rotherham.

6.17. Finally, we have estimated the likelihood that a household in need will move out of the area by applying the implied outmigration propensity in the ONS internal population migration estimates to the total number of households in need. This yields a further reduction in need of 1,650 in Sheffield and 469 in Rotherham (model line 2e).

Table 6.3: Social Rented Sector size matching calculation

ROTHERHAM				SHEFFIELD			
Bedrooms	Implied no. of properties released	No. of households with needs for property of this size	Cumulative mismatch (preferences to size, including larger property sizes)	Bed-rooms	Implied no. of properties released	No. of households with needs for property of this size	Cumulative mismatch (preferences to size, including larger property sizes)
5+	0		0	5+		91	-91
4	0		0	4	512	168	253
3	463	408	55	3	3083	3039	297
2	1843	1785	113	2	7176	6267	1206
1	718	408	423	1	3462	4064	604

Source: calculations based on household survey. Note: the cumulative mismatch column is the difference between needs and properties released first for 5+ bedrooms, then 4 bedrooms (added to the previous mismatch), then 3 bedrooms and so on.

6.18. So far, this leaves 11,592 households in Sheffield and 10,536 households in Rotherham who are in unsuitable housing and who may need to move.

6.19. The extent to which these households can meet their needs in the private housing market will be conditioned by affordability. At this point in the model, therefore, an assessment is made of the ability of households in need to afford to resolve their need in the private market. Drawing on the proportion of households in need who cannot move for an affordability related reason (Table 5.26), 68 per cent of households in need in Sheffield are estimated to be unable to afford in the private market; and 72 per cent in Rotherham (model line 3a). This translates as 7,851 households in Sheffield and 7,627 in Rotherham (model line 3b).

Backlog homeless households

6.20. The final component of the overall backlog of housing need is homelessness. It is difficult to find a direct estimate of the backlog of homelessness. The use of the housing register is considered to be unreliable because it will often contain registered households who have since resolved their housing situation or who may have fallen out of contact. Open homelessness casework can be similarly unreliable because of the long tail of households presenting to the system but who fall out of contact. The flow of decisions is one way of assessing this. The Homeless Reduction Act has changed the system and placed more of an emphasis on the prevention and relief duties on local authorities alongside the main housing duty. Our approach is to take the quarterly estimate of cases where the main, prevention and relief duties end as an indication of the overall extent of homelessness. To this is added the number of households in Temporary Accommodation and the total estimated number of rough sleepers. Table 6.4 presents the summary of this. The totals are transferred into the model at line 4.

6.21. This gives a total estimate of the backlog of housing need of 8,386 in Sheffield and 7,907 in Rotherham. A policy assumption is made that the backlog should be provided for over 5 years. Dividing the total backlog therefore by 5 gives an annual level of housing need which needs to be provided for – equating to 1,677 in Sheffield and 1,581 in Rotherham.

Table 6.4: Components of the estimate of backlog homelessness

	Sheffield	Rotherham	SRHM
Main Duty ended	80	53	133
Prevention duty ended	141	135	276
Relief duty ended	189	77	266
Temporary Accommodation	99	10	109
Rough sleepers	26	5	31
Total	535	280	815

Sources: MHCLG H-CLIC April-June 2018, tables MD, P, R, TA. MHCLG/Homeless Link (rough sleeping estimate).

Newly arising need

- 6.22. The second major part of the housing need model concerns the estimate of need that will arise each year going forward. Principally, this arises from the estimated level of new household formation in the market area, adjusted by an affordability factor. Then to this is added an estimate of additional households (currently adequately housed) who will fall into homelessness and into priority need.

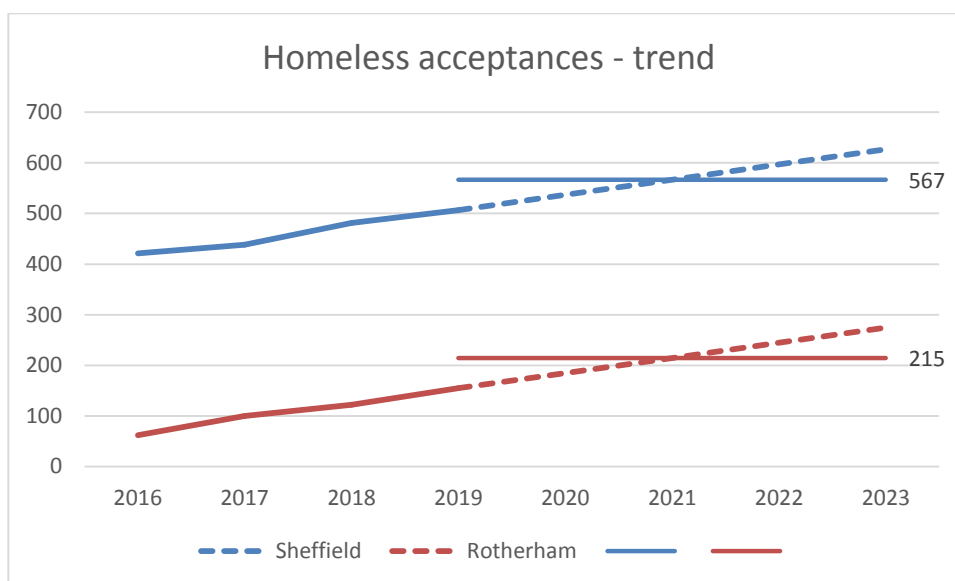
Household formation

- 6.23. The level of household formation is computed by taking information from the household survey on the likelihood of a household moving to a new home. This is then subject to a deflator to account for the empirically known tendency for the majority of households predicting a move to overestimate the likelihood of moving in a given timescale. According to evidence from a RICS study, and which was used in the previous SHMAs, approximately only 17 per cent of households may reliably fulfil their expectations in this regard. In total, and once converted to an annual figure, an estimated level of household formation implied by the survey is 1,814 in Sheffield and 616 in Rotherham.
- 6.24. The affordability rate presented in Table 5.24 is then applied to determine the extent to which these newly forming housings will require affordable housing (line 7a), resulting in annual newly arising need from household formation of 296 households in Rotherham and 1,325 in Sheffield.

Priority housing need

- 6.25. Similar to the estimate of backlog homelessness, it is necessary to turn to statistics on homelessness casework to determine a likely future level of homelessness. After reducing significantly, levels of homelessness are again increasing. Figure 6.1 shows the recent trend in the number of homeless priority-need acceptances (from the previous regime as reported in the now-superseded P1E returns). Extrapolating the trend forward seems to be a reasonable assumption given the increasing use of no-fault evictions in an enlarged private rented sector together with the continued impact of welfare reforms and the introduction of Universal Credit, evidenced elsewhere. An annual average of the forward trend is taken: 567 households in Sheffield and 215 households in Rotherham. These are entered into the model at line 8a.

Figure 6.1: Trend homeless priority need acceptances



Source: based on P1E returns.

- 6.26. **The overall estimate of newly arising need is 1,891 households annually in Sheffield, and 510 annually in Rotherham.**

Affordable housing supply

- 6.27. The final part of the model pertains to the estimate of the supply of affordable housing that is available to meet needs each year. Principally this is made up of relets (including new lets) within the social housing stock, to which is added programmed new affordable housing and Low-Cost Home Ownership/Shared Ownership construction. Units expected to be taken out of the affordable supply through the Right to Buy are then deducted. Lines 9-11 on the model summarise these elements.

