
Bromsgrove District Council: District Level Housing Market Assessment

**The Housing Vision Consultancy
with
Centre for Comparative Housing Research,
The Bridge Group and
Kim Sangster Associates**



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Bromsgrove District Council: District Level Housing Market Assessment

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Acronyms and Abbreviations

ASHE	Annual Survey of Hours and Earnings
BDHT	Bromsgrove District Housing Trust
BDC	Bromsgrove District Council
CORE	Continuous Recording
CACI	Californian Analysis Centre Incorporated
NHSCR	National Health Service Central Register
PSA	public service agreements
LAA	local area agreements
ONS	Office for National Statistics
S106	Section 106
LDV	Local Delivery Vehicle
NHPAU	National Housing and Planning Advice Unit
MAA	Multi Area Agreements
CAA	Comprehensive Area Assessments
CPA	Comprehensive Performance Assessment
RPG	Regional Planning Guidance
MUAs	Major Urban Areas
BDLP	Bromsgrove District Local Plan
BCC	Birmingham City Council
WM	West Midlands
HNS	Housing Needs Study
HN	Housing Needs
SRHMA	Sub Regional Housing Market Assessment (??)
SHMA	South Housing Market Assessment
LMH	Local Housing Market
LHMA	Local Housing Market Area
LCHO	Low Cost Home Ownership
Ha	Hectare
DC	District Council
AHP	Affordable Housing Programme
CH	Council Housing
CLG	Communities and Local Government
DCLG	Department of Communities and Local Government
DETR	Department of the Environment Transport and the Regions
DWP	Department for Work and Pensions
GP	General Practitioner
HMA	Housing Market Assessment
HSSA	Housing Strategy Statistical Appendices
LA	Local Authority
LDF	Local Development Framework
NB HB	New-build HomeBuy
NHS	National Health Service
NINO	National Insurance Numbers
OM HB	Open Market Home Buy
PPS3	Planning Policy Statement 3
PR	Private Renting
RSL	Registered Social Landlord
RSS	Regional Spatial Strategy
TTWA	Travel to Work Area

EXECUTIVE SUMMARY

ES1.0 Introduction

ES1.1 This report provides a district level Housing Market Assessment for the Bromsgrove District Council area and focuses on five questions:

- how can we define the Housing Market Area for Bromsgrove?
- who lives in the Bromsgrove area? How might this change, and what are the implications for determining the future need and demand for housing in the area?
- what choices do consumers have in the local housing market? What are the gaps in the pattern of supply and how affordable is local housing?
- what is the projected future need for housing in Bromsgrove?
- what are the implications of this analysis for intervening in the local housing market?

ES2.0 How Can Bromsgrove's Housing Market Area be Defined?

ES2.1 There are significant movements of people in either direction between local authorities, including:

- Almost 11,000 commuting to Birmingham and over 4,000 in the opposite direction;
- Almost 2,600 commuting to Redditch and almost 2,800 in the opposite direction;
- Almost 2,000 commuting to Dudley and over 1,500 in the opposite direction;
- Over 1,500 commuting to Wychavon and almost 1,500 in the opposite direction.

ES2.2 Further research is required to identify the extent to which this level of cross-commuting could be reduced by better matching of housing to households.

ES2.3 Analysis of live: work and home move patterns, and interviews with property agents confirm that the Bromsgrove District housing market has a wide reach and that its Housing Market Area consists of concentric inner, middle and outer rings as follows:

- An Inner Ring extending from Bromsgrove north to Rubery/Rednal; east to Redditch; west to Kidderminster; and south to Droitwich;
- A Middle Ring which extends to:
 - Birmingham;

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- Dudley;
 - Solihull;
 - Wychavon; and
 - Wyre Forest.
-
- An Outer Ring which extends to:
 - Sandwell
 - Worcester; and
 - Stratford-on-Avon.

ES3.0 Social and Demographic Trends Affecting the Need and Demand for Housing

ES3.1 The total number of households in the District is projected to increase by 8,000 between 2006 and 2026, a trend which implies a strong locally generated growth in the need and demand for housing.

ES3.2 There is likely to be relative stability in the locally generated need and demand for housing from the younger and working age populations, but very large increases in the need and demand for housing with care from older people, especially from the oldest elderly whose numbers will almost double.

ES3.3 Using NHS patient registration data, we can identify that over the past five years, Bromsgrove has gained population from in particular, Birmingham (+4,820), Dudley (+920) and Sandwell (+630); and, has continued to lose population to Wychavon (-770), Wyre Forest (-240) and Stratford (-190).

ES3.4 There have been very large gains through migration in families with young children, and to a lesser extent consistent gains in the retirement population. There has been a net loss of 900 people aged 16-24 in the past five years, some of which may be due to housing problems.

ES3.5 There has been a recent increase in the number of registered migrant workers in the district since 2004, especially from A8 Accession countries including Poland and the Slovak Republic. This trend requires close monitoring in terms of the impact on the housing market, and of the extent of longer term settlement in the District.

ES4.0 Choice in the Local Housing Market

ES4.1 In the context of demographic projections which imply a large increase in the need and demand for smaller homes, Bromsgrove's property profile is heavily skewed towards family housing and home ownership, with only a very limited supply of affordable homes available.

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ES4.2 The effect of new completions against right to buy sales during the past five years is a net loss of 134 affordable homes.

ES4.3 The number of new tenancies has increased in the past two years reaching 284 in 2006-07.

A turnover rate of 8% for BDHT stock compares with an annual rate of 10.7% for the housing association sector.

ES4.4 On the basis of applicant to lettings ratios, the stronger demand is for smaller homes, especially one bed bungalows, two bed houses and one bed flats; and there is lower demand for three bed family homes and two bed flats.

ES4.5 Local property agents identified a vigorous rental market, with a strong demand for two and three bed properties.

ES4.6 There were 27 shared ownership sales in Bromsgrove in 2007-08 and 42 in 2006-07 of which 12 were re-sales; and over the same period, there were 75 applications for housing in the Bromsgrove area, of which only 11 were successful.

ES4.7 Reflecting the overall profile of properties in the district, most sales (40%) were of larger detached or semi-detached properties (38%); smaller terraced houses made up less than 20% of sales and flats only 4%.

ES4.8 There are two trajectories of prices with a bunching of sales (44%) especially of semi-detached and terraced houses at £100-£150k, and of detached properties at £200-£300k.

ES4.9 Confirming the pattern for all 2007-08 sales, the current re-sale market is dominated by family housing, with only one in four properties either one or two bed.

ES4.10 Most new homes sold in Bromsgrove are detached or semi-detached houses, with less than one quarter smaller flats.

We would estimate at August 2008 that lower values achievable are in the region of £2,500 per square metre, higher values in the region of £4,000 per square metre, and that £3,300 per square metre represents the average value achievable.

ES4.11 Unsurprisingly, local estate agents identified both price reductions and a slowdown in sales rates compared with last year. There is evidence of an oversupply of larger family homes and of an associated shortage of smaller and more financially accessible properties.

ES5.0 Affordability in the Bromsgrove Housing Market

ES5.1 To provide a context for our analysis, the latest 'Difficulty of Access to Owner Occupation Indicator' published by DCLG in October 2006 but using 2004 property price data, identifies that 70.9% of Bromsgrove households headed by a person under 35 will have difficulty accessing owner occupation.

ES5.2 We would estimate that 53% of single households are able to get into the housing market, and that 36% are able to move on in the housing market;

ES5.3 By implication, 47% of single income and 64% of joint income households would require other forms of affordable housing;

ES5.4 The provision of New Build HomeBuy options would improve access to two bed properties but would not improve access to three bed properties.

ES6.0 Consultation with Local residents and Stakeholders

ES6.1 107 face-to-face and telephone interviews were undertaken by The Bridge Group in June 2008 with young people (aged up to 30), one group living or working in Bromsgrove district and another on the Council's Housing Register; older people (aged over 60) on the Council's Housing Register or who were owner occupiers or private renters, and agencies and individuals with knowledge of black, minority ethnic and migrant housing needs.

ES6.2 Findings for younger people show a need to develop flexible 'housing pathways' that reflect younger people's incomes and aspirations as much as possible.

ES6.3 The low awareness of and caution about shared ownership suggests that HomeBuy options need to be more effectively publicised and promoted to younger people.

ES6.4 More generally, young people need more information and opportunity to consider and decide on their housing options from school age onwards. This needs to include a stronger focus on the role and identity of housing associations.

ES6.5 Findings for older people identify the need to develop more aspirational, two-bedroom products and options aimed and marketed at older people and equity release schemes;

ES6.6 The active promotion of shared ownership and support to help older people understand and manage the process of using this approach;

ES6.7 The development of 'retirement villages', incorporating a range of options with tailored care and support;

ES6.8 Extra care accommodation, including shared equity options – around 290 homes of this sort are already being developed within the district;

ES6.9 Increased and expanded incentives for older people in large, family homes to downsize and release their property for younger households. Incentives will need to become more valuable and creative to offset the potential for inertia created by care and support being available to people in their existing homes; and

ES6.10 General, ongoing education and information about what's realistically available in a green belt area.

ES6.11 Even among equality agencies, evidence about the housing needs of black, ethnic minority and migrant people in Bromsgrove tended to be anecdotal because of the very small numbers involved. Most of the agencies said that they had only experienced a few cases of non-white UK people presenting particular housing needs in the district and found it hard to identify patterns or trends.

ES6.12 Where people from black, ethnic minority and migrant groups have moved into the district (for example, Asian taxi drivers and those employed in the food/restaurant trades), these tend not to stay and quickly move onto the nearby urban centres.

ES6.13 There is evidence of professional people from non-white groups buying homes in areas like Hagley and Barnt Green. But overall, the district (and particularly the town centre) is perceived as lacking diversity and the vibrancy that this can sometimes create.

ES6.14 Growing numbers of young, dual heritage, Afro-Caribbean/white households are a significant development in the local population. Although the Housing Trust's lettings records do not suggest that this group is yet accessing local social housing in any great numbers, the particular needs of this group should be considered.

ES7.0 The Future Requirement for Housing

ES7.1 Estimates suggest the requirement to 2026 – across all tenures -will be for:

- 850 two bed general needs properties;
- 4,800 two bed properties for people of retirement age;
- 1,575 properties suitable for the older elderly; and
- 125 three bed houses.

ES7.2 These estimates imply the need for a dramatic change in house building in the district towards providing many more two bed homes for all age groups.

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Failure to provide alternatives for the rapidly increasing pensioner population will result in most people staying in their existing family homes - as is currently the case - with the effect of dramatically reducing the supply of such properties in the local housing market.

ES7.3 Modelling identifies a requirement for 70 affordable housing units over each of the next ten years.

There is evidence that local young people who are working in Bromsgrove but whose incomes are insufficient to buy a home in the district are having to move to neighbouring lower cost areas, commute in to work each day and are not accounted for in determining the local requirement for affordable housing.

ES8.0 Dynamics and Drivers in the Bromsgrove Housing Market

ES8.1 There are powerful drivers at work shaping both the choice of housing in Bromsgrove and the future profile of the population to the extent that the housing market is increasingly unable to meet the requirements of the resident population.

ES8.2 From our analysis of the challenges facing the district in creating a more balanced housing market - especially to improve the choice of housing for local people - the priorities for intervention are:

1. to increase the supply of affordable and financially accessible housing across the tenures, from low cost 'starter homes'; through shared ownership and shared equity options to sub-market and social rental properties. We would strongly advise developing - with key strategic partners - an affordable housing strategy which identifies those products which best fit Bromsgrove's changing population, local incomes and housing market dynamics, and which identifies how a combination of capital receipts, subsidy and planning policy can improve the supply of affordable homes across all the housing stock.
2. to increase the supply of one and two bed homes in all sectors. In the social sector, this might be achieved by transferring some properties from Category 1 or 2 to general needs use. In the owner occupied sector, there is growing evidence, including that from local estate agents, of declining demand for one bed flats, and we would strongly advise against building such properties, including for shared ownership, unless there is clear evidence of demand. In the market sector, the challenge is to develop affordable, aspirational and viable two bed products. In the context of the tendency for developers and house builders to build larger family homes, this priority will need to be reflected in planning policy and practice.
3. to stimulate the supply of private sector homes, for example, through bringing empty properties back into use and by developing flats over

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shops, including giving consideration to making Private Sector grants and loans directly to landlords to stimulate such activity.

4. to encourage the development of good quality and aspirational homes for older people, especially in the market sector, providing mainly two bed properties, and including consideration of encouraging mixed tenure retirement communities and/or villages providing a full range of housing and care options. In the social sector, the development of attractive options for older people has the additional advantage of increasing the supply of currently under-occupied family houses.

1.0 INTRODUCTION

Our approach

1.1 This report provides a district level Housing Market Assessment for the Bromsgrove District Council area (BDC). In accordance with government guidance on Housing Market Assessment, our approach is to make the maximum use of existing and available demographic, social and housing data to identify the dynamics of the local housing market; the 'choices' available to local people; the imbalances between need, demand and supply which constrain those choices; the projected future need for housing and the interventions which might improve housing choice in the area. Consequently, our report focuses on the housing market in Bromsgrove, and on five questions:

- how can we define the Housing Market Area for Bromsgrove?
- who lives in the Bromsgrove area? How might this change, and what are the implications for determining the future need and demand for housing in the area?
- what choices do consumers have in the local housing market? What are the gaps in the pattern of supply and how affordable is local housing?
- what is the projected future need for housing in Bromsgrove?
- what are the implications of this analysis for intervening in the local housing market?

Data sources, definitions and approach

1.2 All approaches to housing market assessment involve some degree of modelling, for example of future household growth, but our approach is to make use of data which identifies the realities currently facing local people in the housing market supplemented by interviews with key informants, from community representatives to estate agents.

1.3 We have used seven main data sources in developing the analysis below:

- 2001 Census data projected forward as appropriate;
- 'Chelmer Model' projections of household types and numbers provided by the 'Population and Housing Research Group' at Anglia Ruskin University;
- data commissioned from CACI in relation to population, household and income patterns. CACI stands for the 'Californian Analysis Centre Incorporated' and is an international company which trades as the 'Data

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Depot' in Britain. Its demographic and income-related products are recognised as industry standards;

- National Health Service Central Register (NHSCR) patient registrations data;
- CORE data on housing association lettings
- social housing and planning data kindly provided by Bromsgrove District Council, and,
- Land Registry property price post-coded data.

1.4 Please note that percentages have been rounded to one decimal place, and as a result, total percentages may slightly exceed or fall below 100%.

1.5 We have also undertaken interviews with local estate and rental property agents across the District.

We have used this format to highlight key findings and evidence from interviews.

A note on boundaries

1.6 Data is collected and collated according to a range of boundaries, and which seldom conform with each other. The requirement is to achieve the best fit possible and the boundaries used in this Study are summarised in the table below.

Table 1: boundaries used in the Housing Market Assessment

Boundary	Use	Source
Bromsgrove District Council	Demographic and incomes data	2001 Census/CACI/BDC
	Migration and Travel to Work data	
	Property price data	
Parishes	Property price data	BDC
Postcodes	Property price data	Land Registry
Local authority areas	Migration and Travel to Work data	NHS/ONS

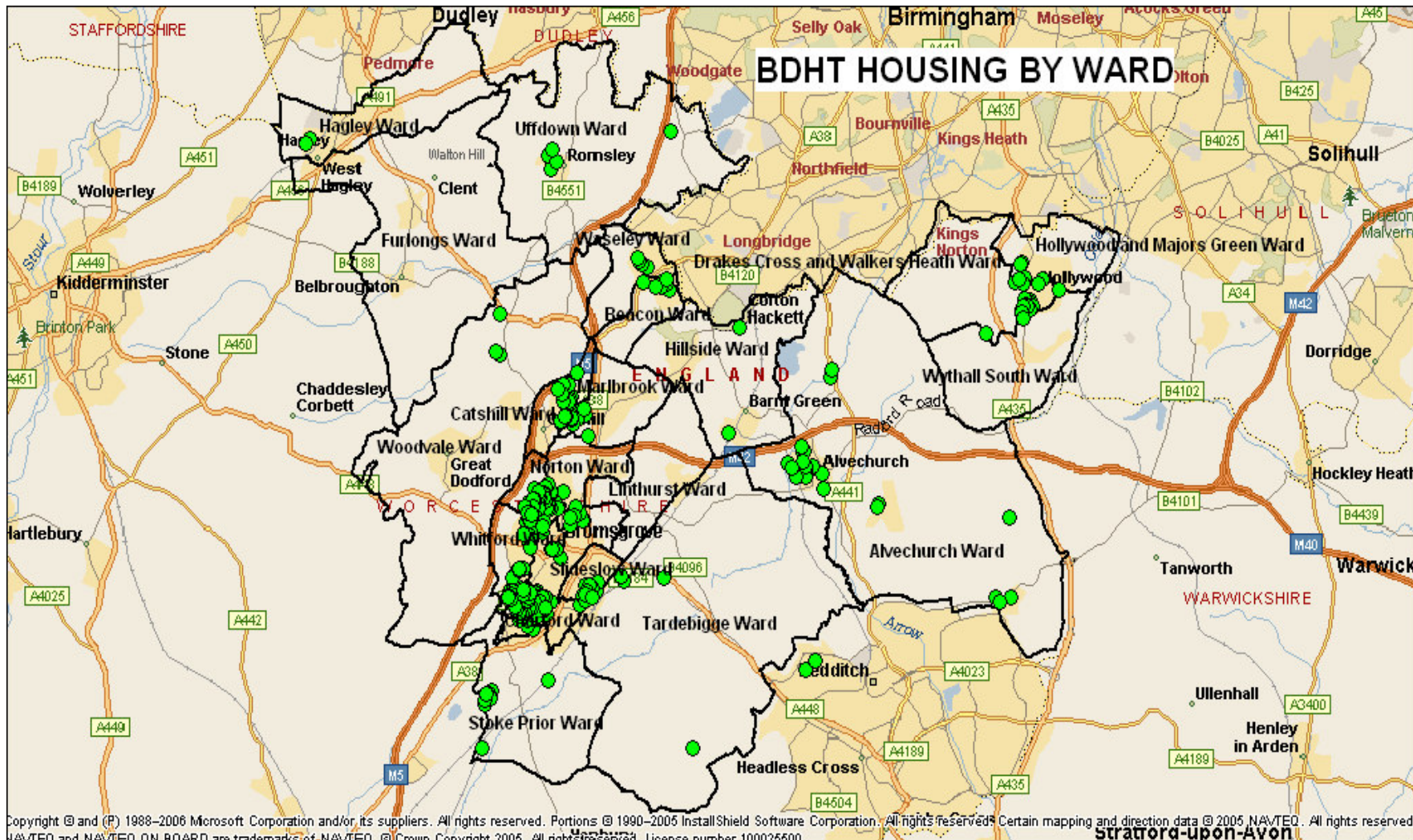
(Source: HVC)

1.7 Map 1 below identifies the Bromsgrove District Council area and additionally identifies the location of Bromsgrove District Housing Trust (BDHT) properties.

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Please note that housing markets tend to very localised, the 2005 Survey of English Housing identifies that over half of all households move less than five miles, and for social housing tenants, this rises to 72%.

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2.0 THE NATIONAL POLICY CONTEXT

Introduction

2.1 The aim of this section is to provide a national context for the report. It is essential that local housing organisations are aware of and can respond proactively to the changing national situation.

2.2 It focuses on two issues:

- Housing policy i.e. current and likely future developments in housing policy; and
- Policy making process i.e. the changing organisational arrangements for developing and implementing housing policy.