Social relets

- 6.28. By far the most significant source of affordable housing supply is from turnover in the social rented sector. Data from the CORE (Continuous Recording) system and Local Authority Housing Statistics (LAHS) returns to MHCLG can be used to estimate the number of general needs properties that are relet each year. As can be seen from the model in Table 6.1, and as discussed earlier, there has been a decline in the number of relets. This accords with evidence more widely across the social housing sector.
- 6.29. There is an apparent discrepancy between the number of lets to local authority properties reported in CORE when compared against data reported in LAHS (see also paragraph 4.91). The CORE system has been in longstanding use by Registered Providers (RPs), while local authorities have for many years reported lettings through the LAHS regime and its predecessors (Housing Strategy Statistical Appendix). Consequently, following comparison of data sets and benchmarking against known stock levels, we have used CORE data to estimate levels of lets and relets among RPs and LAHS for local authority lets/relets. For both we have taken five years of historic data (2013-18) and forecast a trend over the forward five years 2018-23, taking the average annual rate of this forecast period. Table 6.5 sets out the data we have used to perform this forecasting.

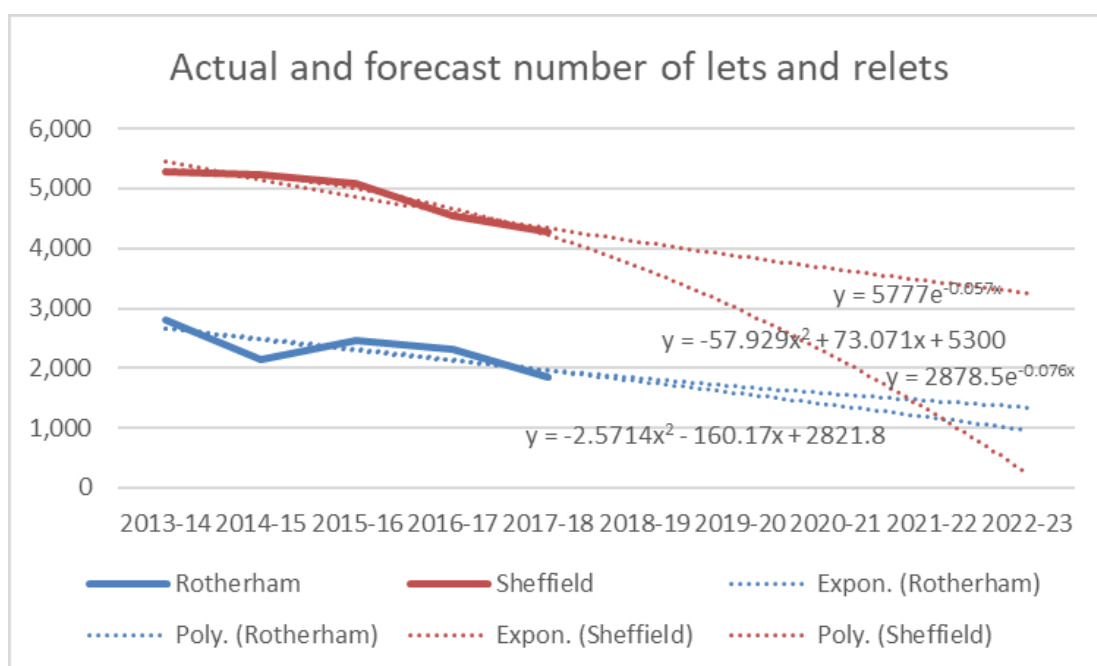
Table 6.5: Summary of general needs social lettings from LAHS and CORE, 2013-18.

	LAHS General Needs Social Rent LA Lettings			CORE General Needs Social Rent PRP lettings			General Needs Social Rent		
	Roth.	Shef.	SRHM	Roth.	Shef.	SRHM	Roth.	Shef.	SRHM
2013-14	2,261	4,176	6,437	552	1116	1,668	2,813	5,292	8,105
2014-15	1,652	4,078	5,730	484	1154	1,638	2,136	5,232	7,368
2015-16	2,098	4,158	6,256	362	926	1,288	2,460	5,084	7,544
2016-17	1,986	3,758	5,744	320	775	1,095	2,306	4,533	6,839
2017-18	1,551	3,357	4,908	299	912	1,211	1,850	4,269	6,119

Source: CORE and LAHS data.

- 6.30. The historic data show a non-linear trend. This gives rise to several modelling possibilities for estimating a future trend. We have fitted two lines to the data, one using a polynomial function and another using an exponential function, to account for the two possibilities of either an improving or worsening trend – the differences between these two models is most pronounced in Sheffield. Given that these provide two extreme trends, we then take the midpoint of these trend lines (see Figure 6.2).

Figure 6.2: Actual and forecast number of lets and relets.



Source: analysis of CORE and LAHS data.

- 6.31. Using these sources, we estimate an annual supply of social relets of 2,919 in Sheffield and 1,472 in Rotherham. For both districts, as discussed earlier in this chapter, this represents a decline and is a key factor underpinning the resulting rise in the shortfall.
- 6.32. To the social housing relets is added a very small number of expected resales of shared ownership housing, although this is negligible, amounting to around 18 across the SRHM (again, a decline from the previous SHMAs).

Right to Buy

- 6.33. Data Buy shows that levels of social housing lost through the Right to Buy has increased significantly since the last SHMAs. A reinvigorated RTB policy accompanied by a particularly generous discount regime provides some explanation for this. Extrapolating a rising trend forward suggests that as many as 533 units might be lost annually over the next five years in Sheffield, and 238 units in Rotherham over the same time period.

Committed new units

- 6.34. Both Sheffield City Council and Rotherham MBC are actively developing a pipeline of new affordable units, in many cases as part of mixed tenure housing programmes drawing on a range of funding mechanisms, including Homes England Shared Ownership and Affordable Housing Programme (SOAHP), land assembly and disposal, new council house building using Housing Revenue Account headroom, and the resources of RP partners.
- 6.35. Although there is always a degree of uncertainty as to the timescales for delivery of new housing, and indeed the eventual product and tenure mix, we have used information provided by the local authorities to make a reasonable estimate of the pipeline of new affordable housing based on a case-by-case analysis of housing sites and plans, and details of the proposed timing and product mix on those sites.
- 6.36. In all we estimate a likely forward programme of 280 annual units of new affordable and Low-Cost Home Ownership supply in Sheffield and 142 units in Rotherham (model line 11).

Overall annual shortfall

- 6.37. Bringing together the three main parts of the model allows for a calculation of the estimated annual shortfall of affordable housing. The supply of affordable housing is netted off the combined backlog and estimate of new housing supply to give an **annual shortfall of 902 in Sheffield and 716 in Rotherham.**

Affordable housing and support products

- 6.38. The survey asks respondents views on a range of different affordable housing products as well as market assistance products. These views can be helpful in informing discussions on the appropriate balance of product types to help address the identified annual shortfall. These are only indications of demand, however, and do not set out the affordability or suitability otherwise of the options presented. Table 6.6 presents this willingness to consider different products, both for all respondents but also specifically for those who say they need to move but cite a financial reason for being unable to do so.