These are covered in the next two sections.

2.3 It is, of course, important to highlight that these are interrelated issues. For example, the Government's emerging approach for tackling the economic slowdown / 'credit crunch' in relation to affordable housing provision in part centres on encouraging public private partnerships (such as local housing companies) that spread the risk between a range of agencies.

2.4 Furthermore, both housing policy and policy making are going through a period of interrelated rapid and radical change. By April 2009, the Homes and Communities Agency will be in operation. It is already clear that this organisation wishes to work strategically on housing development and regeneration with individual councils and groups of local authorities. This represents a rather different perspective from the work of English Partnerships and the Housing Corporation over the last decade.

2.5 But these changes are not necessarily joined up and in some circumstances push in opposite directions. The emerging role of local government as a result of the White Paper in 2006 and Local Government and Public Involvement in Health Act, 2007, is one of 'place-shaping' (or what the housing sector would know as 'strategic enabling'). But there is also increasing emphasis on sub-regions and city regions as the most appropriate geographical scale to set housing, planning, and economic development strategies.

Housing Policy

2.6 The Government's 'Sustainable Communities Plan (2003 and 2005) sets the context for national housing policy with its emphasis on:

- Delivering sustainable communities;

- Increasing the output of housing;
- Tackling affordability; and
- Targeting resources on specific localities.

Each of these themes is covered below.

- 2.7 They are reflected in the comprehensive spending review (2007), public service agreements (PSAs) and local area agreements (LAAs) as well as in the activities of the Housing Corporation and the shadow Homes and Communities Agency. In addition, more recent guidance and proposals, such as the Housing Green Paper (2007) and the Housing and Regeneration Bill, take forward these themes.
- 2.8 Of course, the economic slowdown / 'credit crunch' has raised important questions on the deliverability of the Government's policy agenda. This sub section concludes with a consideration of the implications for national housing policies.

Delivering Sustainable Communities

- 2.9 The key message for organisations is that it is not sufficient to focus on the number of new or improved units. A more holistic approach is required that centres on, for example, community empowerment, employment and training, community cohesion, environmental sustainability, access to services and the broader quality of life issues.
- 2.10 This raises significant challenges for housing organisations:
- Nature and extent of direct involvement in, for instance, employment and training, as well as education. Some housing associations have developed social enterprises and are even considering involvement and sponsorship of city academies. If housing associations are not directly involved, there is clearly a need for partnership working with other agencies.
 - Ensuring the delivery of mixed tenure / housing type estates is seen as crucial by the Government on delivering sustainable communities. This will involve the pepper-potting of owner occupied houses, private rented accommodation, low cost home ownership and social rented dwellings in a locality.

Increasing Output

2.11 The current Government target is that 240,000 units of housing should be built each year by the middle of the next decade. The National Housing and Planning Advice Unit (see below) has advised Ministers that the figure should be increased to tackle the affordable housing crisis. The emphasis, following on from the Barker Review (2004) is that significant increases in output are needed to lower the entry cost for owner occupation. It should be noted, however, that house completions could be as low as 100,000 units in 2008.

2.12 The focus on increasing output has centred on a number of actions:

- Targeting resources on specific areas (such as growth areas and growth points) – see below.
- Better quality and more robust strategic housing market assessments and housing needs studies.
- Allocating more land for residential use through the new local development framework (LDF) system.
- Refreshing the planning system by speeding up decision making on applications and providing incentives to encourage increased output (through planning delivery grant).
- Encouraging public landowners to make more land available usually at less than market price – making use of the expertise of English Partnerships (and in future the Homes and Communities Agency).

Tackling Affordability

2.13 This has involved a focus on:

- Increasing significantly the supply of owner occupied properties so reducing the market entry price.
- Increased targets and funding to deliver affordable housing through the national affordable housing programme administered by the Housing Corporation.
- Growing focus on low cost home ownership / shared ownership products to help fill the gap between the cost of social renting and owner occupation.
- Making more effective use of the planning system through S106 agreements. There has been a veritable avalanche of guidance and reports on this issue during the current decade.

2.14 The Housing Green Paper (2007) placed considerable emphasis on each of these actions. It also highlighted the need to consider alternative implementation mechanisms such as local delivery vehicles (for example, local housing companies and community land trusts). These would bring together public and private resources including the use of public land to maximise affordable housing provision. Subsequent to the Green Paper, thirteen local housing company pilots were launched in autumn 2007 and are currently being supported by English Partnerships. The Housing Corporation has been aiding a number of rural and urban community land trusts.

Targeting Resources

2.15 As has already been noted, the Government's sustainable communities plan in 2003 and 2005 highlighted that resources would be directed to four growth areas and nine housing market pathfinders.

2.16 This has been followed up by further location specific initiatives including:

- Growth points: Locations have been designated in five regions. In the West Midlands (outside of the conurbation), these include Burton-upon-Trent, Hereford, Shrewsbury, Telford & Wrekin and Worcester.
- Eco-towns: Fifteen potential locations were identified in April 2008 but it is unclear which if any of these will proceed to implementation.

2.17 From a housing organisation perspective, it is important to realise that public and private sector funding will be directed to these localities. This includes infrastructure investment as well as social housing grant.

Impact of the Economic Slowdown

2.18 The relative sudden and potentially dramatic impact of the credit crunch on housing policy has resulted in a number of small scale initiatives by the Government. These have included making available through the Housing Corporation £200m for RSLs to purchase unsold properties and enabling housing associations to bid for social housing grant on a continuous rather than quarterly basis.

2.19 Most commentators have indicated that these measures do not address some of the fundamental issues. These include:

- Over-reliance on the planning system and S106 agreements: House builders and landowners are not bringing sites forward through the development pipeline. The site specific affordable housing targets can thus not be achieved.

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- Some RSLs have relied on the ongoing sales of property and low cost home ownership products to cross-subsidise social rented provision. There is however evidence that households are unwilling and unable to afford these products.
 - Lack of access for RSLs to private funding with five of the seven major sources having with drawn from the finance market.
- 2.20 There is as a result a growing interest in alternative means of delivering affordable housing. One possibility that has been suggested by the Treasury and Communities and Local Government is the use of local delivery vehicles that bring together public and private sector agencies. It is argued that such partnerships spread the risk in a period of economic uncertainty.
- 2.21 A number of local authorities are making significant progress on building upon the successes of such vehicles for city centre regeneration, local economic development and the building schools for the future programme. Both Kingston-upon-Hull and Newcastle-upon-Tyne City Councils have taken a lead on setting clear strategies through the local strategic partnership framework and initiating work on a number of Local Delivery Vehicles (LDV).

Policy Making Process

- 2.22 There are a number of elements of the policy making process that are undergoing rapid change. These include:
- National and regional organisational structures;
 - Sub-regions and city regions;
 - 'New' local policy framework i.e. local area agreements and national indicators;
 - Role of local authorities;
 - Future of local housing strategies; and
 - Local Delivery Vehicles.
- 2.23 These are interconnected issues. For example, the greater emphasis on sub-regions and the development of sub-regional housing strategies is resulting in the abandonment of district-wide housing strategies. This has already happened in Cumbria.

Each of these six elements in now discussed in turn.

National and Regional Organisational Structures

- 2.24 At the national level, the key development is the establishment of the Homes and Communities Agency through the Housing and Regeneration Bill. This organisation will be formally in operation from April 2009. But it is already acting in a 'shadow capacity'. Its role is much broader than the investment arm of the Housing Corporation and the enabling role of English Partnerships. It is strongly focussed on neighbourhood regeneration and the broader aspects of developing sustainable communities. The 'shadow' chief executive has emphasised that the organisation wishes to work closely with individual councils and groups of local authorities and their partners on priority issues.
- 2.25 There is also an increasing role for the National Housing and Planning Advice Unit (NHPAU), which is part of Communities and Local Government, and was set up in 2007. Its role is to advise government, regional agencies and other stakeholders on housing and planning issues. It has published a number of research studies and is currently commissioning projects on affordable housing. Its advice to government has already focussed on the continuing need to increase the supply of housing including the number of affordable properties. Recent guidance has suggested that there should be a significant increase in housing output targets in each region including the West Midlands.
- 2.26 Finally, the Treasury-led review of sub-national policy making that commenced in 2007 is already leading to significant changes in regional policy making. From 2010, regional development agencies (such as Advantage West Midlands) will begin taking over the role of the regional assemblies. The aim is to produce a single integrated regional strategy that replaces regional housing strategies and investment programmes, regional spatial strategies, etc.
- 2.27 Local housing organisations need to be proactive and engage with the work of these new agencies in developing their business strategies / corporate plans.

Sub-Regions and City Regions

- 2.28 Reference has already been made to the Treasury led sub-national policy review. A further aspect of this work is the growing emphasis on sub-regions and city regions as the most appropriate geographical scale for the development of housing, planning and economic development strategies. A number of sub-regions are developing housing strategies based on the outputs from strategic housing market assessments.
- 2.29 This is, however, a complex and challenging part of public policy making:
- At least, thirteen city regions are in the process of developing multi-area agreements (MAA) (including Birmingham, Coventry and the Black Country). It is evident that the Government intends to reward these city

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regions with extra resources and powers. Areas that are not part of city regions and MAAs will clearly lose out in resource terms.

- Sub-regions have been identified for policy and investment purposes in each region through the regional spatial strategy and regional housing strategy led by the regional assemblies. But the nature of the sub-regions is variable. In the West Midlands, the sub-regions are geographically large, while in the East Midlands, there are much smaller and based on counties or parts of counties.
- Local government reorganisation in two-tier areas impacts on sub-regions. In the West Midlands, the development of a unitary authority for Shropshire by April 2009 is resulting in a marginalisation of the role of the West Housing Market Area (covering Herefordshire, Shropshire and Telford & Wrekin). In other parts of rural England, there has been a shift towards the 'shared services agenda' between counties and districts. This could include a county-wide / sub-regional housing strategy as in Cumbria.
- Housing organisations need to have an understanding and be involved in the development of sub-regional government.

'New' National Policy Framework

- 2.30 County and unitary authorities are in the process of completing the latest round of local area agreements that are linked to sustainable community strategies and local strategic partnerships. These are significant as they identify local priorities where it is expected that resources and delivery will be focussed.
- 2.31 LAAs are based on a series of national targets / indicators. The Government published a list of 198 national indicators and county and unitary authorities have had to identify 35 local priorities (together with 16 statutory education-based targets).
- 2.32 It is therefore essential that organisations are aware of the local priorities especially as there are relatively few national indicators that directly focus on housing. One approach is to consider how housing can contribute indirectly to other priorities.
- 2.33 Linked to this broader policy framework is the roll out of comprehensive area assessments (CAA) from April 2009. This replaces the current comprehensive performance assessment (CPA) system. The Audit Commission focus will be on policy and delivery by all agencies with the council as the place shaper (see below). Local authorities will, therefore, increasingly be monitoring and reviewing the activities of other housing organisations.

Role of Local Authorities

2.34 Again, this is a complex area. Reference has already been made to sub-regions and local government reorganisation as well as to LAAs.

2.35 The Government White Paper on Local Government (2006), the Lyons Review (2007) and the Local Government and Public Involvement in Health Act (2007) focussed on the place shaping role of councils. They emphasise the importance of sustainable community strategies and local strategic partnerships. The key role for councils appears now to be:

- Setting the policy framework (including the research and intelligence function);
- Facilitating provision by partners;
- Empowering communities and customers;
- Working in partnership with other organisations; and
- Monitoring delivery.

2.36 Other housing organisations need to work with their local councils on developing and delivering this agenda.

Future of Local Housing Strategies

2.37 Both the Government and the Audit Commission will be publishing guidance on this issue later in 2008. At this stage, the future of local housing strategies is unclear. However, draft reports and guidance suggest:

- Greater emphasis on policy making rather than the local housing strategy itself i.e. a focus on the plan as a means rather than an end.
- Growing recognition of the relevance of a sub-regional approach with encouragement likely to be given to joint strategies.
- Reduction in the number of sub-strategies such as local homelessness polices, empty property strategies, etc.
- Local housing strategies as part of a broader sustainable community strategy.
- Local Delivery Vehicles.

2.38 As has already been pointed out, the Government Housing Green Paper (2007) highlighted the importance of LDVs to increase the output of affordable

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housing. A range of initiatives was highlighted including local housing companies, community land trusts and limited liability partnerships. There has also been a wide range of local initiatives such as community asset trusts.

- 2.39 As these LDVs have the potential to spread risk between partners, there are particularly significant in the current period of economic uncertainty. Housing organisations should be exploring the potential of LDVs with private, public and voluntary sector agencies.

3.0 REGIONAL, SUB-REGIONAL AND LOCAL AUTHORITY PLANNING POLICY AND HOUSING STRATEGY

Introduction

- 3.1 The aim of this section is to provide a regional, sub-regional and district level context for the report in relation to planning policy and housing strategy.

Planning Policy

Introduction

- 3.2 Bromsgrove District Council in Worcestershire is located to the south of Birmingham but outside the conurbation. Bromsgrove is subject to four tiers of regional and local planning policies:
- 3.3 The West Midlands Regional Spatial Strategy (RSS) was originally published in June 2004 but is now under partial review which is taking place in phases:
- the saved parts of the Worcestershire County Structure Plan until the final adoption of the RSS.
 - the saved parts of Bromsgrove District Local Plan (adopted in 2004); the council is currently preparing a Local Development Framework.

Regional Spatial Strategy and housing in Bromsgrove

- 3.4 The RSS is still evolving from Regional Planning Guidance (RPG). When it was published in June 2004, a number of further areas of work were identified. The first phase of these, the Black Country Study, has been completed and was incorporated into the RSS in January 2008.
- 3.5 The Spatial Strategy currently requires a significant redistribution of housing provision, saying
- “This will involve moving from the recent position of two houses built outside the Major Urban Areas (MUAs) for each one within them, to less than one outside for each one within. To support this, residential environments within the MUAs will need to be made more attractive, so that they can increasingly retain their populations. At the same time new housing provision in the other areas will need to be reduced to levels where it is largely meeting local needs, hence discouraging decentralisation”.*
- 3.6 Bromsgrove is identified as one of the “other large settlements”, where the housing function “*should not generally be to accommodate migration from the MUAs.*” For rural areas – which would include the Bromsgrove hinterlands –

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new housing should be for local needs and/or services only and not for accommodating migration from elsewhere.

- 3.7 The Phase 2 revision is now well under way and has reached the preferred option stage. This phase covers housing issues as well as employment, retail centres, waste and certain elements of transport policy. The revision seeks to continue a focus on urban renaissance; therefore Bromsgrove District should only be delivering housing to meet local needs. This is reflected in a figure of 2,100 homes to be delivered between 2006 and 2026.
- 3.8 Following the formal submission of the preferred option, the West Midlands Regional Assembly received a letter from Baroness Andrews, Parliamentary Under-Secretary of State in the Department for Communities and Local Government. In her letter, dated 7th January 2008 the Minister expressed concern about the housing proposals put forward by the Assembly in light of the Government's agenda to increase housing building across the country. In view of this, the Minister has asked the Government Office for the West Midlands to commission further work to look at options which could deliver higher housing numbers and this will be considered as part of the Examination in Public.
- 3.9 Consultants Nathaniel Lichfield have been appointed to carry out this study and the aim is for the work to be completed by 7th October, 2008. This means that the Examination in Public of the Phase 2 revisions will not take place until Spring 2009, and any implications for the levels of future housing growth in Bromsgrove will not known with any great certainty until after this date.

Worcestershire Structure Plan

- 3.10 The Structure Plan covers the period from 1996 to 2011 but ultimately will be superseded by the final Regional Spatial Strategy. Pending this, certain parts of the Structure Plan were "saved" by the Secretary of State in September 2007. Policies which were not saved have now expired; these include the indicative numbers of new homes in the Worcestershire districts and the phasing of the release of land to enable those numbers. The reason given is

"It is considered that sufficient information is contained within the RSS and emerging RSS to guide the distribution of housing development in Worcestershire pending completion of the Phase 2 revision of the RSS."

- 3.11 Saved policies include a requirement for the districts to make provision to meet affordable housing needs both generally and in rural areas, but no numbers are attached.

Bromsgrove District Local Plan 2001 – 2011

- 3.12 The Bromsgrove District Local Plan (BDLP) 2001 – 2011 was adopted in January 2004 and will remain partially in force until it is superseded by the Local Development Framework. Work is currently under way on evidence gathering for the Core Strategy for the LDF. In September 2007, the Secretary of State ruled on which policies should remain in force in the interim. In the main, this follows the approach taken with the saved policies in the County Structure Plan, in that policies which included numbers of new homes have been removed.
- 3.13 The BDLP draws attention to the competing demands of pressure for growth from in and around the conurbation set against environmental considerations, particularly as 90% of the District is Green Belt.

“It is important that the District Council achieves a satisfactory balance between legitimate demands for new homes and jobs with the corresponding requirement to conserve the many natural attributes of the area most notably the fine landscape and pleasant villages which are prime features of the District.”

Accordingly, the majority of growth *“will be centred on the urban area of Bromsgrove”*.

- 3.14 On housing, although numbers of new homes have gone, policies still in force include:
- ensuring a rolling five year land supply for housing;
 - very restricted development of new homes in the Green Belt;
 - increasing the range of house type and tenure, including affordable housing for sale, rent or shared ownership;
 - negotiating for a proportion of affordable homes on major sites, i.e. those with 25 or more dwellings in urban areas or 15 dwellings in settlements with 3,000 or less inhabitants; and
 - restrictions on occupancy to local residents for affordable homes in the Green Belt.

Strategic Housing Land Availability Assessment

- 3.15 As part of the work involved in preparing its Core Strategy for the LDF, BDC is undertaking a District-wide investigation involving key partners to identify potential housing sites; this will form part of the assessment of options for the broad location of new housing.

- 3.16 BDC is also, as part of the LDF work, consulting more generally on the provision of new housing in the District asking for opinions on the type of housing needed; how affordable housing can be provided and where it should be located; and whether the current policy of no new general market housing should be relaxed and to what extent.

Housing Strategy

The South Housing Market Area

- 3.17 The South Housing Market Area consists of the six Districts in Worcestershire, plus two Districts in South Warwickshire. However, it covers Bromsgrove town and its immediate surroundings only, excluding the northern and north eastern parts of the District which “*are more closely related to Dudley and Birmingham*”.
- 3.18 The sub-regional study reported in April 2007. Of major interest to Bromsgrove is the finding that:
- “The sub-region is subject to increased in-migration pressures from both the South as well as from the North, and while this is most acutely felt in South Warwickshire, the effect on house prices and longer distance commuting by higher paid employees is spreading across South Worcestershire and Bromsgrove as well.”*
- 3.19 The report concludes that, despite the best efforts of the RSS and the Regional Housing Strategy before it, there is little prospect of in-migration abating in the foreseeable future, as a result of which:
- “the lower paid and locally employed are being increasingly excluded from the market, with increasing numbers of households on waiting lists and in inadequate accommodation”.*
- 3.20 The report identifies the numbers of new affordable housing needed to meet existing and future demand but, as the Bromsgrove figures exclude the northern and north eastern parts of the District, they are not quoted here.

Audit Commission Assessments

- 3.21 Bromsgrove’s Strategic Housing Service was inspected by the Audit Commission in 2006; it received a ‘zero star’, poor rating with uncertain prospects for improvements. Key weaknesses identified were around poor outcomes for homeless people, a lack of leadership on affordable housing and on diversity, and a weak approach to providing private sector housing services. There were some strengths in that staff are working effectively on

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small scale infill developments, and there is now a fit for purpose housing strategy.