Table 6.6: Willingness to consider housing products

Product		Respondents needing to move but a financial reason is preventing this move		All respondents	
		Rotherham	Sheffield	Rotherham	Sheffield
Shared Ownership	No, of respondents	2781	10088	3193	12754
	% of respondents	20.0%	20.4%	17.1%	19.8%
Right to Buy	No, of respondents	4049	11227	5260	14712
	% of respondents	29.2%	22.8%	28.1%	22.9%
Self-Build	No, of respondents	6084	22856	8409	30510
	% of respondents	43.9%	46.3%	44.9%	47.4%
Custom Build	No, of respondents	7101	16564	10353	23731
	% of respondents	51.2%	33.6%	55.3%	36.9%
Affordable Rent	No, of respondents	4074	17067	5183	21657
	% of respondents	29.4%	34.6%	27.7%	33.7%
Rent to Buy	No, of respondents	4527	13377	5331	17865
	% of respondents	32.6%	27.1%	28.5%	27.8%
Help to Buy: ISAs	No, of respondents	5276	21059	6523	28159
	% of respondents	38.0%	42.7%	34.9%	43.8%
Total respondents		13873	49343	18710	64342

Note: percentages do not sum to 100% because multiple responses were possible.

- 6.39. A high proportion of respondents have indicated a willingness to consider custom build (especially in Rotherham) or self-build (especially in Sheffield). The proportions are perhaps understandably lower amongst those citing a financial reason for not being able to move. See also Chapter 7 for a more detailed analysis of the potential for custom and/or self-build.
- 6.40. Conversely, the willingness to consider Shared Ownership is higher amongst this financially constrained in-need group – around one in five of such respondents say that they would consider Shared Ownership. Around one third of respondents needing to move but financially constrained would consider Affordable Rent. There is slight variation between Sheffield and Rotherham, perhaps reflecting the reality that market rents are higher in Sheffield and will therefore impact on the attractiveness of the Affordable Rent product. Demand side support within the market for owner occupation remains a popular possibility among respondents, with around 40% considering Help to Buy, and slightly less (typically just under 30% but slightly higher among financially constrained respondents in Sheffield) considering Rent to Buy.
- 6.41. On balance the evidence suggests a reasonable level of awareness of and potential interest in below-market and market assistance products. Although policy would have to be subject to more detailed testing for affordability, a guideline ratio of 25:75 for sub-market and Low-Cost Home Ownership (e.g. Affordable Rent or Shared Ownership) against social rent seems appropriate. The comparative lack of willingness to consider Shared Ownership is one factor that we have taken into account in suggesting this guideline, although noting that this is to some extent offset by a greater willingness to consider Affordable Rent. Another key factor which underpins our recommendation for a 25:75 split is the diminished capacity of the existing social rented stock to meet needs, including through reductions in relets.

Housing Market Areas

- 6.42. Wherever possible we have collected and analysed information at the level of the 19 HMAs. This is not possible for all data items, however, and where this is the case, we have used an apportionment by HMA based on the proportion of overall unsuitable housing by HMA. The disaggregation of housing need by HMA must be considered only as indicative but can be used to provide a steer for planning policies on affordable housing requirements as well as capital investment programmes.
- 6.43. Table 6.7 sets out the indicative estimate of backlog, newly arising need, supply and overall shortfall by HMA. Several important points must be stressed in interpreting this table:
- Whilst the HMA level is calculated wherever possible from data at the HMA level there are several important inputs to the model which cannot be robustly disaggregated to HMA level. This includes assessment of affordability among newly arising households (owing to small numbers at the HMA level); homelessness; and the supply of relets. In these cases, data are disaggregated to the HMA level on a proportional basis.
 - The indicative shortfall is a product of forecast supply and demand which may not actually be realised, and the extent of variation in whether they are realised will be greater between HMAs than at the level of the districts as a whole.
 - Any indication of a crude surplus is made on the assumption that expected supply will meet needs – in reality the extent to which supply will meet needs depends on the mix of tenures and types delivered rather than low levels of housing need *per se*.
 - Supply in one HMA may meet needs in another, although the extent to which this is possible reduces for further HMAs. As a guide we would suggest that an HMA's needs can be potentially met in immediately adjacent HMAs, subject to the above caveat about appropriate tenure and type mix.

Table 6.7: Indicative housing need model by HMA

Area	Annual need to reduce backlog (B)	Newly arising need (N)	TOTAL AFFORDABLE NEED (B+N)	Affordable Supply (S)	OVERALL ANNUAL SHORTFALL (B+N)-S)
Rotherham Dearne	202	56	258	142	116
North Urban Rotherham	612	159	771	555	215
South East Rotherham	355	86	442	250	192
South Urban Rotherham	252	112	365	199	166
South West Rotherham	107	79	185	162	24
Rotherham Town Centre	53	18	71	68	3
Chapelton/ Ecclesfield	127	66	193	109	84
Sheffield City Centre	139	195	334	206	129
Sheffield Urban West	332	371	703	367	336
East Sheffield	159	217	376	328	48
Manor/ Arbourthorne/ Gleadless	55	169	224	364	-141
North East Sheffield	67	300	366	480	-114
North West Sheffield	217	84	301	161	140
Peak District Fringe	50	23	73	31	42
Rural Upper Don Valley	32	16	48	24	25
South Sheffield	142	127	270	156	113
South East Sheffield	98	170	267	261	6
South West Sheffield	195	127	322	142	180
Stocksbridge and Deepcar	64	28	91	37	54
Rotherham	1581	510	2092	1376	716
Sheffield	1677	1891	3568	2666	902
Total (SRHM)	3259	2402	5660	4042	1618

Housing requirements for specific groups

KEY POINTS

- This chapter considers the housing requirements of specific groups - households and residents with disabilities or long-term limiting illnesses, BAME households and households containing older people. We also assess awareness of, and demand for, self-build housing.

Households and residents with disabilities or long-term limiting illnesses

- The inadequacy of housing for those households containing someone who is disabled or has a long-term illness is most likely to stem from the need for improvements and repairs, suitability of key facilities in the home, and provision of sufficient space.
- The tailored use of adaptations (both large and small in capital value) will affect people's ability to stay in their current home.
- Additional factors can also affect the ability of people to remain in their home, such as the provision of additional space which may be required to store equipment essential for mobility (e.g. wheelchairs and mobility scooters).
- The affordability and potential for adaptations in the home are major drivers in deciding whether to move to alternative housing.

Households containing people from BAME groups

- Issues of housing size and quality are a key concern for BAME households.
- There are limited signs that the location and tenure choices of BAME households (as a singular group) are significantly different from other households. Marginal differences are seen in relation to future tenure, with rented accommodation being the more likely destination.
- In relative terms, more BAME households expect to move into detached housing, and less into bungalows, when compared to all households general.

Households containing older people

- Downsizing as a primary motive for moving home among older people, followed by the desire to increase accessibility in the home and to be nearer family and friends. Downsizing may be constrained by the nature of supply and its affordability.
- Bungalows have an enduring appeal, though there is also evidence of significant interest in flats and apartments.

- The majority of those needing to move for additional support wish to stay in general needs accommodation, raising questions about the characteristics of the existing stock and accessibility standards of newly built housing.
- There appears to be more demand for certain types of specialist accommodation in the SRHM than current models, such as Housing for Older People Supply Recommendation (HOPSR), predict. The expectations of those needing to move for additional support suggests demand for extra care housing is high in relation to current stock levels.

Households considering self-build and custom build housing

- There is a relatively high awareness, and interest in, these alternative forms of development.
- Financial constraints, in the form of household savings and equity, will restrict how many households can actually pursue self-build and custom build options.

Introduction

- 7.1. This chapter considers the housing requirements of different groups,³⁸ specifically; households containing people with disabilities or limiting long term illnesses (LLTIs); BME households and older people. Analysis of the housing needs of students, gypsies and travellers, and those in the private rented sector are set out in appended reports. Key conclusions and policy implications are provided for each group at the end of each sub-section.

Households with disabilities

- 7.2. Evidence from the household survey suggests that a quarter of households have a member with a disability or limiting long term illness (LLTI). The incidence of disability/LLTI is spatially uneven (Table 7.1)

³⁸ As set out in current government guidance on housing needs assessments. See <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

Table 7.1: Households with member who has a disability or long term limiting illness (gross-weighted)

	Households with member who has a disability or long term limiting illness (gross-weighted)	% households with a member who has a disability or LLTI as a proportion of all households in the HMA
Rotherham Dearne	4,325	22.25
North Urban Rotherham	15,304	41.13
South East Rotherham	8,054	37.57
South Urban Rotherham	5,918	25.56
South West Rotherham	5,377	34.93
Rotherham Town Centre*	863	59.35
Rotherham	39,841	33.74
Chapelton/ Ecclesfield	2,913	20.60
Sheffield City Centre	2,180	13.44
Sheffield Urban West	6,060	15.42
East Sheffield	5,253	32.67
Manor/ Arbourthorne/ Gleadless	5,621	27.93
North East Sheffield	7,736	25.51
North West Sheffield	3,576	20.29
Peak District Fringe*	902	23.61
Rural Upper Don Valley*	1,671	59.98
South Sheffield	5,141	26.10
South East Sheffield	10,873	27.14
South West Sheffield	4,167	19.45
Stocksbridge and Deepcar*	2,288	37.39
Sheffield	58,381	23.57
SRHM	98,222	26.85

Note: HMAs will valid responses of less than 100 to the relevant question are denoted with an asterisk.
Source: Household Survey, 2018.

- 7.3. Disability and LLTIs have an impact on the housing demands and needs of households. The needs of households with a member with a disability or long-term limiting illness are likely to vary according to the nature of the condition and dictate the types of intervention that can be made to improve housing supply. In contrast to previous SHMAs, the household survey did not capture multiple conditions among persons in the household, instead identifying the primary disabilities and illnesses of each individual member. Hence, the data does not reflect the total of conditions in SRHM, but perhaps those that will affect housing choices most significantly. Table 7.2 shows the primary disabilities and illness within the SRHM are those long-term conditions, physical disabilities, and mental ill health. Clearly households in the two former categories may be affected by, for example, the design, accessibility and

location of properties, with the potential that these features may risk the chance of further ill health. Those in the latter category too, may have their mental health improved by their housing condition, potentially affected by a range of local and contextual factors, issues concerning their tenancy or ownership and through conditions in the home.

Table 7.2: Primary disabilities or limiting long term illnesses of respondents (gross weighted)

	Count of households (gross weighted)	% of respondent households containing someone with a disability or LLTI
Long term limiting illness	28,289	8.13
A physical disability	21,822	6.27
A sensory disability	3,922	1.13
Learning or developmental disability	4,508	1.30
Mental ill health	27,241	7.83
Cognitive impairment (brain injury)	546	0.16
Autism	6,347	1.82
Dementia	1,864	0.54
Other	15,275	4.39

Note: This was a single choice question and therefore reflects the respondent's primary disability or illness in reference to their household and housing circumstances.

Source: Household survey, 2018.

- 7.4. For those households which contain someone with a disability or LLTI, and which believe their housing to be inadequate, there are identifiable reasons for this. Table 7.3 shows that for such households the need for improvements and repairs, suitability of kitchens and bathrooms and the provision of adequate space are major issues.

Table 7.3: Disabled residents believing their home is inadequate, with reasons for inadequacy (gross weighted)

	Rotherham		Sheffield		SRHM	
	Gross weighted	As % of all households containing someone with a disability or LLTI	Gross weighted	As % of all households containing someone with a disability or LLTI	Gross weighted	As % of all households containing someone with a disability or LLTI
It needs improvements/repairs	3,678	9	5,576	10	9,254	9
Kitchen or bathroom is unsuitable	3,885	10	3,563	6	7,448	8
Not enough space (including storage)	2,452	6	4,072	7	6,524	7
It is affecting the health of me or my household	1,706	4	3,379	6	5,085	5
There are not enough bedrooms	1,588	4	2,845	5	4,433	5
The garden is difficult to maintain	1,414	4	3,006	5	4,420	5
Other	1,154	3	3,028	5	4,182	4
Lack of a driveway, off-street or allocated parking	2,693	7	1,381	2	4,074	4
It is hard to get to the bathroom	1,112	3	2,383	4	3,495	4
Neighbourhood services are inadequate	1,029	3	2,315	4	3,344	3
It is too costly to heat	1,004	3	2,124	4	3,128	3
It is difficult to get in and out	1,008	3	1,958	3	2,966	3
The rent or mortgage is too expensive	1,327	3	1,532	3	2,859	3
I'm suffering harassment from my neighbours	415	1	1,322	2	1,737	2
Location of home is undesirable	436	1	1,054	2	1,490	2
I'm suffering harassment from my landlord	-	0	860	1	860	1
The tenancy is insecure	180	0	480	1	660	1
There's no heating	16	0	512	1	528	1
There are too many bedrooms	212	1	245	0	457	0
Too much space (including storage)	96	0	63	0	159	0

Note: Table sorted on gross weighted counts in the SRHM. The question on reasons for inadequacy allowed multiple selections, and therefore for some disabled households there may be several reasons for them perceiving their home to be inadequate.

Source: Household survey, 2018.

- 7.5. Exploring this further, the survey reveals the types of adaptations and facilities all households will need in the next three years. This reveals an important set of findings to help target both capital grants (such as the Disabled Facilities Grant) and also the nature of other care and support. Whilst accessibility issues come to the fore, including changes to bathrooms and installing handrails/grabrails, assistance in maintaining the home and garden was seen as a major future need. This poses key questions about how to deliver this assistance and whether, with such support, households can maintain their independence in their current home for longer.

Table 7.4: Facilities required in the next three years

	Rotherham	Sheffield	SRHM
Changes to the bathroom	1254	1858	3113
Handrails/grabrails	682	1809	2492
Assistance maintaining home/garden	1022	1415	2437
Safe access to garden/external area	693	1670	2364
Ground floor toilet	629	1667	2296
Access to property/ramp	503	1663	2166
Wheelchair adaptations	586	1496	2082
Vertical lift / stair lift	371	1398	1769
Assistive technology (including alarm system)	712	773	1484
Changes to the kitchen	682	391	1072
Other	50	793	843
Extension/extra room	50	688	737
Downstairs bedroom	215	324	539

Note: Table sorted on gross weighted counts in the SRHM.
Source: Household survey, 2018.