- 3.22 Its Comprehensive Performance Assessment was rated “Poor” in 2007; however, the Commission notes that, with outside assistance from 2004 and a recovery plan, it has come a long way from a very low base line in the twelve months preceding the assessment.

Bromsgrove’s Local Housing Strategy

- 3.23 The Housing Strategy covers the period 2006-11 and is the first prepared since stock transfer in 2004. Achieving a “fit for purpose” housing strategy was closely allied to the recovery plan. The Housing Strategy links with all areas of the Community Plan 2003-13 as well as with key corporate priorities.
- 3.24 Bromsgrove undertook a housing needs survey in 2004, which estimated that only 11% of households were in social rented housing, with 84% owner occupiers. The survey estimated a backlog of 301 households in housing need, to which must be added a further 622 households newly in housing need from either household formation or falling into need.
- 3.25 Set against the supply of affordable homes, this gives a net annual affordable housing requirement of 418 homes. However, because of the then-current RSS housing targets for Worcestershire, Bromsgrove has a moratorium on all new housing development; the council has relaxed this policy only for sites where 100% affordable housing is to be provided.
- 3.26 Based on the housing needs survey, consultation on the Community Plan and other relevant information, the housing priorities identified for Bromsgrove are:
- *Addressing the shortage of affordable housing* – a target of 400 new affordable homes per annum has been set but this will be against the background of the moratorium and will exclude new mixed tenure developments. Partnership arrangements with RSLs will be reviewed and revised planning guidance provided.
 - *Improving the quality and availability of private sector housing* – given that 89% of households live in private accommodation, this is obviously a priority and the lack of a strategy was criticised by the Audit Commission. Proposed action revolves around improving quality through grants and loans; inspection of homes in multiple occupation; and a rent deposit scheme.
 - *Addressing homelessness* – homelessness, allied to the shortage of affordable housing, remains a significant problem, despite a reduction of 41% to 141 households accepted as homeless in 2004-5. Proposed

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action includes replacing hostel accommodation and improving performance in dealing with potential homeless households.

- *Assisting vulnerable groups to live independently* – just over 19% of households contain one or more members with identified special needs; physically disabled people are the largest group, followed by the frail elderly. Actions proposed are around working with health and social services to help provide choice and independence in housing.

4.0 THE RESEARCH CONTEXT

Introduction

4.1 This research review has considered a full range of reports, data and additional articles relating to Bromsgrove's housing market. The purpose of the review was to understand the main dynamics of the local housing market and supply issues, whilst also developing an understanding of the demand/people factors. The reports and documents reviewed include:

- 'About Bromsgrove 2006' – Bromsgrove District Area Profile report;
- Indices of Multiple Deprivation 2007;
- BDC Housing Strategy 2006-11;
- Bromsgrove Housing Needs Study 2004;
- South Housing Market Assessment (April 2007);
- Worcestershire County Council Housing Data website reports
 - Housing Market Summary, based on 2005 WM Regional Residential Land Availability Survey
 - Indices of Deprivation 2004 analysis;
- BCC/BDC Longbridge Area Action Plan Delivery and Viability Study (Feb 2007);
- Birmingham City Council Housing Development Plan (undated, assume 2006).

Principal reports consulted are reviewed in detail as follows.

Key Themes from the Housing Needs Study, 2004

4.2 Fordham's analysis concluded that any target of affordable housing in the District is justified, including on sites below fifteen dwellings (with a need to maximise acquisitions and conversions). Their analysis also suggested that over one third of affordable housing need could be met through intermediate housing. Other key findings in the Housing Needs Study (HNS) were:

- as much as 92.6% of the 5,999 households headed by a key worker could afford market housing; and
- 18.7% of the net affordable housing requirement comes from key worker households.

4.3 Local stakeholder interviews drew out the following views (phrases underlined are not consistent with the HN analysis or SHMA research findings):

Housing requirements:

- House prices in Bromsgrove are so high that they *"simply do not allow entry to the market for key workers or first time buyers"*;

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- There is an 'extreme shortage' of affordable one bedroom flats and single individuals are over-represented on the housing register; and
- Homelessness is widely recognised as a problem and stakeholders had noticed levels rising in recent years.

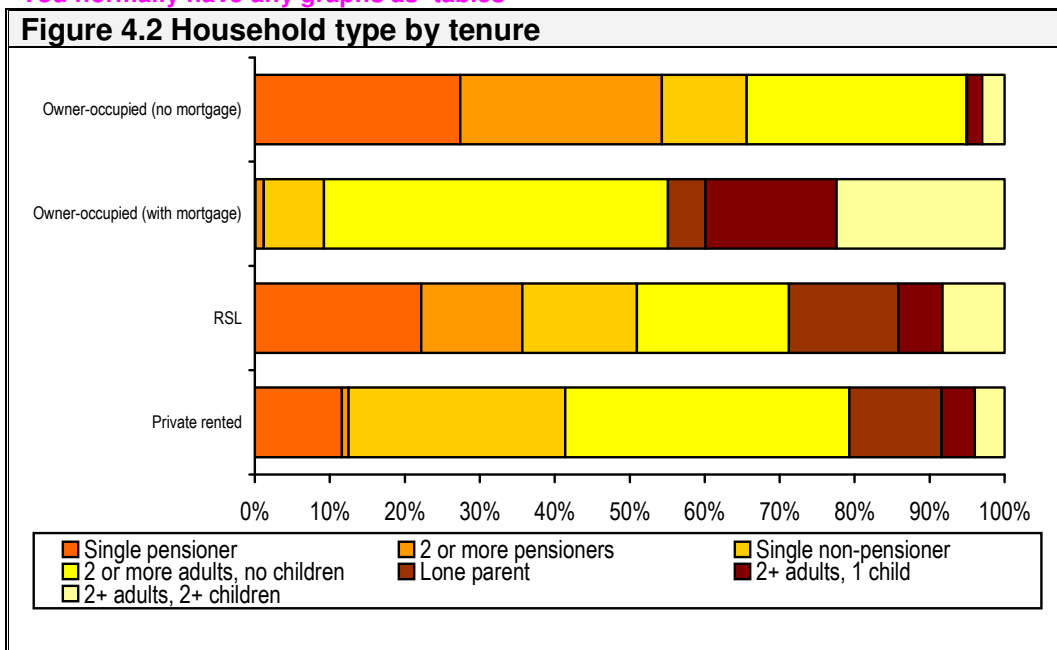
Housing supply:

- The Right-to-Buy policy has had an impact on stock levels in the District. Since 2001 roughly 80 to 100 units have been lost per year of a total social housing stock of 3,100; and
- There is low demand for sheltered accommodation, which makes up approximately a third of all affordable housing. The large amount of this stock does not reflect local needs.

4.4 There are some useful statistics in the HN report relating to household type by tenure, a summary table is included below:

Figure 1: household type by tenure

You normally have any graphs as 'tables'



4.5 It can be seen that virtually no lone parents are owner occupiers, and that less than half of all owner occupied households with a mortgage are households with resident children.

4.6 The private rented sector, whilst small in number, does have significant numbers of both pensioner households along with households with children.

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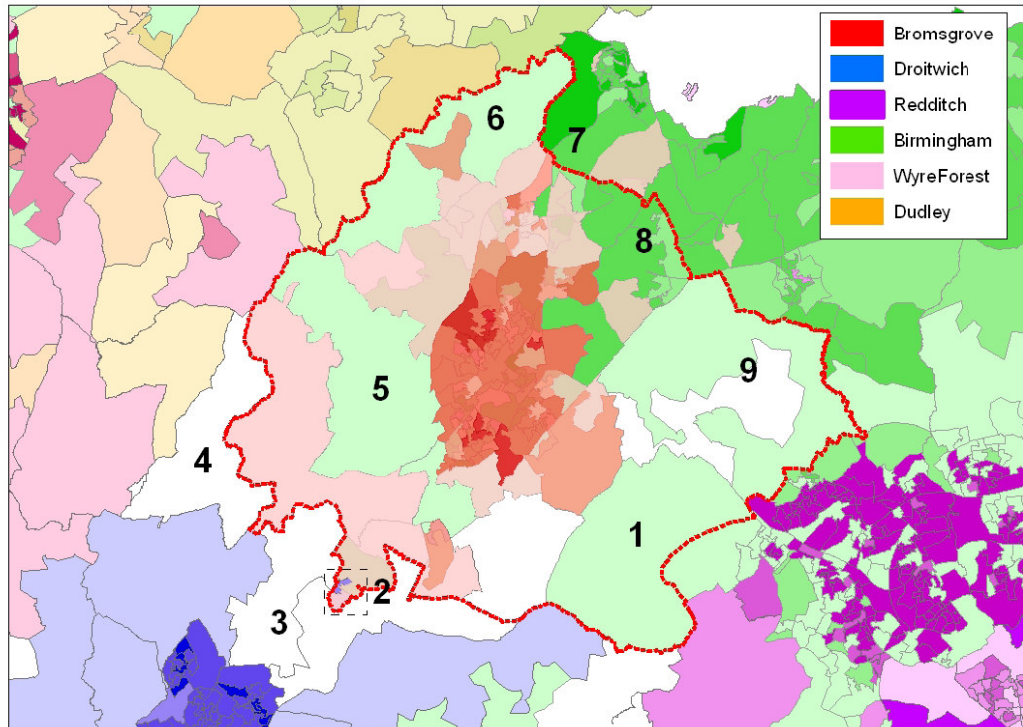
- 4.7 The more recent SRHMA has, of course, defined a local housing market area for Bromsgrove, whereas the remit for the HNS is the District boundary. It is important to note that Fordham's affordability calculation uses the local authority's boundary as its 'reasonable distance to move limit' when assessing which households could afford market priced housing.
- 4.8 Analysis of Bromsgrove's private rented sector shows that it has a very high turnover of around 57% per annum. This is largely due to the transitory nature of the sector but also because of the large proportion of one bedroom properties (15.6%).

Key Themes from the South Housing Market Assessment (SHMA), April 2007

- 4.9 The Bromsgrove local housing market (LHM) excludes parts of the north and north east of the borough because they form part of the Dudley and Birmingham housing market dynamics. The following two maps are taken from the South Housing Market Assessment (Rupert Scott, April 2007).

Figure 5: the Bromsgrove Housing Market Area

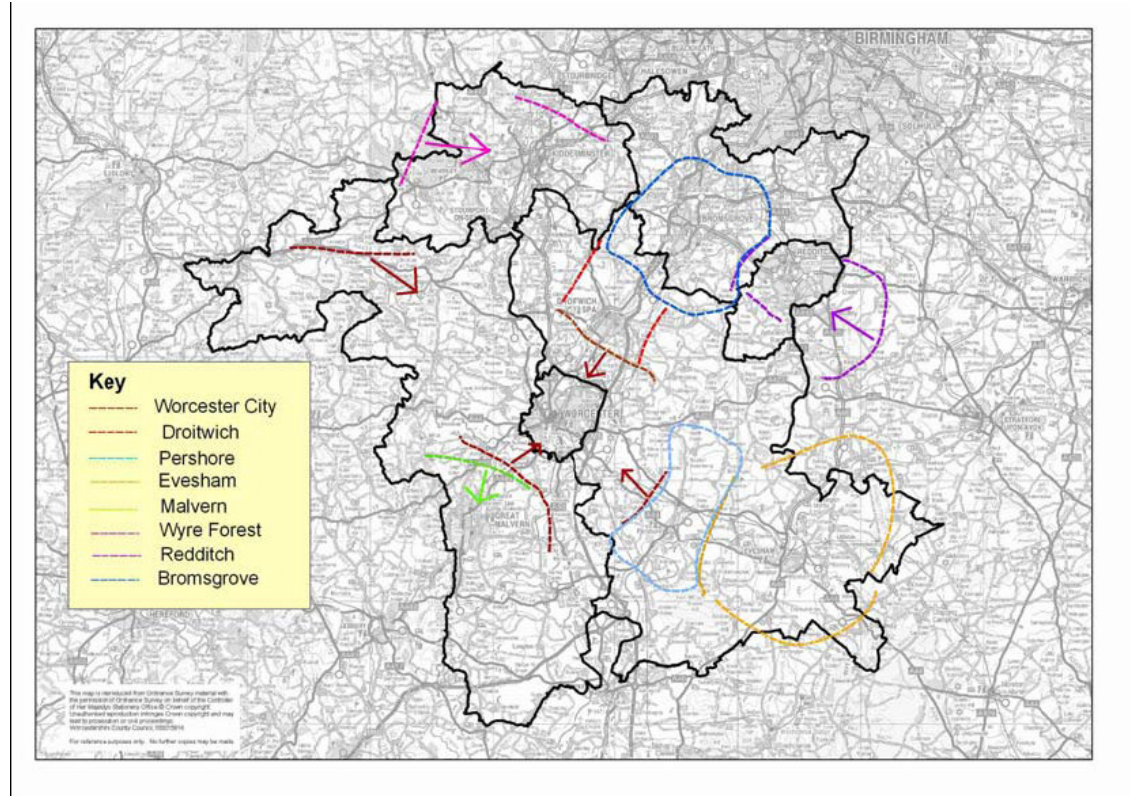
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Figure 4: patterns of movement (from estate agents)

ditto



- 4.10 The current moratorium and two thirds reduction of new approvals will increase prices and also increase the numbers of households unable to compete in the market place. There is a suggestion, although untested, that the redevelopment of south west Birmingham’s housing estates might in part compensate for some of these issues, but this would appear to be a risky assumption to make, not least due to the current boundary definition of Bromsgrove’s local housing market.
- 4.11 In the period 2001-05, only 3.6% of Bromsgrove’s new completions were affordable housing (and 11.2% in the total SHMA area). The current Regional Housing Strategy states that Bromsgrove needs to sustain a balanced continuity with South West Birmingham and Birmingham’s markets by sustaining a range of choices. However, the same strategy gives priority to other towns in the region for development (Worcester, Warwick, Stratford and Redditch). When considered alongside the embargo issue, this objective will remain undeliverable.
- 4.12 Bromsgrove is one of the top three highest priced LHMA’s in the South Housing Market Area, and also one of the top four lowest numbers of flats and terraced homes; owner occupation is almost 80%, social rented 14.5% and private rented extremely low. Despite overall high prices, these are skewed by large/desirable detached homes: Bromsgrove still has a significant supply

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of semi detached homes at under £140k (05/06 Land Registry data), in line with lower quartile price.

- 4.13 Aspirations reported in the West Midlands Regional Lifestyles Survey (2005) report that of all people in urban areas, 39% would prefer to live in smaller towns and villages (in Coventry and Birmingham this went up to almost 50%!). Most significantly, amongst younger households, this preference was still expressed by 33%, which adds to the concern that the city living bubble is bursting given the high numbers of new city apartment units. The HNS report states that newly forming households are more likely to move into Bromsgrove District from outside, as opposed to existing households (from outside the District). Also reported is the lack of inter-tenure movement.
- 4.14 There appears on the surface to be the most shortfall in one bed dwellings in Bromsgrove, but sustainability considerations and more sophisticated analysis would recommend the need for two bed homes (particularly lifetime/flexible two bed houses). The SHMA report refers to a significant shortage in Bromsgrove of two-bedroomed accommodation (flats are quoted here, but other reports suggest houses). 12% of waiting list applicants in the SHMA are elderly owner occupiers, pointing to added weight in the argument for a leasehold scheme for the elderly both to meet demand/aspirations, but also to free up family accommodation.
- 4.15 The research's definition of Bromsgrove's LHMA means significant numbers of the annual shortfall are outside of the LHMA, and there appears to be an expectation that Dudley and Birmingham dynamics will pick this need up. However, the neighbouring South West Birmingham area is looking to diversify significantly the current tenure mix in favour of owner occupation/full market housing, so there may well be a dangerous mismatch between expectation and delivery.

Birmingham City Council Housing Development Plan, undated but presumably 2006 and the BCC/BDC Longbridge Area Action Plan Delivery and Viability Study, GVA Grimley, Feb 2007

- 4.16 The population in the south west Birmingham market area is almost 400,000. The area spans from Quinton in the west to Billesley in the south east. There has been continued out migration of the economically active and more affluent to bordering areas, Bromsgrove in particular. Several large scale re-development sites fall in the south west Birmingham area, with the focus on replacing obsolete monolithic municipal estates with new housing. Where new building has occurred, or where plans are already agreed, the focus is predominantly on owner occupation with affordable provision through Low Cost Home Ownership (LCHO).
- 4.17 There is generally low demand in the south west Birmingham for social rented accommodation, and the local authority is giving high priority to addressing

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the issues faced by Right to Buy owners displaced or affected by radical re-developments. The SHMA report expects that Dudley and Birmingham will contribute to solving some of Bromsgrove's supply issues. Whilst the provision of new homes for owner occupation might have this effect, there is a risk that the planned changes in tenure profile for south west Birmingham will only exacerbate the shortfall of affordable housing in Bromsgrove.

- 4.18 Following the closure of the Rover car plant at Longbridge, a huge re-development area has come forward which needs comprehensive feasibility and master planning appraisal studies before delivery plans can be implemented. It is anticipated that full re-development of the site will take around 15 years to implement. In total, the plant site offers a 190 ha regeneration site, bigger than sites such as Eastside, Merry Hill and Salford Quays.
- 4.19 Whilst pockets of the B48 postcode are desirable in housing terms, the area records generally lower property prices along with low levels of owner occupation. Local people, having been consulted and have prioritised employment and shops, with environmental improvements and community/youth facilities (May 2006 telephone survey).
- 4.20 In terms of viability and option appraisal, Bromsgrove and Birmingham are working closely together in the appraisal and planning stages, as the Longbridge site is immediately adjacent to the local authority border. In the south west corner of the City, aside from the Longbridge site itself, there is little opportunity for new housing due to the maturity of the area in residential terms. The East Works site is likely to offer the most attractive and high value opportunity for new housing due to its proximity to Cofton Park and Cofton Centre – approx £2.5m per ha. The West works site is also potentially attractive for residential solutions, close to Great Park and Rednal, approximately £1.875m per ha.
- 4.21 An options assessment has been undertaken. Since Bromsgrove DC doesn't have an affordable housing policy, the viability assessment of 25% social rented/shared equity and 10% low cost market housing has been used (Birmingham City Council's AHP):
- Option 1 – no housing
 - Option 2 – 5-700 dwellings on East Works site over 10 years
 - Option 3 – 1,000 dwellings on East, part of West and mixed scheme in North sites
 - Option 4 – residential led approach, delivering a total of 1,400 new units (but this begins to stack up less).
- 4.22 As it currently stands, Options 3 and 4 are the most preferred.

5.0 HOW CAN BROMSGROVE'S HOUSING MARKET AREA BE DEFINED?

Introduction

- 5.1 The first task is to determine the housing market area for Bromsgrove, and the established benchmarks are that, either 75% of people live and work within a defined boundary (known as the 'live: work' or 'Travel to Work Area') or 75% of home moves take place within a defined boundary. In terms of their relative merits, catchment areas defined according to the percentage level of home moves and travel to work can be noticeably different. For example, migration patterns are often more extensive from higher cost housing areas, because households living in them have the equity to enable them to move where they want to. Conversely, households in lower cost housing areas are unable to afford to move to higher cost areas, yet they may need to travel greater distances to work.