- 7.6. This picture is corroborated by responses to the survey regarding the case needs of households. For households who felt they needed more support, help claiming benefits and managing finances, help looking after the garden and help looking after the home were the main issues identified.
- 7.7. Approximately 16 per cent of households containing someone with a disability or long-term illness believed they would need to move to resolve the inadequacy of their housing situation. Some of the major reasons for needing this move are set out in the table below. What becomes clear is that the reasons are varied, and not all attributable to known factors. The affordability of adaptations, and the suitability of the home for such adaptations are important factors in shaping people's decisions about a future move.

Table 7.5: Disabled households requiring a move to resolve difficulties with inadequate housing

	Rotherham		Sheffield		SRHM	
	Count	%	Count	%	Count	%
I/we do not need to move	11,314	77.60	19,980	70.10	31,293	72.70
Yes, because I cannot afford adaptations	1,174	8.10	1,684	5.90	2,858	6.60
Yes, because my/our home is unsuitable for adaptations	784	5.40	1,930	6.80	2,714	6.30
Yes, I/we need to be closer to healthcare facilities	171	1.20	446	1.60	617	1.40
Yes, I/we need to be closer to family or friends	264	1.80	1,458	5.10	1,722	4.00
Yes, for another reason	1,481	10.20	4,881	17.10	6,362	14.80

Note: Table sorted on gross weighted counts in the SRHM. This analysis is based on a multiple-choice question so column percentages will not equal 100 per cent.
Source: Household survey, 2018.

- 7.8. Analysis of survey responses at the HMA level reveals important spatial patterns in the location of households containing someone with a disability or LLTI, and where those households deem their current home to be inadequate. Using gross weighted estimates, North Urban Rotherham, North East Sheffield and South East Sheffield appear to have over 5,000 households in this category. In proportional terms, Rotherham Town Centre, Manor/Arbourthorne/ Gleadless and North East Sheffield have the highest percentage of households containing someone with a disabled or LLTI who state their home is inadequate.
- 7.9. The evidence highlights some important insights for housing policy and related services:
- The inadequacy of housing for those households containing someone who is disabled or has a long-term illness is most likely to stem from the need for improvements and repairs, suitability of key facilities in the home, and provision of sufficient space.
 - Tailored use of adaptations (both large and small) will affect people's ability to stay in their current home.
 - Other factors can also affect this, such as the provision of additional space, which may be required to store equipment essential for mobility (e.g. wheelchairs and mobility scooters).
 - The affordability and potential for adaptations in the home are major drivers in decisions whether to move to alternative housing.
 - There is an uneven spatial distribution of households which contain a member who is disabled or suffering a LLTI, and who feel their housing is inadequate is not even.

Black, Asian and Minority Ethnic households

- 7.10. As discussed in Chapter 4, Sheffield has experienced pronounced demographic changes in recent decades. In 2011 residents identifying as something other than White British, White Irish or Other White Background constituted 12 per cent of the population. In Rotherham this group is smaller, in both absolute and proportional terms, with approximately 6 per cent of the total population identifying as non-White.

Chapter 4 also identified large variations in the settlement patterns of such groups, with some HMAs such as East Sheffield and Rotherham Town Centre having much higher proportions of non-White residents.

- 7.11. The household survey provides insights into the ethnicities of households in the SRHM, identifying households containing individuals who are Mixed, Black, Asian or Other (henceforth Black, Asian and Minority Ethnic people, or BAME). A relatively large response (199) from this group has enabled a segmental analysis, though not by individual ethnic groups or at a district level.
- 7.12. Looking across the SRHM approximately 85 per cent of all households believe their present home is adequate. However, analysing the responses of households containing someone identified as BAME revealed lower levels of adequacy. For such households only 80 per cent believed their property to be adequate.³⁹ The major reasons cited for inadequacy were a lack of space, a lack of bedrooms and the need for repairs and improvements, suggesting that size of accommodation and quality are key concerns for this group. Whilst there are clear parallels with responses from all households to this question, the issue of insufficient bedrooms seems more pronounced among BAME households.

Location preferences

- 7.13. Our survey reveals the HMAs which BAME households would expect to move to in future. These do not directly correlate with HMAs that have traditionally been home to the largest proportion of BAME people. When asked where they would expect to move to in future, the HMAs receiving the highest number of responses from BAME households were Sheffield City Centre (55), Sheffield Urban West (36) and South West Sheffield (33). This provides signs that the locations preferred by BAME households mirror - to a certain degree - perceptions in the wider population.

Tenure preferences

- 7.14. The future tenure of BAME households expecting to move are broadly in line with the wider population, with BAME households marginally more likely to expect to move into the PRS (3 per cent higher than all households generally).

Table 7.6: BAME household tenure preferences for future housing

	SRHM (%)
Owner-occupied (with a mortgage)	44.50
Rent from a private landlord or letting agency (including student accommodation)	14.60
Rent from the Council	12.60
Rent from a Housing Association	9.40
Owner-occupied (no mortgage)	7.60
Other	7.20
Live with my parents	4.10

Note: Missing categories (such as Shared ownership) denote no expected moves into their tenures/products.

Source: Household Survey, 2018.

³⁹ This difference is within the confidence interval (at a confidence level of 95 percent) for responses from the BAME group to this question.

7.15. As Table 7.6 shows, the majority of BAME households expect to live in owner-occupied accommodation. Approximately 22 per cent expect to be living in social or affordable rented housing, which is marginally higher than the wider population (18 per cent).

Housing type preferences

7.16. Those BAME households expecting to move in the next 5 years stated similar preferences of housing types when compared to the broader population. Key differences exist in relation to bungalows, however. Of those BAME households expecting to move 8.9 percent suggested it would be into this form of accommodation, compared to 20.9 per cent across all respondents. This may be a product of the lower average ages of BAME respondents - respondents from BAME households were on average 10 years younger than those in the wider sample. Nonetheless this may point to differences in housing preferences. In addition to lower expectations related to bungalows, a higher proportion of BAME households expect to move to detached housing and 'other' housing types, compared to respondents generally.

Table 7.7: BAME expected housing type for future housing

	% of respondents
Detached house	41.70
Semi-detached house	46.20
Terraced (including end-terraced)	19.20
Flat/apartment	21.70
Bedsit/Studio	8.30
Bungalow	8.90
Maisonette	4.00
Student accommodation	0.00
Other	7.10

Note: Multiple choice question. Percentages are for respondents not individual responses.
Source: Household Survey, 2018.

7.17. Analysing responses from BAME households to questions about future accommodation and the need for additional support reveals important findings. Of the BAME respondents identifying the need for future support, nearly two thirds stated a desire for adaptations to their current home - in order to maintain their independence - compared to less than half of all respondents to this question. This is mirrored in the demand among BAME households for sheltered accommodation. For all respondents perceiving a future need for support, sheltered housing would be considered by 15 per cent. This dropped to 5 per cent for BAME households. Even accounting for differences in the age of respondents, this is still a significant finding.