The housing catchment by 'Travel to Work Area' (TTWA)

- 5.2 The first definition of a housing market area considered is that 75% of people live and work within a defined boundary. There are two approaches to this definition, asking "where do people work who live in Bromsgrove?" and "where do people live who work in Bromsgrove?" We have considered each question by local authority, and have included locations which apply to 100 or more people with the 75% threshold highlighted.
- 5.3 The following table summarises the 'live: work' catchment area for people who live in Bromsgrove.

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Table 2: where do people work who live in Bromsgrove?

Place of work	Number
Total	43,216
70% threshold	30,251
Bromsgrove	17,948
Birmingham	10,828
Redditch	2,635
Dudley	1,982
Solihull	1,957
Wychavon	1,546
Sandwell	1,324
Worcester	810
Stratford-on-Avon	630
Wyre Forest	567
Coventry	341
Warwick	302
Walsall	247
Wolverhampton	224
Malvern Hills	144
North Warwickshire	128

(Source: 2001 Census)

5.4 Key findings:

- Applying the 70% threshold, the main catchment area for those living in Bromsgrove consists of the district with Birmingham and Redditch.
- The other main local authority places of work are:
 - Dudley
 - Solihull
 - Wychavon
 - Sandwell
 - Worcester
 - Stratford-on-Avon, and
 - Wyre Forest

5.5 The following table summarises the 'live: work' catchment area for people who work in Bromsgrove.

Table 3: where do people live who work in Bromsgrove?

Area of residence	Numbers
Total	32,619
70% threshold	22,833
Bromsgrove	17,948
Birmingham	4,063
Redditch	2,746
Dudley	1,576
Wychavon	1,465
Wyre Forest	996
Solihull	740
Worcester	645
Sandwell	476
Stratford-on-Avon	400
Malvern Hills	254
Walsall	162
Wolverhampton	135
Warwick	109
South Staffordshire	106

(Source: 2001 Census)

5.6 Key findings:

- Applying the 70% threshold, the main catchment area for those working in Bromsgrove consists of the district with Birmingham and Redditch.
- The other main local authority places of residence are:
 - Dudley
 - Wychavon
 - Wyre Forest
 - Solihull
 - Worcester, and
 - Sandwell

- Applying a 70% threshold, the district's Housing Market Area determined by 'live: work' patterns is centred on the local authorities of Birmingham, Redditch, Dudley, Wychavon, Solihull, Worcester and Wyre Forest.
- There are significant movements of people in either direction between local authorities, including:
 - Almost 11,000 commuting to Birmingham and over 4,000 in the opposite direction;
 - Almost 2,600 commuting to Redditch and almost 2,800 in the opposite direction;

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- Almost 2,000 commuting to Dudley and over 1,500 in the opposite direction;
- Over 1,500 commuting to Wychavon and almost 1,500 in the opposite direction.

- Further research is required to identify the extent to which this level of cross-commuting could be reduced by better matching of housing to households.

The housing market area by home moves

- 5.7 Home moves between the Bromsgrove district and other local authority areas in England and Wales can be identified from NHS patient registration data which is available to the year ending June 2006. Such data is reliant on people registering with a GP; those groups who are recognised to register at lower rates include young men and students, especially male students, but conversely, families and older people are more likely to register.
- 5.8 Whilst Bromsgrove exchanges population with hundreds of local authorities, there are clear patterns in terms of the main population movements. The following table includes those local authorities where there has been a movement in either direction of 50 people or more at some time over the five year period to June 2006:

Table 4: movement to Bromsgrove, 2001-2006

Local authority	2001-2	2002-3	2003-4	2004-5	2005-6	Totals
Birmingham	1,740	1,640	1,610	1,490	1,500	7,980
Dudley	390	400	370	370	400	1,930
Redditch	350	390	370	340	300	1,750
Solihull	300	360	240	230	220	1,350
Sandwell	200	200	170	160	190	920
Wychavon	200	190	160	180	140	870
Wyre Forest	160	120	110	150	150	690
Worcester	90	90	70	70	90	410
Stratford upon Avon	70	80	90	60	80	380

(Source: NHSCR)

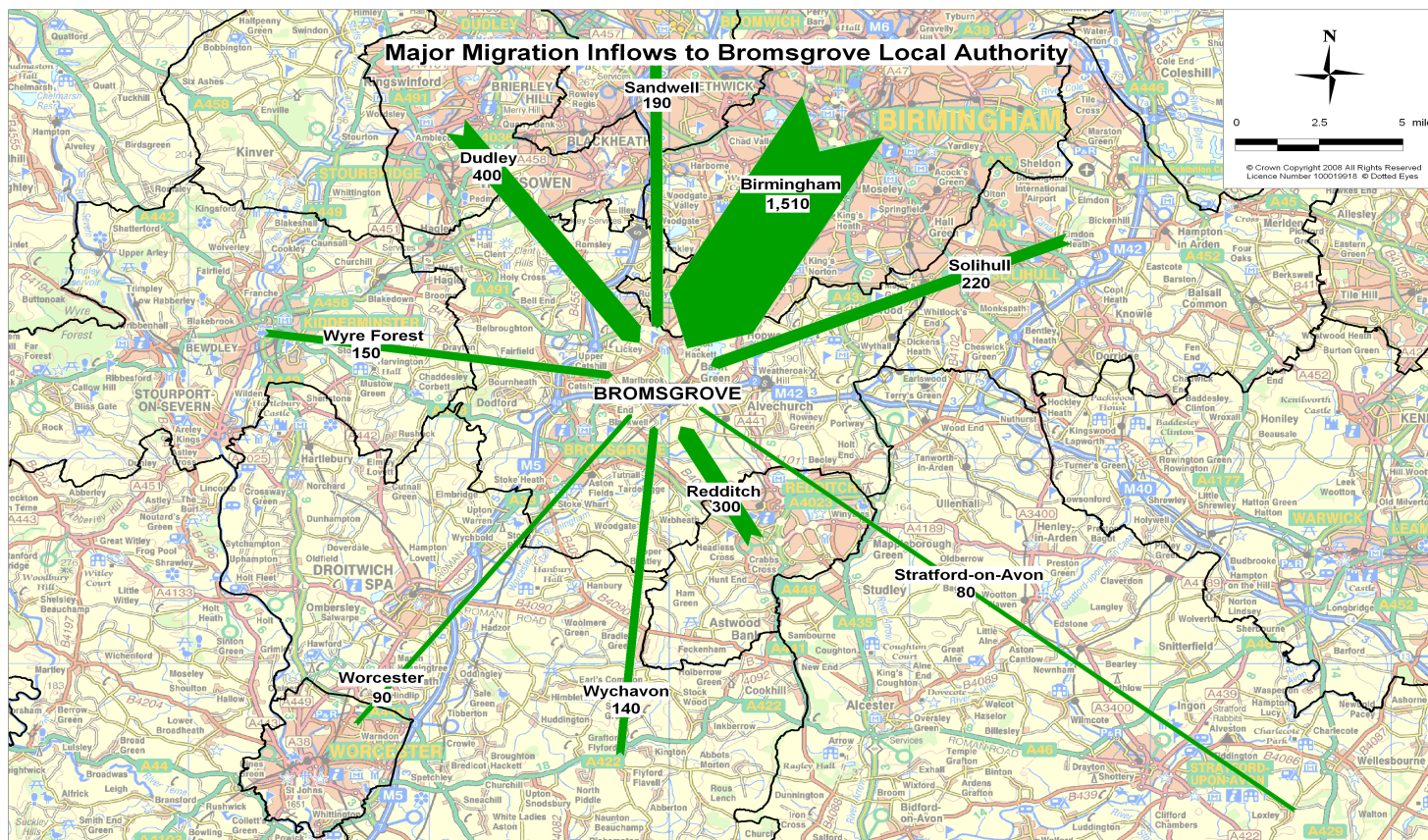
- 5.9 The following key findings and trends are identifiable:
- The main local authority areas from which people move to Bromsgrove are:
 - Birmingham
 - Dudley
 - Redditch
 - Solihull

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- Sandwell
- Wychavon, and
- Wyre Forest

The main flows into the district are identified in the following map for the year 2005-06.

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5.10 The following table profiles the main moves from Bromsgrove between 2001 and 2006.

Table 5: movement from Bromsgrove, 2001-2006

Local authority	2001-2	2002-3	2003-4	2004-5	2005-6	Totals
Birmingham	680	590	590	660	640	3,160
Redditch	370	360	330	340	320	1,720
Wychavon	370	350	290	350	280	1,640
Dudley	210	220	200	200	180	1,010
Wyre Forest	190	200	180	190	170	930
Solihull	200	180	140	190	200	910
Stratford upon Avon	100	130	100	100	140	570
Worcester	70	80	70	80	90	390
Sandwell	60	60	50	80	40	290

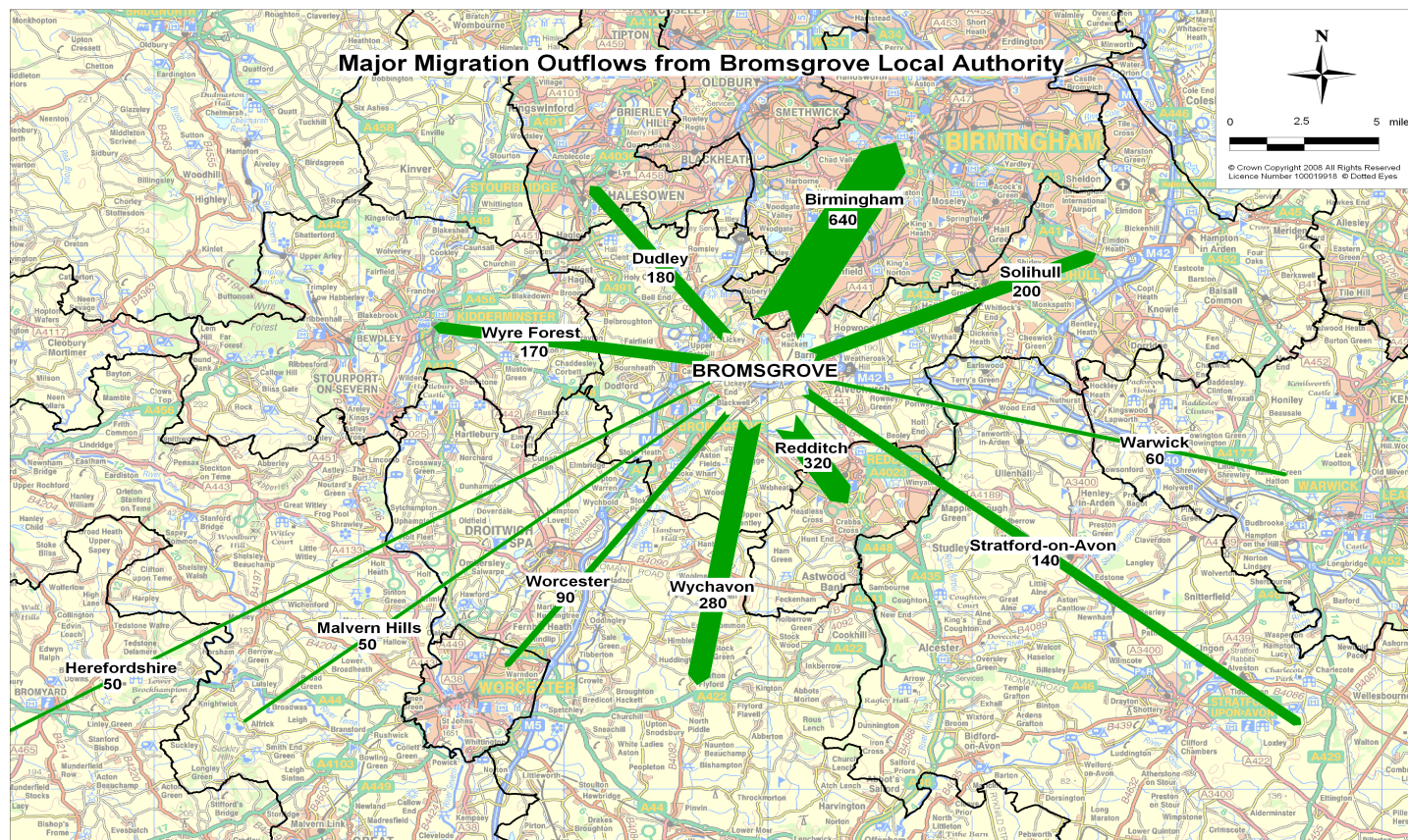
(Source: NHSCR)

5.11 The main local authority areas to which people move from Bromsgrove are:

- Birmingham
- Redditch
- Wychavon
- Dudley
- Wyre Forest
- Solihull
- Stratford upon Avon
- Worcester, and
- Sandwell

The main flows into the district are identified in the following map for the year 2005-06.

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The housing market area: the views of property agents

5.12 We interviewed ten property agents working in the Bromsgrove area (see Section 7), and asked them:

“Where are the boundaries of the Bromsgrove market? Where does it become another market?”

5.13 The consensus was:

- north to Rubery/Rednal, including Catshill, Fairfield, Lickey and Marlbrook;
- east to Redditch including Finstall and Tardebigge;
- west to Kidderminster including Dodford, Chaddesley Corbett and Belbroughton; and
- south to Droitwich including Stoke Heath and Wychbold.

Definition of Bromsgrove’s Housing Market Area

5.14 Analysis of live: work and home move patterns, and interviews with property agents confirm that the Bromsgrove District housing market has a wide reach and that its Housing Market Area consists of concentric inner, middle and outer rings as follows:

- An Inner Ring extending from Bromsgrove north to Rubery/Rednal; east to Redditch; west to Kidderminster; and south to Droitwich;
- A Middle Ring which extends to:
 - Birmingham
 - Dudley
 - Solihull
 - Wychavon, and
 - Wyre Forest.
- An Outer Ring which extends to:
 - Sandwell
 - Worcester, and
 - Stratford-on-Avon.

6.0 SOCIAL AND DEMOGRAPHIC TRENDS AFFECTING THE NEED AND DEMAND FOR HOUSING

Who lives in Bromsgrove and how might this change?

Introduction

6.1 Demographic change is a fundamental and primary driver in all housing markets, and having established the Housing Market Area, attention is turned to two fundamental questions affecting the future need and demand for housing:

- who lives in the Bromsgrove area now, and,
- how might this change over the next 20 years?

6.2 These questions have been approached by considering:

- whether the area's *population* is projected to change – and in what ways, and,
- most crucially for the need and demand for housing, whether the number and type of *households* is projected to change.

6.3 2004-based sub-national population projections are available and 2003-based national household projections have been used to inform modelling of household trends to a 2006 baseline.

Population and household projections

6.4 The first table profiles the population by age group for the Bromsgrove District area as follows.

Table 6: population by age cohort for the District of Bromsgrove, 2006

Age cohort	Bromsgrove DC	
	No.	%
0-19	21,700	23.7
20-39	20,200	22.1
40-59	27,100	29.6
60-74	14,500	15.9
75+	7,900	8.6
Total population	91,400	100%

(Source: ONS 2004-based population projections)

6.5 The following key findings and trends are identifiable:

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- A large proportion of the population (almost one quarter is aged 19 or under, and,
- In the region of one quarter are of pensionable age.

6.6 It is well established that a combination of the formation of more independent and single person households, the impact of relationship breakdown and the ageing of the population have resulted in household growth outstripping population growth, and that this trend will continue. The precise impact of these factors is difficult to predict *with certainty*, and this must be taken into account when reviewing projections involving small changes of 1% or less. We are not assuming that household growth will, of necessity, translate into housing growth, but it is one of the main factors in shaping the future need and demand for housing.

6.7 The following table examines population and household trends for the Bromsgrove DC area for the period 2006-2026. Projections of population and household change take account of retrospective trends, and these can have a self-confirming effect in relation to migration, a phenomenon of particular relevance to Bromsgrove. For example, patterns of in or out-migration may have been shaped by the housing choices available in an area, but can then become embodied in projections and appear as a 'natural' component of demographic change.

Table 7: population and household numbers, totals and projections for the Bromsgrove DC area, 2006-2026

Indicator	2006	2016	2026
Population total	91,600	96,800	102,000
% change since 2006	Base	+5.7%	+11.4%
Household total	37,000	42,000	45,000
% change since 2006	Base	+13.5%	+21.6%
Household size	2.5	2.3	2.3

(Source: ONS Revised 2004-based Sub-national Population Projections and 2004-based Sub-regional Household Projections)

6.8 The following key findings and trends are identifiable:

- In 2006, there were an estimated 91,600 people and 37,000 households in Bromsgrove, an implied average of 2.5 people per household;
- The area's population is projected to increase steadily by 6% to 2016 and 11% by 2026;
- However, household growth will exceed population growth, and compared with a 2006 baseline, the number of households is projected to increase by 14% to 2016 and 22% by 2026;

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- In common with national trends, average household size will fall from 2.5 in 2006 to 2.3 by 2016.

The total number of households in the District is projected to increase by 8,000 between 2006 and 2026, a trend which implies a strong locally generated growth in the need and demand for housing.

Population projections by age group

6.9 General trends in the area's population may conceal important variations between age groups. Consequently, we have examined below trends in six age cohorts, each of which is associated with different housing requirements:

- 0-19: consisting of a predominantly dependent young population;
- 20-39: the main 'new household forming' age cohort, including families with young children;
- 40-59: when households are likely to return to independence following the departure of dependent family members;
- 60-74: when incomes are likely to fall, and housing and care needs begin to change;
- 75-84: when housing-related care needs are likely to increase, and,
- 85+: when housing-related care needs are likely to become more acute.

6.10 The following table examines trends for the Bromsgrove DC area; the terms 'growth' or 'decline' refer to changes in the region of 10%-20% over the period 2006-2026; 'large' growth or decline to changes in the region of 20-30% and 'very large' growth or decline to changes above 30%.

Table 8: population projections by age cohort for the Bromsgrove DC area, 2006-2026, totals and percentages

Age cohort	2006	2016	2026	Change since 2006	Trend
0-19	21,700	21,100	21,700	-	Stability
20-39	20,000	20,700	21,100	+5.5%	Small growth
40-59	27,300	27,900	26,700	-2.2%	Small decline
60-74	14,700	17,300	18,600	+26.5%	Large growth
75-84	5,700	7,000	9,400	+64.9%	Very large growth
85+	2,200	3,000	4,300	+95.5%	Very large growth
Total population	91,600	96,800	102,000	+11.4%	Growth

(Source: ONS 2004-based population projections)

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6.12 Population projections identify a polarisation between younger and older age groups as follows:

- stability in the youngest age cohort – which may well be influenced by retrospective migration trends;
- small growth in the household forming age cohort;
- a small decline in the ‘middle’ age group, and,
- large growth in the pension age population and very large growth in the two oldest age groups.

There is likely to be relative stability in the locally generated need and demand for housing from the younger and working age populations, but very large increases in the need and demand for housing with care from older people, especially from the oldest elderly whose numbers will almost double.

The impact of migration

6.13 The question arises of the type of assumptions built into population projections, and the following table summarises the components applied by ONS and their estimated impact on each district and the Area overall between mid-2005 and mid-2006, which is the most recent year for which this data is available. This breakdown is particularly valuable in the Bromsgrove area, where in-migration may be an important component of population change and the changing demand for housing. Figures are rounded to the nearest 100 by ONS and therefore, totals may vary from the sum.

Table 9: components of population change in Bromsgrove District, 2005-6 (figures are rounded to 100)

Mid-2005 population	Live births	Deaths	Natural change	Net migration & other changes	Total Change	Mid-2005 population
91,000	900	900	-100	600	600	91,600

(Source: ONS, 2006)

6.14 Key findings:

- This is a useful table which indicates a near balance between births than deaths and that the gain in population has been due to ‘migration and other changes’.

6.15 As indicated in Section 5.3 above, we are able to identify population movement between the Bromsgrove district and other local authority areas in England and Wales by using NHS patient registration data. Such data is reliant on people registering with a GP and those groups who are recognised

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to register at lower rates include students, especially male students and young men, but conversely, families and older people are more likely to register. The following table provides overall figures for in and out migration between 2001-2 and 2005-6, figures are rounded to the nearest 10 or 100 by NHSCR and therefore, totals may vary from the sum.

Table 10: patterns of inward and outward migration with England and Wales, 2001-06

Year	Trends		
	In	Out	Net
2001-02	5,100	3,900	1,200
2002-03	5,000	3,800	1,200
2003-04	4,700	3,800	900
2004-05	4,500	3,800	700
2005-06	4,500	3,800	700
Totals	23,800	19,100	4,700

(Source: NHSCR)

6.16 The following key findings and trends are identifiable:

- The district has continued to gain population over the past five years, resulting in an overall net gain of 4,700 people;
- On the basis of the current average household size of 2.5, this is equivalent to a gain of almost 1,900 (1,880) households or 375 per year;
- The trend has slowly declined from 1,200 in each of 2002 and 2003 to 700 in 2005 and 2006;
- the gains through migration exceed those recorded in the ONS Components of Population Change summarised above (600).

6.17 Whilst Bromsgrove exchanges population with hundreds of local authorities, there are clear patterns in terms of the main exchanges. The following table includes those local authorities where there has been a movement in either direction of 50 people or more at some time over the five year period and profiles:

- The number of people moving into the area;
- The number of people moving from the area; and
- The net effect of these trends.

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Table 11: migration by main local authority areas, 2001-2006

Local authority	Trend	2001-2	2002-3	2003-4	2004-5	2005-6	Totals
Net Gain							
Birmingham	<i>In</i>	1,740	1,640	1,610	1,490	1,500	7,980
	<i>Out</i>	680	590	590	660	640	3160
	<i>Net</i>	1,060	1,050	1,020	830	860	4,820
Dudley	<i>In</i>	390	400	370	370	400	1930
	<i>Out</i>	210	220	200	200	180	1010
	<i>Net</i>	180	180	170	170	220	920
Sandwell	<i>In</i>	200	200	170	160	190	920
	<i>Out</i>	60	60	50	80	40	290
	<i>Net</i>	140	140	120	80	150	630
Solihull	<i>In</i>	300	360	240	230	220	1,350
	<i>Out</i>	200	180	140	190	200	910
	<i>Net</i>	100	180	100	40	20	440
Wolverhampton	<i>In</i>	40	70	20	20	20	170
	<i>Out</i>	0	20	20	10	20	70
	<i>Net</i>	40	50	0	10	0	100
Net Loss							
Wychavon	<i>In</i>	200	190	160	180	140	870
	<i>Out</i>	370	350	290	350	280	1,640
	<i>Net</i>	-170	-160	-130	-170	-140	-770
Wyre Forest	<i>In</i>	160	120	110	150	150	690
	<i>Out</i>	190	200	180	190	170	930
	<i>Net</i>	-30	-80	-70	-40	-20	-240
Stratford upon Avon	<i>In</i>	70	80	90	60	80	380
	<i>Out</i>	100	130	100	100	140	570
	<i>Net</i>	-30	-50	-10	-40	-60	-190
Herefordshire	<i>In</i>	30	30	30	20	20	130
	<i>Out</i>	40	50	60	40	50	240
	<i>Net</i>	-10	-20	-30	-20	-30	-110
Warwick	<i>In</i>	20	20	30	20	30	120
	<i>Out</i>	20	50	30	30	60	190
	<i>Net</i>	0	-30	0	-10	-30	-70
More balanced							
Redditch	<i>In</i>	350	390	370	340	300	1,750
	<i>Out</i>	370	360	330	340	320	1,720
	<i>Net</i>	-20	30	40	0	-20	30
Worcester	<i>In</i>	90	90	70	70	90	410
	<i>Out</i>	70	80	70	80	90	390
	<i>Net</i>	20	10	0	-10	0	20

(Source: NHSCR)

6.18 The following key findings and trends are identifiable:

- The main local authority areas from which Bromsgrove DC is gaining population are:

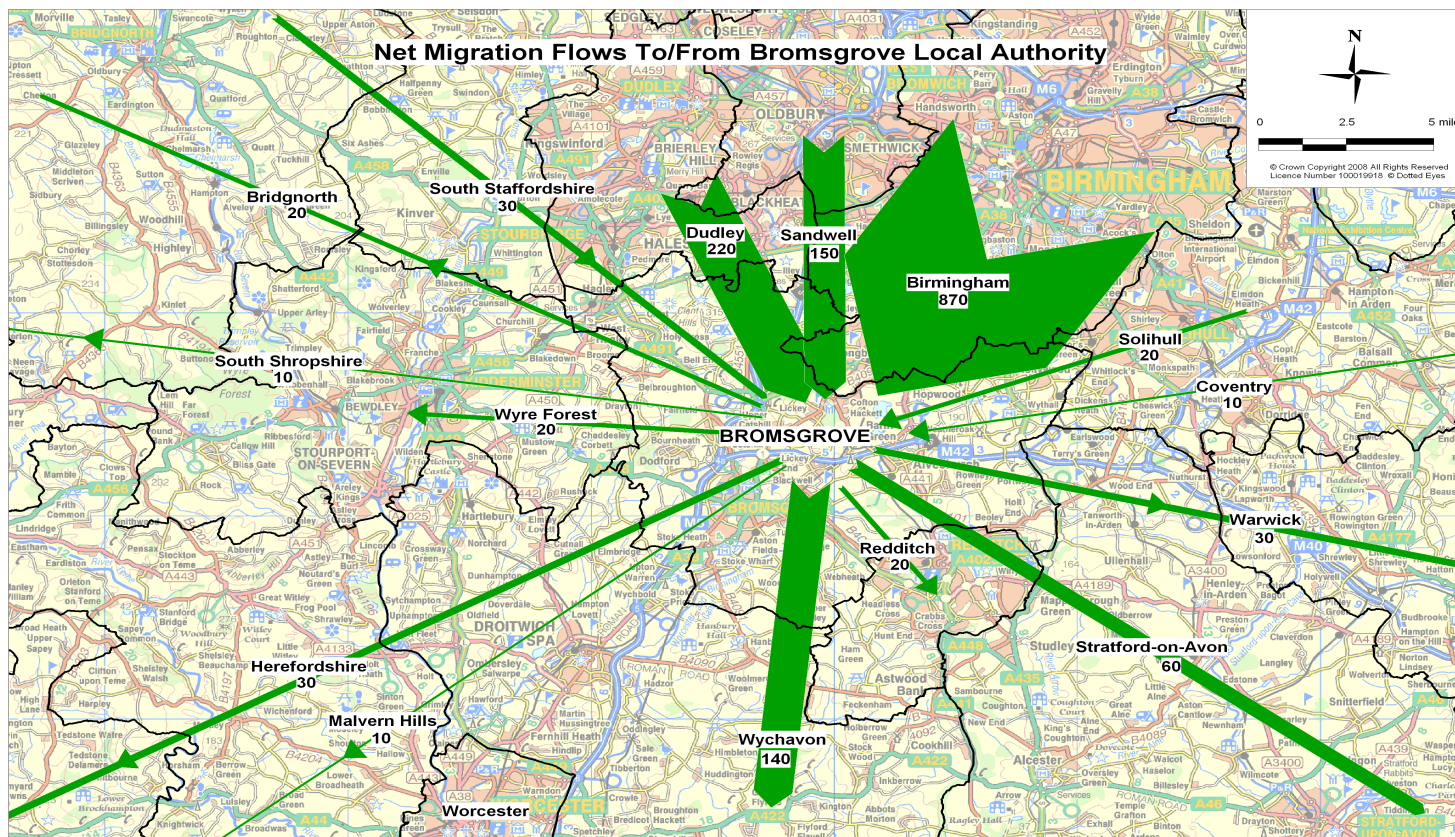
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- Birmingham
 - Dudley
 - Sandwell
 - Solihull, and
 - Wolverhampton.
- The main local authority areas to which Bromsgrove DC is losing population are:
 - Wychavon
 - Wyre Forest
 - Stratford on Avon
 - Herefordshire, and
 - Warwick.
 - The main local authority areas with which Bromsgrove DC exchanges population more equally are:
 - Redditch, and
 - Worcester

The following map summarises the net effect of these changes in the year 2005-06.

- Using NHS patient registration data, we can identify that over the past five years, Bromsgrove has gained population from in particular, Birmingham (+4,820), Dudley (+920) and Sandwell (+630); and,
- has continued to lose population to Wychavon (-770), Wyre Forest (-240) and Stratford (-190)
- Such trends are indicative of an 'escalator effect' of people moving initially from the most urban areas then moving on to leafier districts.

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6.19 An important question is the age profile of migrating populations, and NHSCR data provides the opportunity to consider this question. The following table record the main trends in the migration by age in the five years ending June 2006.

Table 12: Bromsgrove DC - net flows by age group, England and Wales, 2001-05

Age group	2001-2	2002-3	2003-4	2004-5	2005-6	Net effect
0-15	400	400	300	300	300	+1,700
16-24	-100	-200	-100	-200	-300	-900
25-44	800	600	500	400	600	+2,900
45-64	0	100	0	100	0	+200
65+	0	200	300	200	100	+800

(Source: NHSCR)

6.20 The following key findings and trends are identifiable:

- The large net gains for the 0 to15 and 25 to 44 age groups are indicative of the in-migration of families with children;
- Population loss in the 16 to 24 age group is typical through migration for work and into higher education, but this is a large loss which may be indicative of younger people moving out of the Bromsgrove District due to housing affordability problems; and
- The gain at 65+ is surprising as out-migration on retirement is a typical trend, and may be explicable in terms of people moving back to the area on retirement.

There have been very large gains through migration in families with young children, and to a lesser extent consistent gains in the retirement population. There has been a net loss of 900 people aged 16-24 in the past 5 years, some of which may be due to housing problems.

6.21 The following table shows flows by age for the main local authority areas with which population is exchanged for the year ending June 2006.

Table 13: net flows by age group by main local authority area, 2005-06

Local authority	0-15	16-24	25-44	45-64	65+	Totals
Birmingham	210	-20	410	130	130	870
Dudley	80	0	100	20	10	220
Sandwell	30	0	70	20	20	150
Solihull	-10	0	0	20	10	20
Wychavon	-20	-20	-30	-50	-20	-140
Wyre Forest	0	0	-10	-20	10	-20
Stratford upon Avon	-20	-10	-20	-20	0	-60
Warwick	-10	0	-20	-10	0	-30
Redditch	20	-20	-20	-10	0	-20
Worcester	10	-10	0	0	10	0

(Source: NHSCR)

6.22 The following key findings and trends are identifiable:

The main trends identifiable by age and location are:

- a trend for younger families to move from the conurbation and for older family and middle aged households to move on to leafier districts;
- for a sizeable gain in people of pensionable age moving from Birmingham; and
- no clear patterns in the movement of people aged 16 to 24.

An increasingly important component of population change is international immigration for employment. The registration of UK non-nationals for National Insurance (NINO) provides an invaluable source of data. Numbers are only recorded for ten or more migrant workers from countries and therefore the recorded total may be more than the sum of the entries. The following table summarises the extent of migration for the most recent five year period from the main countries from which people have originated.

Table 14: National Insurance Number Registrations of non-UK Nationals by country of origin for Bromsgrove, 2002-06

Country	2002-03	2003-04	2004-05	2005-06
Total from all countries	90	100	120	180
Australia	-	10	10	10
Germany	10	10	10	-
India	10	10	10	20
Lithuania	-	-	-	10
Poland	-	-	20	40
Slovak Republic	-	-	-	20
South Africa	10	10	10	20
USA	-	10	10	10

(Source: DWP 2002-2006)

6.23 Key findings:

- The number of registered workers in Bromsgrove has doubled from around 90 to 180 in 2005-06, and,
- Increases have been across a wide range of countries, but there has been recent increase from former east European and now European Union A8 Accession countries including Lithuania, the Slovak Republic and Poland.

There has been a recent increase in the number of registered migrant workers in the district since 2004, especially from A8 Accession countries including Poland and the Slovak Republic. This trend requires close monitoring in terms of the impact on the housing market, and of the extent of longer term settlement in the District.

What are household income levels?

6.24 An important factor in identifying local access to housing in all tenures is the pattern of income distribution by household. The following table profiles the proportion of households receiving gross incomes in one of fifteen income bands. It is important to emphasise that this profile includes income from all sources, including social security benefits, and is for all household types. The pattern of income distribution by household will be an essential factor in identifying local access to housing of all tenures.

Table 15: gross household income patterns for the Bromsgrove DC area, percentages, May 2008

Income band	Bromsgrove DC area
£0-5,000	1.5
£5-10,000	4.5
£10-15,000	7.9
£15-20,000	10.0
£20-25,000	10.6
£25-30,000	10.2
£30-35,000	9.3
£35-40,000	8.1
£40-45,000	6.9
£45-50,000	5.8
£50-55,000	4.8
£55-60,000	3.9
£60-65,000	3.2
£65-70,000	2.6
£70-75k	2.1
£75,000+	8.8
Median income range	£30-£35,000
Mean income	£36,685

(Source: CACI commissioned data)

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6.25 The following key findings and trends are identifiable for this relatively high income area:

- almost 15% of households are dependent on gross incomes of less than £15,000;
- almost one quarter receive gross incomes of less than £20,000 per annum;
- almost 45% receive an income of less than £30,000;
- the average (mean) gross household income is £36,685 per annum;
- the income category which includes the single largest proportion of households (the median) is £30-£35,000.

7.0 CHOICE IN THE LOCAL HOUSING MARKET

Introduction

7.1 This section establishes the structure of the housing market in Bromsgrove as the basis for considering the housing choices available to consumers.

The structure of the local housing market

Profile of the housing market

7.2 At 1st April 2001, the local housing market consisted of 36,638 properties, of which 692 were vacant (1.9%) and 38 were second or holiday homes. The 35,908 fully occupied properties are profiled by both type and tenure as follows.

Table 16: households by property type, 2001, percentages

Property type	Bromsgrove DC		West Midlands	England
	No.	%		
Total dwellings	35,983	100.0	100%	100%
Vacant	755	2.1	3.2	303
Second/holiday homes	60	0.2	0.2	0.7
Detached house/bungalow	13,656	38.0	23.8	22.5
Semi-detached house/bungalow	13,707	48.4	37.7	31.6
Terraced/town houses	5,084	9.7	23.9	25.8
Purpose-built flat/maisonette	2,433	3.8	11.3	14.0
Converted flat/maisonette	361	0.4	2.0	4.6
Flat/maisonette in a commercial building	340	0.6	1.0	1.2
Caravan/other mobile/temporary	402	0.2	0.4	0.4
Total	35,168	100%	100%	100%

(Source: Table KS 16, 2001 Census)

7.3 The following key findings and trends are identifiable when compared with regional and national patterns:

- a vacancy rate below the regional and national averages;
- a very low rate of second or holiday homes at the regional average;
- very high proportion of detached and semi-detached properties; and,
- very low proportions of terraced houses and flats.

7.4 The following table summarises households by tenure.

Table 17: households by tenure, 2001, percentages

Tenure type	Bromsgrove DC	West Midlands	England
Own outright	37.0	30.3	29.2
Own with mortgage/loan	46.0	38.6	38.9
Shared ownership	0.4	0.7	0.7
Council rented	8.9	14.3	13.2
Housing association rented	1.7	6.3	6.1
Private rented	3.7	6.4	8.8
Other	2.4	3.5	3.2
Total	100%	100%	100%

(Source: Table KS18, 2001 Census)

7.5 The following key findings and trends are identifiable when compared with regional and national patterns:

- Bromsgrove has a very high level of home ownership, accounting for 83% of all households;
- a very low level of social renting (11%), and,
- a very low level of private renting (4%).

7.6 The following table summarises households by bed size. Please note that the Census only records 'habitable rooms' per dwelling (i.e. excluding bathrooms, toilets, halls or landings) and therefore the following breakdown is our best estimate of properties by bed size based on:

- one to two rooms are one bed;
- three to four rooms are two bed;
- five rooms are three bed;
- six to seven rooms are four bed, and,
- eight plus rooms are five plus bed.

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Table 18: households by bed size, 2001, percentages

Rooms	Bromsgrove DC	West Midlands	England
1 bed	1.3	2.3	3.4
2 bed	18.9	25.5	29.2
3 bed	25.2	29.9	27.1
4 bed	36.4	32.1	29.7
5 bed+	18.2	10.2	10.6
Total	100%	100%	100%

(Source: Table UV57, 2001 Census)

7.7 The following key findings and trends are identifiable:

- the district has a low proportion of one and two bed properties (20%), and,
- a below average proportion of three bed homes, but,
- high proportions of homes with four or more bedrooms.

7.8 The following table profiles the housing stock by Council Tax banding.

Table 19: properties by Council Tax Band, 04.08, percentages

Band	Bromsgrove DC	West Midlands	England
Band A	8.4	31.5	25.1
Band B	18.1	25.0	19.4
Band C	21.5	19.2	21.7
Band D	19.3	11.0	15.3
Band E	16.9	6.9	9.5
Band F	8.5	3.7	5.0
Band G	6.6	2.3	3.5
Band H	0.8	0.2	0.6
Total	100%	100%	100%

(Source: HMRC Valuation Office)

7.9 The following key findings and trends are identifiable:

- the profile of properties by Council Tax valuation is highly skewed towards more high value properties;
- the just over one quarter of all properties are in Bands A and B (27%) which is half the regional average;
- just over 40% are in Bands C and D which is much closer to the regional and national averages, and,
- almost one third of properties are in bands E and above which is twice the regional and national averages.

In the context of demographic projections which imply a large increase in the need and demand for smaller homes, Bromsgrove's property profile is heavily skewed towards family housing and home ownership, with only a very limited supply of affordable homes available.

The supply of new housing

7.10 According to Valuation Office records, there were a recorded 38,706 properties at April 2008, an implied increase of 2,723 homes since the 2001 Census. We have first summarised the annual supply of new housing since 2001.

Table 20: the supply of new housing since 2002-03

Type	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Totals
Net additional homes (total)	526	492	437	536	346	276	2,613
Affordable homes (no.)	5	22	34	26	75	72	234
Affordable homes (%)	1.0%	4.5%	7.8%	4.9%	21.7%	26.1%	9.0%

(Source: BDC AMR and HSSA)

7.11 The following key findings and trends are identifiable:

- There was a net gain of 2,613 new homes in the district since 2001-02 which, when added to the Census total implies a total of 38,596 homes, slightly less more than the HSSA total of 38,524 and slightly less than the Council Tax total of 38,706; and
- 9% of total supply was affordable housing, ranging from 1% in 2001-02 to 26% in 2006-07.

7.12 The following table focuses on the composition of the affordable component, which we have considered in the context of right to buy sales to estimate net change in the supply of affordable housing.