7.18. This analysis highlights a number of important findings concerning BAME housing perceptions and intentions:

- Issues of housing size and quality are a key concern for BAME households.
- The location and tenure choices of BAME households closely match those from other households. Marginal differences are seen in relation to future tenure, with rented accommodation being the more likely destination.

- In relative terms, more BAME households expect to move into detached housing in future - compared to all households generally - and less expect to move into bungalow accommodation.

Older households

- 7.19. As chapter 5 highlights, the projected changes in the age profile of the population in the SRHM will create new demands on the housing stock; for both general needs and specialist accommodation.
- 7.20. An ageing population is likely to intensify demand for certain types of general needs properties, in certain locations and of certain sizes or physical forms and designs. Our survey data allows us to make inferences about the total numbers of households headed by an older people who need *or* want to move in the next five years. This reveals that approximately 5,400 households will need to move across the SRHM in this period, with an additional 11,500 stating they 'don't need to move but might want to'.
- 7.21. Table 7.8 presents segmental analysis of responses from households in this group. It shows the primary reasons for wanting or needing to move in the future. This reveals the significance of downsizing as a primary motive for moving home, followed by the desire to increase accessibility in the home and to be nearer family and friends. This succinctly conveys findings from recent research, conducted by CRESR and others,⁴⁰ about the key factors that drive housing choices in later life.

Table 7.8: Reasons for wanting or needing to move among households where the survey respondent was 65 years or older

	Respondents over 65 years of age	
	Count (gross weighted)	% of responses
To move to a smaller home	6085	23.40
Problems getting around my home (e.g. stairs)	3930	15.10
To be nearer family and friends	2159	8.30
Other	2116	8.10
To make it easier to receive care and support	1739	6.70
To move to a better neighbourhood	1418	5.50
To move closer to shops and services	1218	4.70
To move closer to transport links	1184	4.60
To free up capital	837	3.20
Want a more modern home	726	2.80
To move to cheaper accommodation	664	2.60

Note: Percentages are of all responses to a multiple-choice question.
Source: Household survey, 2018.

- 7.22. These findings were corroborated in focus groups with older people, where participants discussed their desire to downsize and the factors affecting their decisions. The wish to downsize was seen to be allied with other reasons for a move,

⁴⁰ For example, Archer et al (2018) Older people's housing, care and support needs in Greater Cambridge 2017-2036 and Clark (2018) Retirement Living Explained.

such as to access a certain type of property or a specific area. As one participant noted:

'...we looked to downsize...we had a 4-bed detached property in Bramley, and looked for a bungalow in the same area and couldn't afford it' (Rotherham resident)

7.23. Clearly the capacity to downsize is related to the affordability of the households preferred future housing, with bungalows being in clear demand. This is shown in the responses of over 65-year-olds in the survey, in terms of the expected form of their future housing. Table 7.9 shows the enduring appeal of bungalows, alongside flats and apartments, raising questions about the adequacy of current supply for both these housing types across the SRHM.

Table 7.9: Expected future housing type for over 65-year-olds in the SRHM

	Respondent over 65 years of age	
	Count (gross-weighted)	% of responses
Bungalow	10,248	43
Flat/apartment	5,042	21
Semi-detached house	2,929	12
Detached house	2,567	11
Other	1,413	6
Terraced (including end-terraced)	866	4
Maisonette	305	1
Bedsit/Studio	202	1

Source: Household survey, 2019.

7.24. The desire for certain housing types is related to the nature of support in that housing, and whether it is 'general needs' housing or specialist accommodation for older people. When analysing the responses of those who expect to move to accommodation with additional support, important patterns are seen. As Table 7.10 demonstrates how most of those expecting to move will likely remain in general needs accommodation which is, or will be, adapted to meet their needs. Those anticipating a move into sheltered housing is relatively low in comparison to this and may reflect the changing nature of this provision. Expected moves into extra care housing is very high in comparison when we acknowledge the level of this provision in the SRHM is relatively low.

Table 7.10: The future accommodation type for those expecting to move and needing additional support (gross-weighted)

	Rotherham	Sheffield	SRHM
Adaptations to the home that help you live as independently as possible (e.g. a stair lift)	1,836	2,896	4,732
Something other than these	583	1,248	1,830
Sheltered housing for older people	406	1,295	1,701
Independent accommodation with visiting or live in support	203	1,307	1,510
Extra care housing for older people	322	846	1,167
Residential/nursing home	-	202	202

Source: Household survey, 2018.

- 7.25. CRESR has developed a model for estimating the future supply of older people's housing. The Housing for Older People's Supply Recommendations (HOPSR)⁴¹ highlights a shortage of both sheltered and extra care housing against recommended levels. For Sheffield HOPSR suggests a current shortage of 5,000 sheltered and 135 extra care units. For Rotherham the model suggests there is shortage of 3,100 sheltered units and 320 units of extra care. The basis for the HOPSR model is supply rates in the local authorities with the highest level of supply, using this to model supply in all authorities accounting for local factors. This tends to increase recommendations for sheltered housing. Clearly, addressing the shortage of specialist housing for older people will require strategic decisions about which accommodation types will better meet local needs, and which can be developed in sufficient numbers. The evidence above suggests a latent demand for extra care, at levels higher than can currently be met given the shortages in this stock. HOPSR recommends a supply of over 1,000 units of extra care by 2035 in Sheffield and 649 in Rotherham. Responses from the household survey suggest that, even if HOPSR's recommendations for extra care in the SRHM were met, demand may outstrip supply.
- 7.26. The factors affecting decisions about housing moves in later life are complex. Whilst the decision to choose either general needs housing or specialist accommodation is a key one, other factors are at play. Our focus groups with older people revealed the importance of access to local facilities and transport connectivity in such decisions and, crucially, being part of a community. As participants noted:
- '...it's about being somewhere nice...having a post office, a local shop, a bank' (Rotherham older resident)*
- '...having your own independence, but having people around' (Rotherham older resident)*
- '...[retirement] villages are more appealing than isolated units (Rotherham older resident)*
- 7.27. The issue of housing for older people is going to take on increasing significance in light of demographic changes.
- Downsizing as a primary motive for moving home among older people, followed by the desire to increase accessibility in the home and to be nearer family and

⁴¹ See <https://www4.shu.ac.uk/research/cresr/news/housing-older-people-supply-recommendations-hopsr>

friends. Downsizing may be constrained by the nature of supply and its affordability.

- Bungalows have an enduring appeal, though there is also evidence of significant interest in flats and apartments.
- The majority of those needing to move for additional support wish to stay in general needs accommodation, raising questions about the characteristics of the existing stock and accessibility standards of newly built housing.
- There would appear to be more demand for certain types of specialist accommodation in the SRHM than current models predict. The expectation of moving into extra care housing is high in relation to current stock levels.

Custom/Self-build

7.28. Legislative changes have meant that local authorities now have distinct responsibilities in terms of supporting self-build and custom build (by individuals and groups). These are models of development where households actively build, or commission developers to build, housing for themselves or their group. Sheffield City Council was one the 11 vanguard local authorities who trialled new approaches to supporting such activity, receiving funding to bring forward new sites and support those planning schemes.

7.29. Our household survey gauged awareness of, and interest in, self-build and custom build housing among those needing or wanting to move in the next five years. Table 7.11 shows relatively high levels of awareness among this group. Given the constraints on such development, this awareness appears to translate to a relatively high proportion of households who would consider this option. Around a quarter of those needing or wanting to move would consider these forms of development.