Table 21: the supply of new affordable housing since 2001

Type	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Totals	
Affordable completions	Social rented	5	20	12	17	44	32	130
	Shared ownership	0	0	20	0	31	40	91
	Other (not PPS 3 compliant)	0	2	2	9	0	0	13
	Total affordable	5	22	34	26	75	72	234
Total Right to Buy sales	96	125	70	22	18	7	338	
Net effect	-91	-123	-36	-4	+57	+65	-134	

(Source: BDC data)

7.13 The following key findings and trends are identifiable:

- a total of 234 new affordable homes have been completed in the district since 2001-02, of which, 130 were social rented; 91 were shared ownership and 13 'affordable' but not compliant with the PPS3 definition of affordable housing;
- there were 338 right to buy sales in the same period, the net effect of which was a loss of 208 social rented dwellings.

The effect of new completions against right to buy sales during the past five years is a net loss of 134 affordable homes.

Estimated stock profile by tenure at 2008

7.14 Drawn from the District's HSSA data, the following table profiles the area's stock by sector at March 2007.

Table 22: estimated total dwellings by district and sector, March 2007

Area	Registered Social Landlord	'Other' Public sector	Private sector	Total	2001 Census total	Net change
No.	3,751	14	34,759	38,524	35,983	+2,541
%	9.8%	0.1%	90.2%	100%	100%	+7.1%

(Source: HSSA)

7.15 The following key findings and trends are identifiable:

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- estimated total stock at March 2007 was 35,983, a 7% increase of over 2,500 homes since 2001; and
- social renting has declined slightly from 11% in 2001 to 10% in 2007; and
- separate figures are not recorded in the HSSA for different types of private sector housing but trends in the West Midlands record a growth in private renting from 6% to 9% between 2001 and 2006.

7.16 The following table applies these estimates to the current housing stock as follows:

Table 23: estimated households by tenure, 2007, numbers (rounded) and percentages

Year	Owner occupied	Shared ownership	Social rented	Private rented	Other rented	Total
2001	83%	0.4%	10.6%	3.7%	2.4%	100%
2007	82.1%	0.4%	9.8%	5.7%	2.0%	100%
Stock implied	31,600	150	3,770	2,200	750	38,500

(Source: 2001 census and HVC estimate)

Choice in the local housing market: the social rented sector

7.17 Our approach here is to match the level of supply with the extent of need and demand, identifying patterns by property type and bed size; household type and location. However, only limited data is available for housing association properties, and therefore most analysis refers only to council housing. We are therefore grateful to housing officers from Bromsgrove District Council for their exemplary assistance in providing the relevant data and information. We have begun by summarising the supply of social rented housing as follows.

What is the supply of social rented housing stock?

7.18 At March 2007, there were a recorded 3,750 properties in the social rented sector, of which 3,084 were owned and managed by Bromsgrove District Housing Trust. There have been significant losses of social rented dwellings through the 'Right to Buy' since 2001, and their impact is summarised below by property type.

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Table 24: Right to Buy sales by property type and bed size, 2000-2007

Year	Bungalow	1b flat	2b flat	3b flat	2b house	3b house	4b house	Total
2000-1	0	7	4	0	16	58	2	87
2001-2	3	9	8	0	17	58	1	96
2002-3	1	14	14	1	26	65	4	125
2003-4	2	8	14	1	11	32	2	70
2004-5	0	3	7	0	6	6	0	22
2005-6	0	5	4	0	2	7	0	18
2006-7	0	2	4	0	1	0	0	7
2007-8	0	0	1	0	4	3	0	8
Totals	6	48	56	2	83	229	9	433

(Sources: BDC data)

7.19 The following key findings and trends are identifiable:

- A total of 433 properties were sold between April 2000 and 2007;
- A quarter were flats, almost all the remainder were houses; and
- Almost half of all homes sold were three bed houses.

7.20 Much of the following analysis of current supply relates to BDHT housing, and a breakdown of properties by type is provided in the table below.

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Table 25: BDHT housing - properties by type and bed size

Type (non-sheltered)	Number	Sub-totals	No.	%
1 bed bungalow	55	1 bed	42	1.9%
1 bed flat	367			
2 bed bungalow	59	2 bed	701	31.7%
2 bed flat	387			
2 bed house	249			
2 bed maisonette	6			
3 bed bungalow	1	3 bed	1,079	48.8%
3 bed flat	10			
3 bed maisonette	24			
3 bed house	1,007			
4 bed house	37	4 bed	37	1.7%
Flat (not known)	4	Other	8	0.4%
House (not known)	4			
Totals	2,210		2,210	100%
Type (sheltered)				
Studio	33	Studio	33	3.8%
1 bed bungalow	260	1 bed	753	86.3%
1 bed flat	493			
2 bed bungalow	24	2 bed	79	9.1%
2 bed flat	26			
2 bed house	29			
3 bed bungalow	3	3 bed	8	0.9%
3 bed house	4			
3 bed warden house	1			
Totals	873		873	100%

(Sources: BDC data)

7.21 The following key findings and trends are identifiable:

- 72% of properties are general needs and the remainder sheltered housing;
- of the general needs housing, almost half is three bed, almost one third is two bed and 4% are one or four bed; and
- of the sheltered housing, 90% are one bed or bedsits, 4% are two bed and 1% are three bed properties.

Table 26: BDHT stock by location

Location	Number
Town Centre	90
Alvechurch	168
Aston Fields	60
Belbroughton	41
Beoley	12
Catshill	358
Charford	828
Clent	30
Cofton	2
Fairfield	34
Frankley Green	2
Hagley	36
Hollywood	313
Millfields	21
Norton	235
Rock Hill	105
Romsley	78
Rubery	97
Sidemoor	475
Stoke Prior	104
Tutnall and Upper Bentley	4

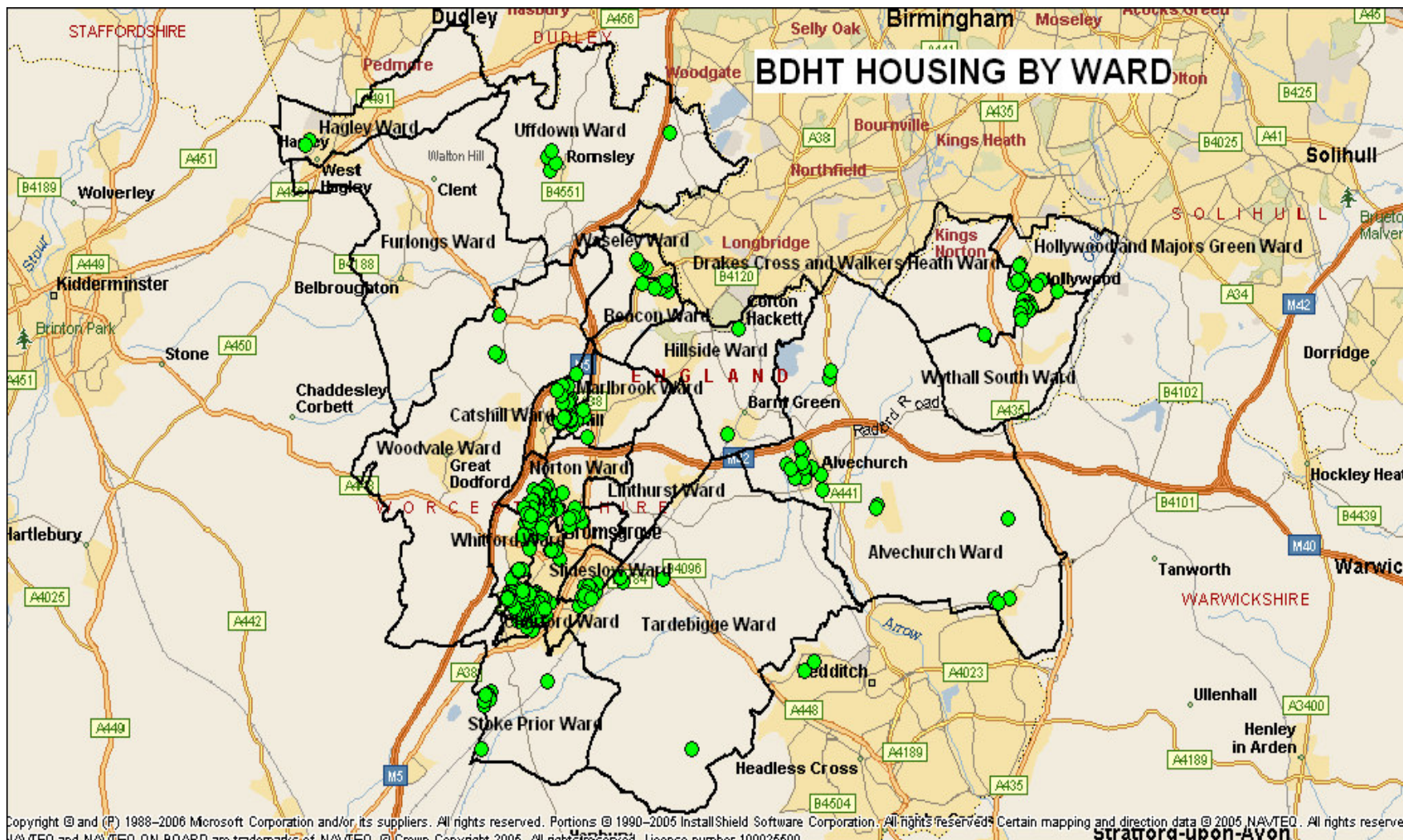
(Sources: BDC data)

7.22 The following key findings and trends are identifiable:

- most properties are concentrated in Charford, Sidemoor, Catshill and Hollywood; and
- there are very small numbers of properties in Cofton, Frankley Green and Tutnall.

7.23 The following map identifies the distribution of BDHT housing.

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What is the supply of social rented housing through turnover?

7.24 Two data sets are relevant here, HSSA returns for all landlords and BDHT data. We have used HSSA data to record the availability of properties in the social rented sector (local authority and housing association) for the period 2002-2007. In order to emphasise provision for those waiting for a home, we have concentrated on new lettings and excluded transfers. The following table records all social sector lettings since 2003.

Table 27: all social sector new lettings, April 2003 - March 2007

2003	2004	2005	2006	2007	Lettings: 2002 & 2007 compared	Total stock at 04.07	Turnover rate 2006-07
239	233	206	287	367	+54%	3,750	9.8%

(Source: HSSA)

7.25 The following key findings and trends are identifiable:

- the number of new tenancies has increased in the past two years reaching 367 in 2006-07; and
- this is equivalent to a turnover rate of 9.6%.

7.26 The following table records all BDHT lettings since 2003.

Table 28: BDHT new lettings, April 2004 - March 2008

2004-5	2005-6	2006-7	2007-8	Lettings: 2005 & 2008 compared	Total stock at 04.07	Turnover rate 2007-08
186	253	295	286	+54%	3,084	9.3%

(Source: BDHT)

7.27 The following key findings and trends are identifiable:

- the number of new tenancies has increased in the past three years reaching 286 in 2007-08; and
- this is equivalent to a turnover rate of 9.3%.

7.28 We have then considered BDHT lettings for the most recent year by property type.

Table 29: BDHT lettings and annual turnover rate, April 2007-March 2008

Type (non-sheltered)	No.	Total BDHT stock	Annual turnover rate
1 bed bungalow	1	55	2%
1 bed flat	49	367	13%
2 bed bungalow	11	59	19%
2 bed flat	68	387	18%
2 bed house	8	249	3%
3 bed flat	1	10	10%
3 bed maisonette	4	24	17%
3 bed house	38	1,007	4%
4 bed house	7	37	19%
Unstated house	1	-	-
Unstated flat	3	-	-
Totals	191	2,195	9%
Type (sheltered)			
1 bed bungalow	21	260	8%
1 bed flat	60	493	12%
2 bed bungalow	8	24	33%
2 bed flat	2	26	8%
Studio flat	4	33	12%
Totals	95	836	11%

(Source: BDHT data)

7.29 The following key findings and trends are identifiable:

- the average turnover rate for general needs properties is 9% and 11% for sheltered units;
- for general needs units, the turnover varies from only 2% for one bed bungalows, 3% for two bed houses and 4% for three bed houses to 17% for three bed maisonettes, 18% for two bed flats and 19% for two bed bungalows and four bed houses; and
- for sheltered housing, the turnover varies from 8% for one bed bungalows and two bed flats to 33% for two bed bungalows.

A turnover rate of 9% for BDHT stock compares with an annual rate of 10.7% for the housing association sector.

What is the demand for social rented housing?

7.30 HSSA data enable us to gain a picture of trends in waiting lists for social rented housing. We have summarised the waiting list trend since 2001 then expressed the number of households on the housing register as a proportion of new lettings to provide a ratio of the numbers waiting for each current vacancy.

Table 30: housing register totals and bed space requirements 2002-2007

Type	2002	2003	2004	2005	2007	% change 2002 - 2007
All	1,426	1,503	1,805	1,728	1,852	+29.9%
1-2 bed	1,249	1,296	1,590	1,519	1,611	+29.0%
3 bed	116	149	169	162	187	+61.2%
4 bed	60	58	46	47	54	-10.0%

(Source: HSSA)

7.31 The following key findings and trends are identifiable:

- The waiting list has grown by 30% since 2002, a trend mirrored for those requiring one or two bed accommodation;
- the requirement for three bed homes has grown by over 60%; and
- the requirement for four bed homes has fallen slightly but remains at 54 households.

7.32 At April 2008, BDHT recorded two,186 waiting list and transfer requests, the following table summarises the current waiting list by properties required and the applicant to stock ratio. Applicants are able to select more than one property type and therefore the total requests exceed the number of applicants.

Table 31: general needs applications by property type and applicant: vacancy ratios, April 2008

Type (non-sheltered)	BDHT applicants	Total stock	Lettings 04.07-03.08	Applicant: lettings ratio
1 bed bungalow	763	55	1	763:1
1 bed flat	896	367	49	18:1
1 bed maisonette	304	0	-	-
2 bed bungalow	173	55	11	16:1
2 bed flat	251	59	68	4:1
2 bed house	393	249	8	49:1
3 bed bungalow	40	1	-	-
3 bed house	213	1,007	38	6:1
3 bed maisonette	48	24	4	12:1
4 bed house	62	37	7	9:1

(Source: BDHT)

7.33 The following key findings and trends are identifiable:

- it is important to emphasise that applications by property type overlap as no 'first preference' is expressed;

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- applicant to vacancy ratios vary from 4 to 49:1;
- the applicant rates are lower for three bed family homes which make up most of the stock; and
- the highest ratios are for one bed bungalows and two bed houses.

On the basis of applicant to lettings ratios, the stronger demand is for smaller homes, especially 1 bed bungalows, 2 bed houses and 1 bed flats; and there is lower demand for 3 bed family homes and 2 bed flats.

7.34 The following table summarises the current waiting list by location required. Once again, it is important to emphasise that applicants are able to select more than one location and therefore the total requests exceed the number of applicants.

Table 32: general needs applications by location requested, April 2008

Location required	Stock	Applicants	Lettings 04.07-03.08	Applicant: lettings ratio
Town Centre	90	1,060	15	71:1
Alvechurch	168	798	9	89:1
Aston Fields	60	904	4	226:1
Belbroughton	41	587	1	587:1
Beoley	12	416	3	139:1
Catshill	358	913	29	31:1
Charford	828	777	31	25:1
Clent	30	509	3	170:1
Cofton	2	434	0	-
Dodford	0	437	0	-
Fairfield	34	698	1	698:1
Frankley Green	2	225	0	-
Hagley	36	430	2	215:1
Hollywood	313	587	19	31:1
Millfields	21	598	2	299:1
Norton	235	684	24	29:1
Rock Hill	105	564	7	81:1
Romsley	78	495	3	165:1
Rubery	97	535	7	76:1
Sidemoor	475	971	46	21:1
Stoke Prior	104	722	10	72:1
Tutnall and Upper Bentley	4	286	0	-
Wythall	0	618	0	-

(Source: BDHT)

7.35 The following key findings and trends are identifiable:

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- it is important to emphasise that applications by location overlap as no 'first preference' is expressed;
- the most frequently selected locations are Town Centre, Sidemoor, Catshill and Aston Fields; and
- the least frequently selected are Upper Bentley, Frankley Green, Bromsgrove and Shawfield;
- the highest applicant: vacancy rates are for Stoke Prior, Belbroughton and Millfields and the lowest are for Sidemoor, Charford and Norton.

What is the cost of social renting?

7.36 This sub-section summarises the range of social sector rents in Bromsgrove.

Table 33: social sector average weekly rents April 2006 - March 2007

Type	1 bed	2 bed	3+ bed
New let	£57.21	£62.30	£72.39
Re-let	£54.55	£65.91	£70.05
Average	£54.85	£65.80	£70.70

(Source: CORE data)

7.37 The following key findings and trends are identifiable:

- average rents range from £55 for a one bed property; £66 for a two bed and £71 for a three bed home.

Choice in the local housing market: the market sector

7.38 We will now consider the choices available to local people in the market sector, beginning with the usual alternative to social rented property, the private rental sector.

The private rental sector

7.39 We undertook a net-based survey of the private rented sector in April 2008 which identified a total of 112 properties available in the Bromsgrove district. The following table summarises current values for properties of different types and sizes, supplemented by the views of local property agents. 'Typical entry level rents' refers to the point at which consumers begin to have a choice.

Table 34: rental levels and typical entry level rents per calendar month

Property	Survey	No.	Property agents	Typical entry level rents
1 bed	£325-525	22	£350-495	£350
2 bed	£475-625	39	£390-600	£450
3 bed	£550-1,000	28	£600-800	£600
4 bed	£700-1,400	23	£800-1,200	£800

(Source: HVC review)

7.40 The following key findings and trends are identifiable:

- flats and smaller units outnumber houses and larger units in the private rental sector; and
- Entry level rents range from £350 for a one bed and £450 for a two bed flat to £600 for a three bed house and £800 for a four bed house.

The views of lettings agents

7.41 In contrast to the sales market, the five agents who dealt with rental properties reported a rosy picture, with comments ranging from “*very good for a small agency*” to “acceptable” to “very good”, one agent said there were fewer landlords in the market as several had sold up.

7.42 Three agents said that two and three bed properties were renting well; one said “anything with bedrooms” and one “everything”. Two agents indicated there were no properties not renting well; two cited apartments as being more difficult to let and one more expensive properties.

7.43 Only one of the five rental agents thought there were no gaps in the market; two said gaps were across the board; one indicating competition for rented stock was “fierce” with traditional agents moving into rental to compensate for the decline in the sales market. One agent said there were not enough small houses and another identified a need for two and three bed houses.

7.44 One of the rental agents thought there was no oversupply; the other four found there were too many flats and apartment; one agent particularly mentioned older blocks in Bromsgrove town centre, where there were a lot of buy to let properties.

7.45 All agents considered there were plenty of rental options available in Bromsgrove and gave the impression of a rental market geared to working people. One indicated they would look for a joint income of 3.5 times the rent; another that they look for the rent to be no more than 40% of gross income. A third said most landlords will not take tenants on Housing Benefit unless they are working for at least 16 hours a week.

Local property agents identified a strong rental market, with a strong demand for 2 and 3 bed properties.

The Intermediate Housing sector

The supply of Intermediate housing

7.46 In terms of Intermediate Housing, the products available are under constant development and are summarised at:

<http://www.communities.gov.uk/housing/buyingselling/ownershipschemes/homebuy/>

7.47 There were 27 shared ownership sales in Bromsgrove in 2007-08 and 42 in 2006-07 of which 12 were re-sales. Unfortunately CORE data does not separately profile shared ownership as opposed to other purchasers (Preserved right to buy/outright purchasers etc) but the following summary profiles both properties sold and successful purchasers.