Table 7.11: Awareness and consideration of self-build and custom build among households needing or wanting to move

	% of respondents needing or wanting to move
Heard of self-build	44.60
Would consider self-build	27.74
Heard of custom build	38.20
Would consider custom build	25.02

Source: Household Survey, 2018.

7.30. There may, however, be considerable financial constraints on such activity. Aside from supply-side constraints (e.g. the availability of sites), household savings and equity holdings may hinder self-build and custom build activity. Self-build mortgages can be difficult to access, particularly with low deposits or when other types of security are not available. Segmental analysis of those who would consider self-build or custom build options reveals that over three quarters of respondents in this group have less than £20,000 in household savings. Table 7.12 shows the value of their current housing equity if they are homeowners, revealing the amount that would be left if they sold their home and repaid their mortgage.

Table 7.12: Equity holdings among households who would consider self-build or custom build

Equity if sold home and repaid mortgage	% of responses
Less than £0	1.10
Up to £9,999	12.90
£10,000 - £24,999	15.60
£25,000 - £49,999	13.40
£50,000 - £74,999	12.40
£75,000 - £99,999	15.00
£100,000 - £124,999	5.80
£125,000 - £149,999	4.90
£150,000 - £199,999	4.80
£200,000 - £249,999	3.60
£250,000 - £299,999	4.80
£300,000 - £349,999	3.10
£350,000 - £499,999	1.50
£500,000 or more	1.10

Source: Household survey, 2018.

- 7.31. As can be seen, nearly half of households in this group hold equity to the value of £49,999 or less. There is a minority of households with larger equity holdings for whom self-build and custom build may be a possible option. Approximately 19 percent of households that would consider self and custom build options have equity worth more than £150,000. Lenders offering self-build mortgages will generally provide up to a maximum 75 per cent loan to value, and no more than total plot and build costs (irrespective of the projected end value)⁴². Recent research⁴³ suggests that construction costs for self-build projects ranged from £190,000 to £350,000 nationally in 2017. The median build spend was £270,000 and the median plot cost was £190,000, giving an overall median cost of £460,000. It is likely that plot and construction costs in the SRHM would be lower than this, though driven by the availability and nature of development plots. Nonetheless, for the 43 per cent of households with less than £50,000 of equity, we suggest that total development costs would need to be approximately £200,000 to be able to secure a self-build mortgage. This would suggest that self-build, as currently financed and supported, is not viable option for most households on low incomes and/or with limited equity.
- 7.32. The evidence above highlights several important considerations for those developing policies and programmes to support this activity:
- There is a relatively high awareness, and interest in, self-build and custom build among potential movers.
 - However financial constraints, in the form of savings and equity holdings, will hinder how many households needing and wanting to move can actually pursue self-build and custom build options. Both supply-side and demand-side constraints need to be considered.

⁴² For instance, see Halifax (2019) *Self Build*. Available at: https://www.halifax-intermediaries.co.uk/products/mortgages/self_build/default.aspx

⁴³ Homebuilding (2018) *Self & Custom Build Market Report*.

Conclusion

- 8.1. This SHMA represents a detailed study of the housing markets in Sheffield and Rotherham. It has been conducted jointly in recognition that the two areas together form a single housing market area (HMA), with a high level of self-containment.
- 8.2. This does not mean that the housing market works the same way exactly in both districts. Indeed, the Sheffield and Rotherham Housing Market (SRHM) is composed of diverse settlement types with their own submarket characteristics. For this reason, there are 19 identified sub-market areas reflecting localised variations in housing stock characteristics, prices and rents, and tenure profile and demand characteristics.
- 8.3. Whilst the market operates fluidly across the internal boundaries of the market area, housing needs arise more locally, and policy needs to consider how such needs can be met locally.
- 8.4. The growth in recent years of the housing market across Sheffield and Rotherham imposes some significant difficulties for those in housing need. The population and number of households in both areas have been increasing; the demands of an improving economy and, further, of economic plans have buoyed many segments of the market and these – alongside wider pressures emanating from national policy – have underpinned price and rent rises in the market. We have estimated that overall housing demand might be within a range of 1,800-2,200 in Sheffield, 500-650 for Rotherham and 2,300-2,850 for the SRHM as a whole, over the next 5-10 years. There are considerable uncertainties around the economic, social and policy basis for the housing market going forward, but evidence from household projections, our household survey, and from government's new approach to setting local housing needs targets for planning policy, suggest that the above range is defensible and that the government's estimates of Local Housing Need (LHN) to be a sound basis for understanding the housing requirement for the next five years.
- 8.5. At the same time, the supply of affordable housing and, in particular social rented housing, has come under pressure. Whilst there is an ongoing pipeline of new affordable units across the SRHM, the extent to which the existing stock is able to meet needs (principally through the turnover of relets) has diminished, while needs have grown. Homelessness has increased, and this has also manifested itself in the most visible form of homelessness – rough sleeping. As a consequence, we estimate that there is a shortfall in affordable units of 902 per annum in Sheffield and 716 in Rotherham. These represent significant increases on the shortfall in both districts and point as much to the impacts of national policies – for example around welfare reforms – as they do to past failures to provide housing. That said, it is clear that the future for both districts must anticipate provision of new build housing at a sufficient level to meet both market and affordable housing needs. Our assessment is that the combination of a policy environment driving increased socioeconomic inequalities, worsening affordability, and the diminished supply of social rented homes means that

the great majority of new affordable housing provision in the SRHM should be for social rented housing. Around a quarter might usefully be Shared Ownership, Affordable Rent or other intermediate products, but these would need to be subject to careful assessment of affordability and the potential to meet needs on a scheme-by-scheme basis.

- 8.6. It is important to note that the level of affordable housing need identified in this report should not be interpreted as a subset, or proportion, of the overall housing requirement. As we note in this report and below, housing needs reflect a wide range of circumstances including, but not limited to, a lack of affordability. This signals an increasing need for a focus on regeneration and stock condition as well as affordability, and therefore analysis or policy which expresses affordable housing need as a quantitative proportion of the overall requirement will not reflect these additional ways that needs can be met.
- 8.7. There is also a widening problem of housing that is inadequate to meet the needs of a range of specific population groups. The SHMA considers the housing requirements of specific households - those containing people with disabilities or long-term limiting illnesses, those containing BAME residents, and households containing older people, with separate studies assessing the needs of other groups. This points to the need to ensure that policies and plans going forward considers the need for improvements, repairs and adaptations to the existing stock, the provision of space for those mobility and caring needs, and properties of the appropriate size and quality to address the concerns of BAME households and older people whose needs are less well served by the general needs housing system.

Policy implications

- 8.8. This report provides evidence on the composition and operation of the Sheffield-Rotherham Housing Market (SRHM) and its sub areas to support decision making and policy formulation. It provides an objective assessment of housing demand and affordable housing need, together with the necessary information to permit an understanding of how that demand and need falls geographically and for different housing types and products.
- 8.9. It should be noted that a SHMA is but one input to the policy making process, to be read alongside other sources of evidence. Policy, especially planning policy, needs also to reflect consultation on a range of wider opportunities and constraints – including political, environment, social – as well as the planning authorities' strategic vision for their places over the longer term.
- 8.10. That said, it is possible to discuss some broad policy implications to which evidence in this report points.

Implications for affordable housing policy

- 8.11. Taken together, the evidence in this report presents a worsening picture of need in both Sheffield and Rotherham. The reasons for this are many and complex, but include the impacts of low and potentially increasingly precarious household incomes, a reduction in the supply of social rented housing through re-lets, increases in house prices and rents, ongoing demographic change, increased reliance on the Private Rented Sector, and an insufficient supply of new affordable housing to meet previously identified requirements. Policies and plans must anticipate the need to increase the supply of decent, affordable housing in a sustainable and long-term way. Where Affordable Rent or intermediate market products are provided, plans should have careful regard to the proportion of local market rents that households in need locally will be able to afford. The Broad Rental Market Areas (BRMAs) covering

Sheffield and Rotherham are not an appropriate guide to these rents, and officers should use more localised intelligence on housing affordability.

- 8.12. As is the case nationally, we consider BRMAs to be too crude to meaningfully determine policy for affordable housing needs. Therefore, whilst the SRHM works together as a single housing market, this does not mean that housing needs – here defined in terms of the housing required by households unable to meet their needs in the market – can be provided without regard to location. Housing needs arise locally and, in most cases, will need to be met locally. The crudeness of BRMAs together with the regime of capped Local Housing Allowance (LHA) rates will also contribute to local hotspots of unmet housing need, especially in neighbourhoods of high land values where the market rent – and therefore maximum payable LHA – within the BRMA is suppressed by inclusion of relatively distant low-value rental markets.
- 8.13. At present, a very large proportion of the social rented sector is meeting needs that arise in that sector, especially in Sheffield. The majority (around 55%) of new social rented tenancies in Sheffield go to former social tenants, and just over a quarter (27%) go to those in the PRS or living with friends/family. In Rotherham, the position is a little more balanced. Our general conclusion, however, is that the connection between social renting and other tenures is poor and weakening, which is consistent with the pattern of declining levels of re-lets.
- 8.14. The consequences of not meeting the levels of affordable housing need outlined in this report are likely to be further substantial increases in the level of affordable housing need; increased pressure on the new Homeless Reduction duties on local authorities; increased levels of social and economic polarisation within authorities and between constituent market areas; and increased down-stream pressure on other services such as supported housing, adult health and social care as households are increasingly unable to meet basic needs (for example, to enable independent living).

Planning policy

- 8.15. As stated above, we find that the Local Housing Need (LHN) figures produced by MHCLG's formula are a sound basis for housing requirements within local plans going forward.
- 8.16. New housing provided as a result of Local Plan strategy, allocations and policy will help to contribute to the overall policy-based housing requirement. However, most economic evidence suggests that the short- to medium-term impacts on price of new build supply will be marginal, and fundamental improvements in affordability may only be apparent over significant timescales (e.g. generations). National and local planning policy which is over-reliant on new market supply will face this limitation and plans therefore need a positive and sophisticated approach to affordable housing. This will require ongoing cooperation between the local planning authorities within the SRHM.
- 8.17. The extent to which new housing will meet housing needs will depend on the precise mix, location, type, tenure and price/rent level of housing provided, as well as wider socioeconomic dynamics (e.g. income). It is impossible to precisely translate evidence within the SHMA to planning policy; rather it should be considered a guide. Local planning authorities should monitor and review housing needs as well as price signals in determining the efficacy of local plans and policies and ensure that those plans and policies have appropriate review points. That said, Table 8.1 summarises some of the evidence from this report which provides an indication of the demand for properties of different types, sizes, tenure and locations. It must be noted that this is an indication of preferences and is unconstrained. The ability for households to be

able to realise their preferences, for example by having sufficient income, will vary considerably; and planners must also have regard to wider strategic drivers such as the need to consider the environmental sustainability and transport and public service demands of new housing plans.

Table 8.1: Summary of key evidence of demand

	Rotherham	Sheffield	SRHM
Overall housing requirement (annual units)	500-650	1,800-2,200	2,300-2,850
Stock profile ([current profile] / profile of new demand*)			
• One bed	[8%]	[12%]	Existing hhld 24% New hhld 27-33%
• Two bed	[25%]	[27%]	Existing hhld 41% New hhld 33-42%
• Three bed	[53%]	[45%]	Existing hhld 30% New hhld 20-21%
• Four+ bed	[14%]	[16%]	Existing hhld 6% New hhld 10-13%
Dwelling type profile ([current profile] / profile of new demand)			
• Flats/apartments	[11%] 11%	[25%] 20%	[21%] 18%
• Terraced	[23%] 11%	[29%] 18%	[27%] 16%
• Semi-detached	[45%] 37%	[32%] 35%	[36%] 35%
• Detached	[21%] 42%	[12%] 28%	[15%] 31%
Tenure profile ([current profile] / profile of new demand)			
• Owner-occupation (inc. LCHO)	[61%] 76%	[59%] 64%	[60%] 67%
• Social rented / affordable rent	[22%] 16%	[25%] 19%	[24%] 18%
• Private rented / other rent (inc. tied accommodation etc.)	[16%] 8%	[16%] 18%	[16%] 15%

Source: Household survey, 2018. *Notes: The profile of new demand by bedroom size is only available at SRHM level. Property size profile of new demand relates to expected *need* not preferences and is provided at the level of the SRHM as a whole for both existing households and new households. The balance between demand coming from existing and new households at a local level will need to be considered, as will constraints on households' ability to afford. Figures within this table are an indication of unconstrained preferences and should be taken as a guide only.

- 8.18. The implications of consistent under-delivery of new affordable housing, or indeed any net reduction in affordable housing, will be to increase the unmet backlog of housing need as well as ensuring that a higher proportion of newly arising needs constitute future backlog.

Regeneration and place-making

- 8.19. The evidence within this SHMA points to significant levels of unmet need which arise for reasons other than affordability – for example, unsuitable property or property that is in poor condition. This means that there continues to be a role for physical and place-based regeneration programmes which aim to ensure that property – in both the public and private stock – is safe and free of defects; and that local areas have

the right mix of tenure and property sizes and types. Plans for physical improvements to housing stock will increasingly also need to respond to urgent defects which do not immediately lead to a household being in self-identified need – such as the need to deal with any remaining urgent fire safety and building control deficiencies in multi-storey blocks, and planned / cyclical repairs and replacements programmes.

- 8.20. The SHMA also provides evidence on wider neighbourhood characteristics which underpin both housing market 'health' and households' needs. These include the requirement for a minimum acceptable level of custodianship and quality in the physical environment, public safety and accessibility to jobs, healthcare, training/education and other public goods. Many of these matters are beyond the scope of housing-focused regeneration schemes but are important determinants of the housing market and there is therefore a need for coordination in place-based investments and policies. Housing and planning policies and investments need to be integrated with wider social and economic regeneration, public service reform, social and physical infrastructure planning, and the need to ensure attention to place-making in its broadest sense is acute and growing. In some places where the PRS is dominant but where there are concerns about quality or safety within the housing stock, there may be some scope to use tools such as selective licensing of landlords or more enforcement of existing environmental health legislation, for example.