7.48 Of properties sold:

- Over half were priced between £130 and £150k; 17% below and 31% above this range;
- Almost 60% were houses and the remainder were flats; and
- Elgar Housing Association was the main provider followed by Places for People.

7.49 Of purchasers:

- Two thirds were single people or couples;
- All but one purchaser was recorded as White British;
- A third had previously been living with family or friends;
- 20% had been renting privately;
- less than 10% had been social renters;
- only one quarter were first time buyers;
- almost half were earning between £18k and £29k;
- almost a third between £10k and £18k; and
- 20% more than £29k per annum.

The demand for Intermediate Housing

7.50 There were a total of total 75 applications for housing in the Bromsgrove area over the two year period to March 2008, of which only 11 were successful. 46 applicants were for Open Market HomeBuy and 29 for New Build HomeBuy, and of the successful applicants, nine were for Open Market and two for New Build HomeBuy. Household composition is set out in the table below.

Table 35: the household composition of HomeBuy applicants, 2006-08

Type of household	Applicants	Successful	Applicants	Successful
	Open Market HomeBuy	HomeBuy	New Build HomeBuy	HomeBuy
Single	18	3	15	1
Couples: no children	13	2	4	1
Couples: children	9	3	3	0
Lone parent	4	1	7	0
Total	46	9	29	2

(Source: HVC review)

7.51 The following key findings and trends are identifiable:

- Most interest was from single people and childless couples.

7.52 In terms of the profile of applicants:

- 13 applicants were currently in social rented accommodation, none of whom were successful;
- 21 were renting privately, of whom five were successful; and
- 39 were living with family or friends, of whom six were successful.
- All but two applicants were white British; one was Asian-Asian White and one Turkish.

7.53 Two short but invaluable surveys were undertaken by Jayne Burton at Bromsgrove District Council to complement Zone Agent data:

- A survey of the social and housing profile of applicants registered on the Bromsgrove Low Cost Housing waiting list; and
- A survey of the residents of an Intermediate Rent scheme at School Drive, Bromsgrove.

7.54 A total of 28 returns were obtained from both sources, the key findings from which are:

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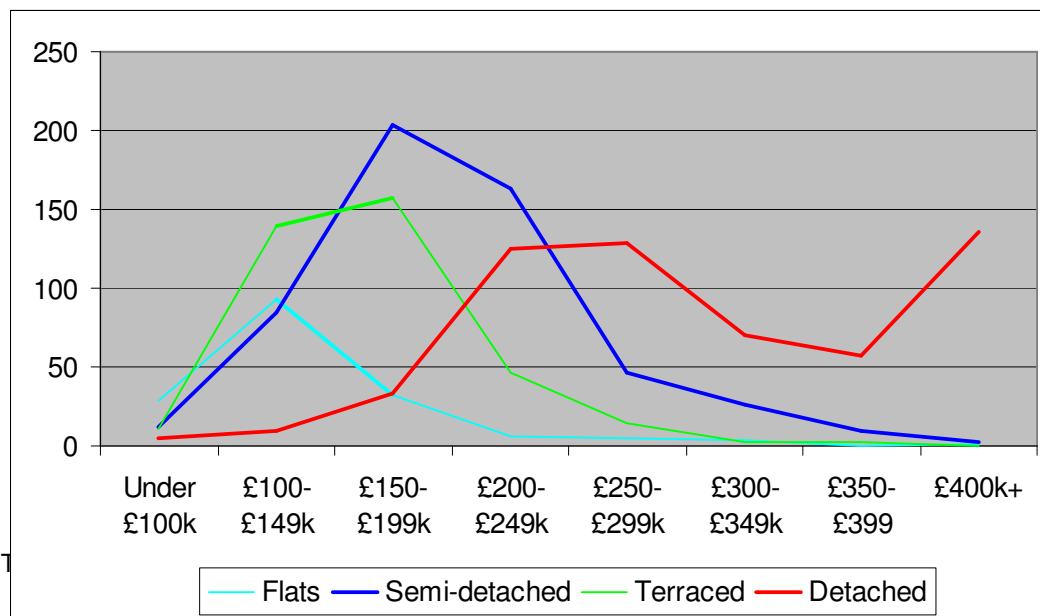
- Most people were not registered on the council's waiting list: only 9 people (32%) were registered;
- Most people were under 35: 9 (32%) were aged 18 to 24; 11 (39%) 25 to 34 and 7 (25%) 35 to 44;
- Half had children and half were single people/couples;
- Most households were earning under £30k: 9 (32%) were earning £10 to £20k and 12 (43%) £20 to £30k;
- One third (9) had been looking for a home for more than two years; and
- Half were employed in Bromsgrove district.

The home ownership sector

Trends in sales values

7.55 Attention is now turned to the residential property market by presenting all sales (new and re-sale) within the Bromsgrove District Council area for the last complete year for which data is available (01.04.06-31.03.07). The following chart identifies price patterns by property type.

Table 36: sales by price and property type in the Bromsgrove DC area, March 2007-February 2008



Source

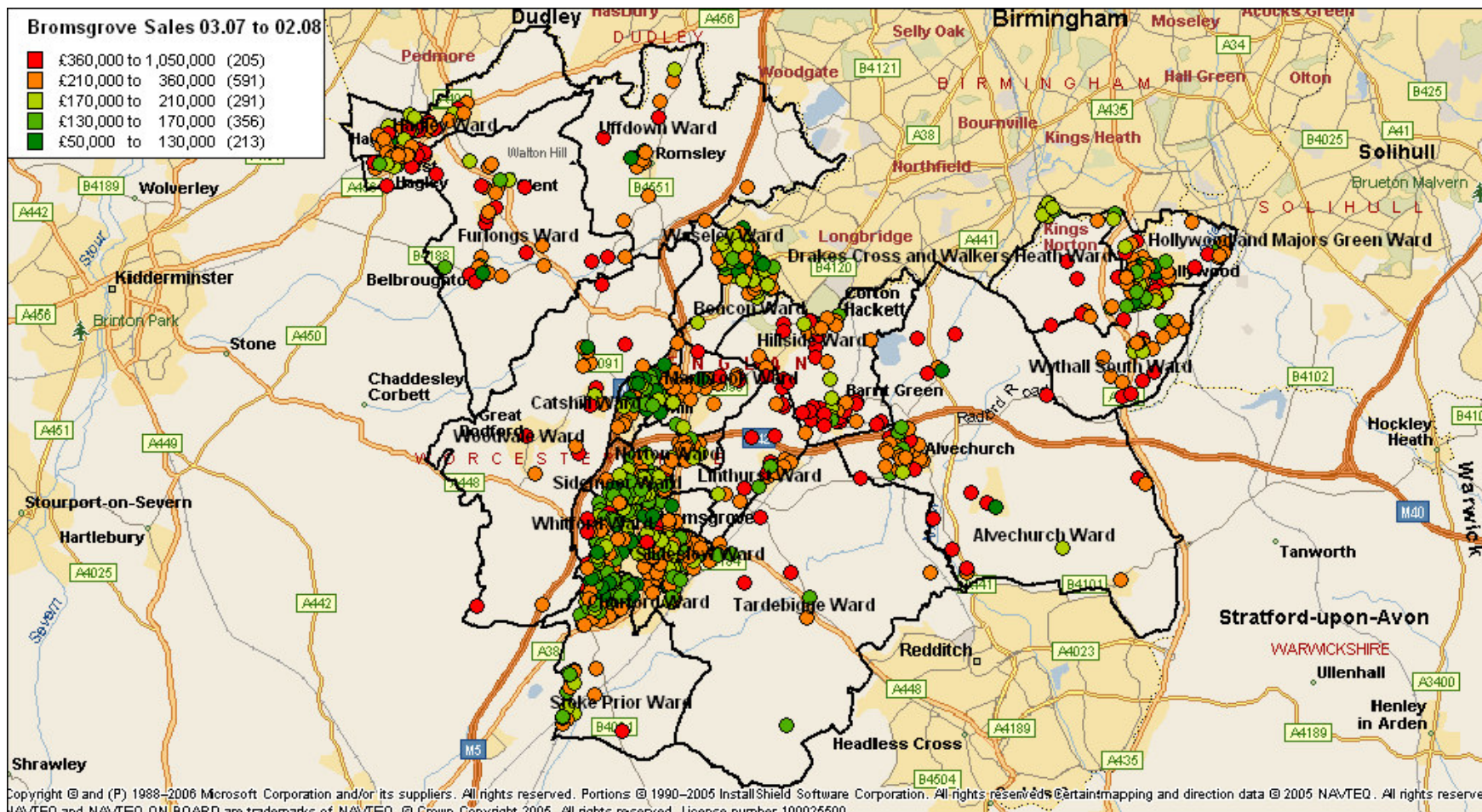
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- Reflecting the overall profile of properties in the district, most sales (40%) were of larger detached or semi-detached properties (38%);
- Smaller terraced houses made up less than 20% of sales and flats only 4%, and,
- There are two trajectories of prices with a bunching of sales (44%) especially of semi-detached and terraced houses at £100-£150k, and of detached properties at £200-£300k.

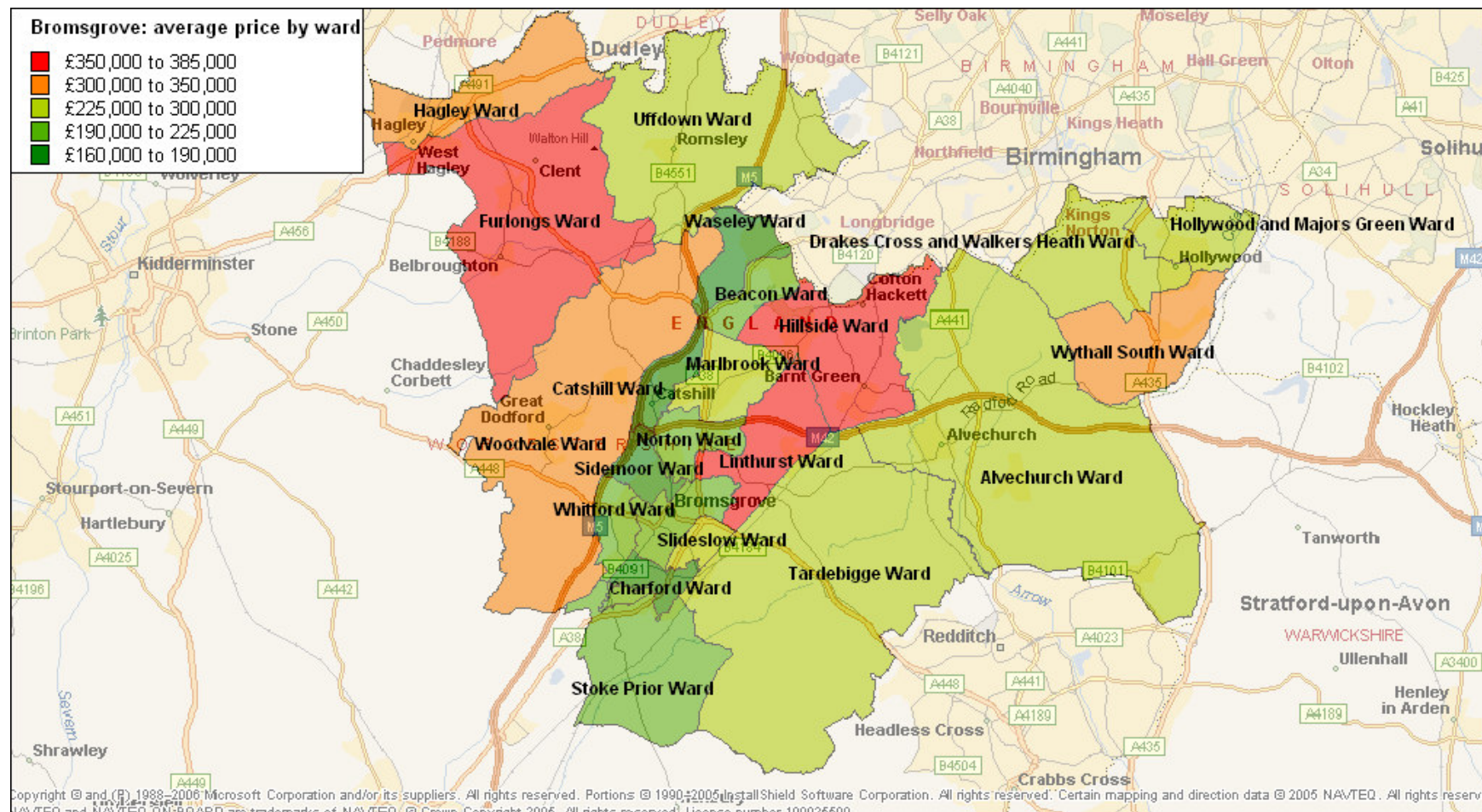
7.56 The following maps summarises the following patterns for all sales between March 2007 and February 2008:

- all sales by location and price range;
- the average prices achieved for all sales by ward, and,
- the average prices achieved for all sales across the district.

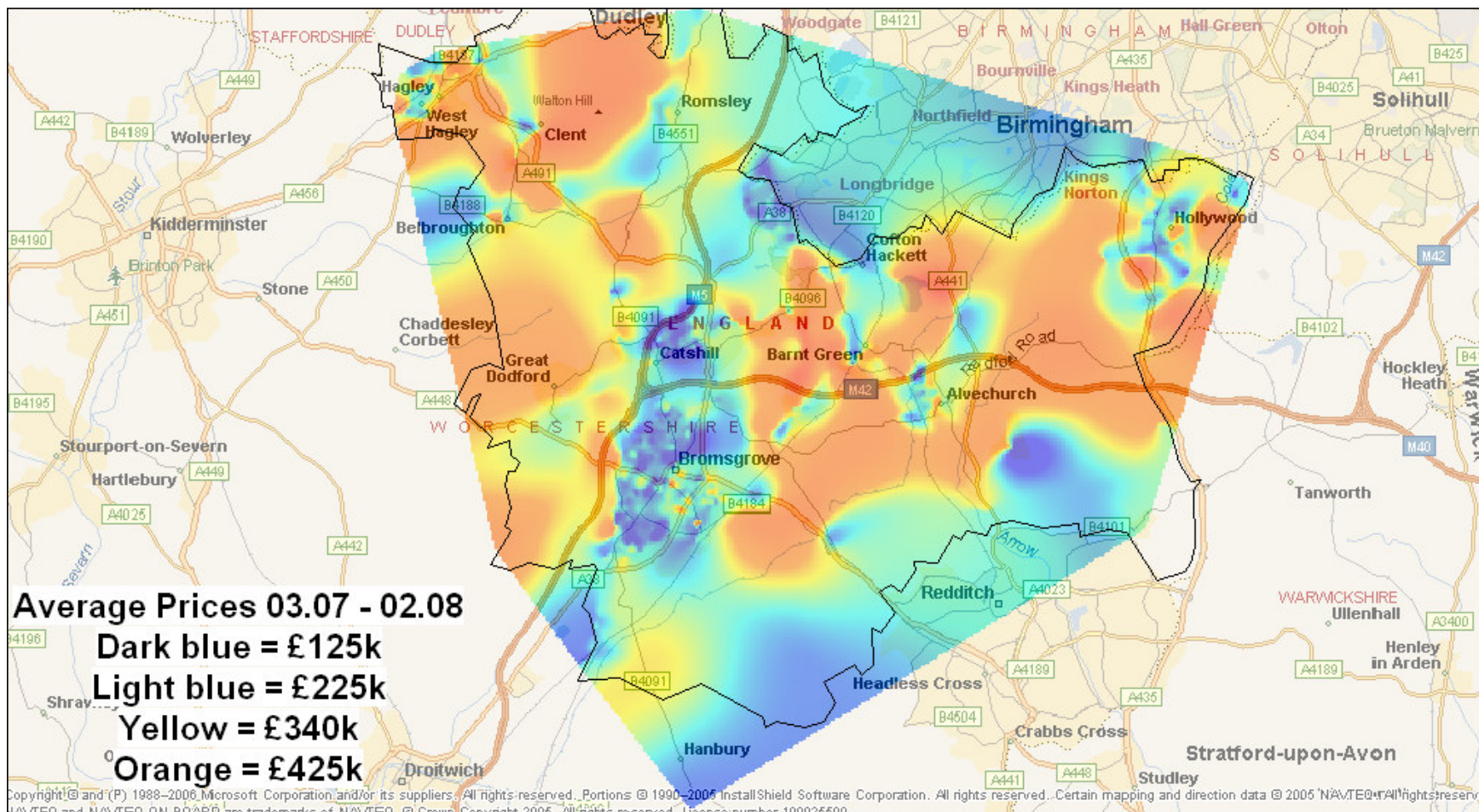
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Advertised prices for re-sale properties

7.57 Re-sale properties are all those traded for the second or subsequent time, the following table summarises the prices for 738 currently advertised homes.

Table 37: re-sale homes in the Bromsgrove area – currently advertised values

No. of beds	Property type	No. of properties	Range of values
1 bed	Apartment	42	£80k-£230k
1 bed	Bungalow	2	£130k-£185k
1 bed	Terraced/town house	6	£112k-£133k
2 bed	Apartment	36	£113k-£425k
2 bed	Bungalows	22	£147k-£465k
2 bed	Semi-detached	16	£135-£260k
2 bed	Detached	2	£162k-£177k
2 bed	Terraced/town house	44	£118k-£270k
3 bed	Apartment	1	£100k
3 bed	Bungalow	19	£215k-£450k
3 bed	Semi-detached	137	£113k-£420k
3 bed	Detached	79	£185k-£750k
3 bed	Terraced/town house	70	£65k-£360k
4 bed	Bungalow	2	£675k-£750k
4 bed	Semi-detached	25	£195k-£650k
4 bed	Detached	149	£190k-£1295k
4 bed	Terraced/town house	8	£150k-£320k
5 bed+	Bungalow	6	£695-£975k
5 bed+	Semi-detached	8	£230k-£560k
5 bed+	Detached	64	£285k-£1600k
Total		738	

(Source: HVC review)

7.58 Key findings:

- Properties currently advertised for sale are predominantly larger homes, less than a quarter are one or two bed whilst three quarters are three bed or larger as follows:
 - one bed 7% (50 properties);
 - two bed 16% (120 properties);
 - three bed 41% (306 properties); and
 - four bed 36% (262 properties).

Confirming the pattern for all 2007-08 sales, the current re-sale market is dominated by family housing, with only one in four properties either one or two bed.

7.59 The following table summarises the current range of values for properties of different types and sizes, supplemented by the views of local property agents. ‘Typical entry level prices’ refers to the point at which consumers begin to have a choice.

Table 38: current price range and typical entry level values

Property	Survey	No.	Property agents	Typical entry level prices
1 bed	£80-230k	50	£80-130k	£100k
2 bed	£115-465k	120	£110-160k	£120k
3 bed	£100-750k	306	£130-235k	£150k
4 bed	£150-£1,300k	262	£180-£350k	£240k

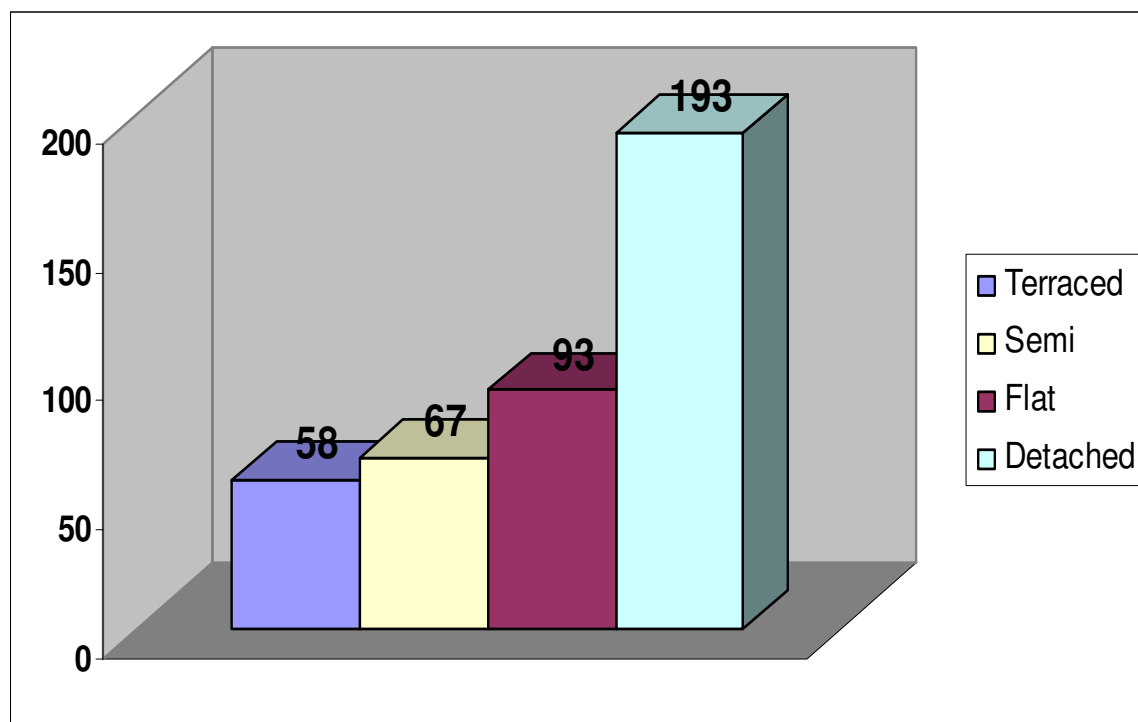
(Source: HVC review)

- typical entry level prices are as follows:
 - one bed: £100k;
 - two bed: £120k;
 - three bed: £150k; and
 - four bed or larger: £240k.

Prices achieved for new-build properties in the Bromsgrove DC area

7.60 New-build is only a small sector of the market with 56 homes sold between March 2007 and February 2008, 3.4% of 1,656 sales. In order to assess the contribution made by new homes to consumer choice in the area, we have profiled the 411 new homes sold by property type over the past three years as follows.

Table 39: type of new homes sold in Bromsgrove 04.04 – 03.07



(Source: Land Registry)

7.61 The following key findings and trends are identifiable:

- 14% were terraced or town houses;
- 16% were semi-detached houses;
- 23% were flats, and,
- 47% were detached houses.

Most new homes sold in Bromsgrove are detached or semi-detached houses, with less than one quarter smaller flats.

Advertised prices for new-build properties in the Bromsgrove DC area

7.62 The following table profiles 56 currently advertised new-build homes in the Bromsgrove DC area and summarises the range of asking prices, 'entry level price' refers to the point at which consumers begin to have a choice in the market.

Table 40: new homes for sale in Bromsgrove - current values by property type

No. of beds	Property type	No. of properties	Values
1 bed	Bungalow	1	£470k
1 bed	Apartments	16	£115-£190k
2 bed	Apartments	14	£61*-£238k
2 bed	Detached	5	£61*-£143k
3 bed	Terraced	1	£235k
4 bed	Bungalow	1	£470k
4 bed	Detached	1	£200-£470k
5 bed	Detached	6	£455-£1500k
Total		56	

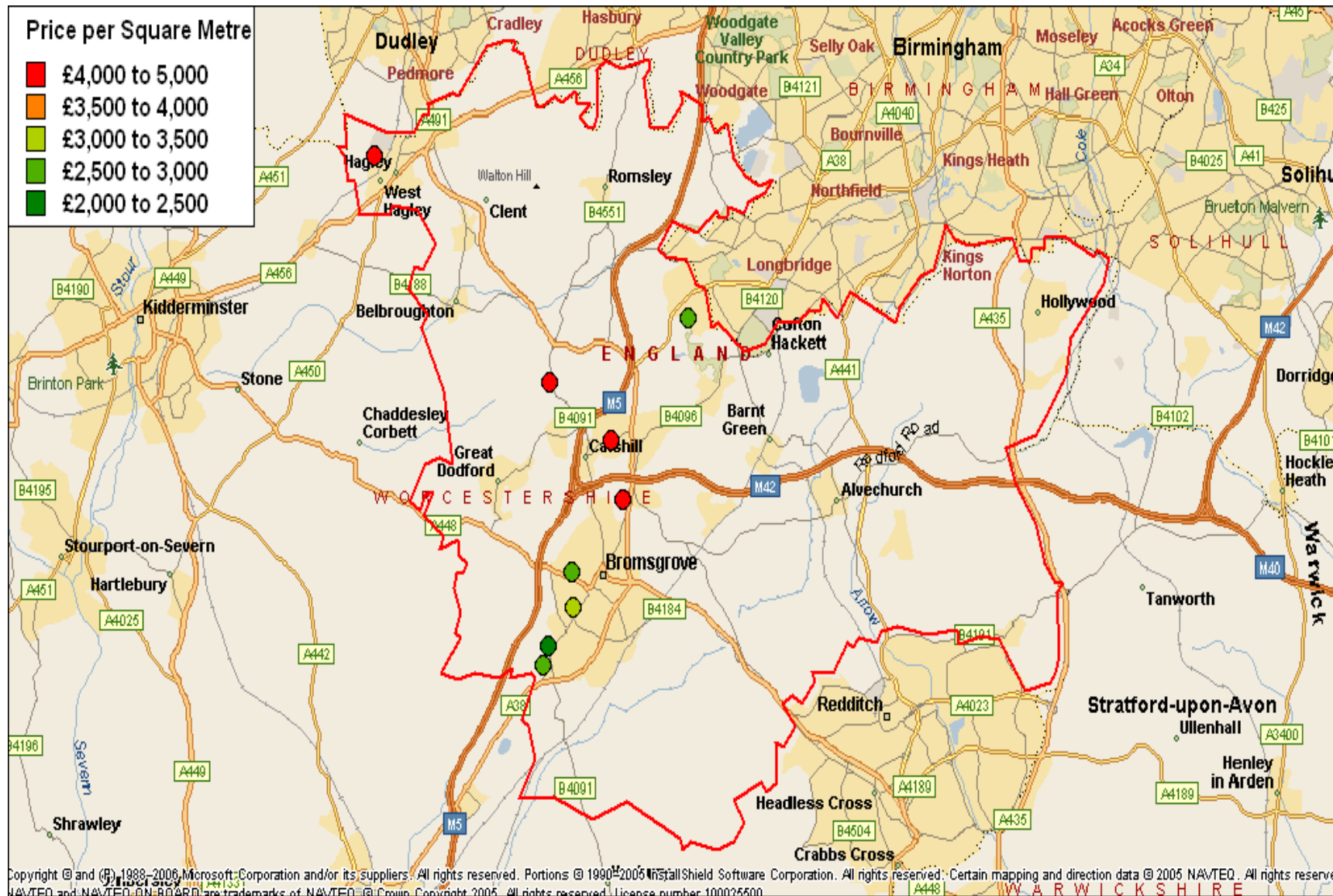
(Note: 50% equity share of New Build HomeBuy product)
(Source: HVC review)*

7.63 Key findings:

- Properties for sale are predominantly smaller homes, two thirds (36) are one or two bed, nine are four bed or larger and there is only one currently advertised three bed properties; and
- typical entry level prices are as follows:
 - one bed: £115k;
 - two bed: £130k;
 - three bed: £230k; and
 - four bed or larger: £350k.

7.64 The following map identifies values per square metre for current developments.

Bromsgrove: Housing Market Assessment



Bromsgrove: **Housing Market Assessment**

7.65 The map identifies average values by location, and for the 51 properties for which information was available, values per square metre were as follows:

- 16% were under £2,500;
- 29% were £2,500 to £2,999;
- 8% were £3,000 to £3,499;
- 27% were £3,500 to £3,999; and
- 22% were £4,000 or above.

7.66 Such values confirm Bromsgrove as a generally high value housing market and, dependent on location. We would estimate at August 2008 that lower values achievable are in the region of £2,500 per square metre; higher values in the region of £4,000 per square metre; and that £3,300 per square metre represents the average value achievable.

Estate agents' views of the performance of the housing market

7.67 We interviewed a total of ten property agents in Bromsgrove in late April and early May. Eight were independent agencies and two were part of national franchises; all dealt in a variety of property types; five dealt with sales only; two with rental only and three with both sales and rental. All dealt with a slightly wider area than Bromsgrove only, but Bromsgrove was their main base.

How is the market performing? How has this changed recently?

7.68 Of the eight agents who dealt with sales, only one was remotely positive, saying "*it's been OK*", whilst another indicated sales had only tailed off in the last two weeks after a good February and March. Of the other six agents, typical comments ranged from "*verging on non-existent*" to "*bottom falling out*" to "*tough*".

7.69 Three agents thought the market had changed quite recently, whilst others cited the start of the mortgage difficulties in the late summer. Two agents mentioned specifically the situation for first time buyers.

7.70 All agents thought sales prices had dropped; estimates ranged from less than 1% to 10%, with the most common figure being 5%. Only one agent thought the rate of sales had not dropped, all the others estimated a reduction, ranging from "*slightly*" to 90%, with 40-50% being the most common.

7.71 Two agents thought the volume of property coming on to the market had dropped, with the others saying it had remained stable, but unsold. Only one

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agent thought the time taken to sell a property had stayed the same; the others all reported that it was taking longer, with four weeks longer being most commonly mentioned by those who were prepared to estimate.

What's selling well/not so well?

- 7.72 There was no real agreement here, four agents mentioned property in the mid-range below £250k was selling well, one said cheaper property in need of renovation and one small three beds. Two agents said nothing was selling well.
- 7.73 As for what was not selling well, two agents cited more expensive property; two first time buyer properties; one flats; one three storey town houses and one semis and detached estate properties.

What are the gaps in the market - for sale or rent?

- 7.74 Of the eight agents who dealt with sales, three thought there were no gaps in the market, with one qualifying that with "*except in prime areas*". Of the others, one specifically mentioned a shortage of shared ownership homes; one mentioned traditional semis; one traditional terraced homes; one first time buyer homes, and one homes in the £160-190k bracket.

Is there oversupply anywhere in the market?

- 7.75 Of the eight sales agents, only one thought there was no oversupply. One thought there was a general oversupply and three cited flats. The other three considered there was an oversupply of three and particularly four bed detached modern homes, Oakfields was cited as "*take your pick of four bed detached homes*".

Demand

Where does most demand come from?

- 7.76 Most agents said demand came from a range of household types, with families most frequently mentioned; and one agent mentioned people downsizing to reduce mortgage outgoings.
- 7.77 The picture emerges of a predominantly local market, with only one agent (lettings only) citing 70% outsiders and three citing a 50:50 split. One agent indicated that the Oakfields development had provoked a big demand from outsiders, mostly from Birmingham. The others indicated that local people made up between 60% and 90% of demand.

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What options are available for first time buyers, including those leaving the family home?

- 7.78 The general opinion was that things are tough for first time buyers, three agents mentioned the use of “gifted deposit” schemes whereby a property is, for example, valued at £100,000, the first time buyer obtains a mortgage on 90% of this but the vendor “gifts” £5,000 to the buyer, in effect lowering the purchase price but not the available mortgage.
- 7.79 Two agents mentioned shared ownership schemes; one mentioned one bed flats and ex-council homes; and one thought Bromsgrove was more affordable than other places, except Redditch and Droitwich.
- 7.80 All but one agent thought demand was primarily from local people, although one of these indicated 40% of demand came from more expensive areas such as Sutton, Solihull and Worcester. Another indicated that Bromsgrove’s lack of retail facilities meant it did not attract young professionals from the Birmingham area. The other agent found most first time buyers were from Stourbridge and Halesowen.

Do you feel property prices have forced or are forcing local people to move out of the Bromsgrove area? If so, where have they/are they/will they consider moving to?

- 7.81 Opinions were divided. Three agents did not think prices were forcing people to leave Bromsgrove; one thought “possibly”, and four considered prices were driving people out, one restricted this to “*a few first time buyers*” but the others thought both first time buyers and families needing to upsize were having to leave for cheaper areas. Redditch was cited by four agents; Droitwich by two; Rubery/Rednal by two especially for first time buyers and Kidderminster by one.
- 7.82 One of the two rental specialists thought prices might be forcing people out of the area but couldn’t comment on where they might move to. The other said that a lot of people were renting instead of buying while they see how the sales market goes; if people were moving out, rents are cheaper in some parts of Redditch.

What’s the demand like for new homes?

- 7.83 Of the eight agents who dealt with sales, two thought there were too many in Bromsgrove, “*we’re saturated*” one commented. Two others thought demand was dependent on the type of homes built, two or three bed houses were needed, not flats. Of the others, one thought demand was “not high”; one mentioned there is now no premium on new homes which are feeling the brunt of the current state of the property market, and one couldn’t make a judgement because of the credit crunch. The most positive comment referred

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to a local builder who had just completed a development of four homes for which there was high demand.

Is there a market for shared ownership in the area?

- 7.84 Most of the eight agents identified a demand, one indicating that most shared ownership in the area was houses which are more popular. Only one of the two lettings specialists commented – “god, yes!”.

What’s the extent of investor interest?

- 7.85 Of the eight agents who dealt with sales, all reported a drop in investor interest; the most negative comments were “none” and “very, very limited”. Three agents referred to buyers seeking an absolute bargain, one adding “it’s a buyers market”. One agent thought most investors were sitting tight, but there were no new buy-to-let investors, whilst another indicated that “quite a few are getting out”.

What’s the demand like for plots of land?

- 7.86 Demand is high for plots of land from both individuals and developers; however, plots are few and far between – “hen’s teeth” said one agent.

Is there anything else you’d like to add about the market in the area?

- 7.87 Comments from eight agents referred to either the town’s amenities or the limited range of housing offered:

“Bromsgrove DC needs to improve the town centre and welcome small retailers, like Ludlow and Bridgnorth – it’s a poor show”.

“The council should make Bromsgrove a nicer town”

“Bromsgrove’s position between the motorways makes it quite desirable; people with money are coming in but don’t spend it in Bromsgrove because of the lack of retail facilities. And there’s no affordable housing for Bromsgrove born and bred”

“The market place is badly distorted by agents overpricing property and vendors thinking their property won’t be affected by market conditions”

“We’ve got to be able to offer young families something at a decent price but vendors won’t accept that prices are falling”.

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Unsurprisingly, local estate agents identified both price reductions and a slowdown in sales rates compared with last year. There is evidence of an oversupply of larger family homes and of an associated shortage of smaller and more financially accessible properties.

8.0 AFFORDABILITY IN THE BROMSGROVE HOUSING MARKET

Estimating financial access to home ownership

- 8.1 Having identified property prices, we can now introduce household income data to estimate the extent to which households entering the housing market may be able to access home ownership, including low cost options. By implication, this also enables us to estimate the proportion of local residents who will require social housing or other affordable options.
- 8.2 Our approach is to compare patterns of household income (based on CACI data) against recent and current house prices (using Land Registry data). In reality, the income distribution of younger households - who make up the majority of 'first timers' and 'movers' in the market - will be lower than that for all households in the area. By applying a more generous pattern of income distribution, we are at all times describing a 'best case scenario' in terms of financial access to housing.

To provide a context for our analysis, the latest 'Difficulty of Access to Owner Occupation Indicator' published by DCLG in October 2006 but using 2004 property price data, identifies that 70.9% of Bromsgrove households headed by a person under 35 will have difficulty accessing owner occupation.

- 8.3 Our aims here are two-fold:
1. to identify how many households entering and moving on in the housing market can afford home ownership (full and low cost) and by implication, the proportion requiring social housing, and,
 2. the implications of these patterns for the values and tenure mix of new housing developments.
- 8.4 It is important to emphasise that:
- this assessment makes no attempt to define affordability as a multiplier of local income incomes or proportion of gross income, it is a measure of 'financial access' to market housing, and,
 - it assumes that those entering and moving on in the housing market will have a 'normal' income profile when incomes may well be lower for the younger employed.
- 8.5 Although the analysis can be undertaken for any property type, for comparative purposes, we have focused on two archetypes, a two bedroom and a three bedroom property. The analysis below makes the following assumptions:

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- access level property values;
- the provision of a 10% deposit although any size of deposit or none at all, can be accommodated within the calculations;
- mortgage affordability based on a loan: income ratio of 3.5 for single income households and 2.9 for couple income households, and,
- monthly repayments based on a 25 year repayment mortgage at a rate of 7.0%. Only a very limited number of discounted deals are available, and these are unlikely to be offered to lower income first time buyers.

8.6 The principal intermediate housing products available, HomeBuy, are under constant development and are summarised at:

<http://www.communities.gov.uk/housing/buyingselling/ownershipschemes/homebuy/>

8.7 We have also modelled the costs of accessing properties for the main product, New Build HomeBuy, purchasing a 50% share and paying rent at 3% of the outstanding equity, which is equivalent to 70% of the full cost of purchase. For comparative purposes, we have applied the same formula to re-sale properties.

8.8 The following table identifies the estimated proportions of single income households able to access two bed full cost re-sale and New build HomeBuy entry level properties.

Table 41: the estimated proportions of single income households able to access 2 bed properties, figures rounded

Property type	Entry level property price (less 10% deposit)	Income required (rounded)	Proportion able to purchase	HomeBuy Income required (70%)	Proportion able to purchase
2 bed new-build property	£130k	£33.4k	50%	£23.4k	70%
2 bed re-sale property	£120k	£30.9k	53%	£21.6k	72%

(Source: CACI Pay Check data and HVC review of property prices)

8.9 Key findings:

- The estimated access rate for an entry level new build two bed property is 50% of single income households, and for a re-sale property is 53%;
- The estimated access rate for an entry level new build two bed HomeBuy property is 70% of single income households, an improvement of 20%, and for a re-sale property is 72%, an improvement of 19%; and;

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- New Build HomeBuy would improve access to two bed properties for home ownership.

8.10 The following table identifies the estimated proportions of joint income households able to access full cost and HomeBuy three bed entry level properties.

Table 42: the estimated proportions of joint income households able to access 3 bed properties, figures rounded

Property type	Entry level property price (less 10% deposit)	Income required (rounded)	Proportion able to purchase	HomeBuy Income required (70%)	Proportion able to purchase
3 bed new-build	£230k	£63.5k	14%	£44.4k	32%
3 bed re-sale property	£150k	£41.4k	36%	£29.0k	57%

(Source: CACI Pay Check data and HVC review of property prices)

8.11 Key findings:

- The estimated access rate for an entry level new build three bed property is 14% of joint income households, and for a re-sale property is 36%;
- The estimated access rate for an entry level new build three bed HomeBuy property is 32% of single income households, an improvement of 18%, and for a re-sale property is 57%, an improvement of 21%; and;
- Because of the differential in re-sale and new build prices, New Build HomeBuy would not improve access to home ownership.

- We would estimate that 53% of single households are able to get into the housing market, and that 36% are able to move on in the housing market;
- By implication, 47% of single income and 64% of joint income households would require other forms of affordable housing;
- The provision of New Build HomeBuy options would improve access to two properties but would not improve access to three bed properties.

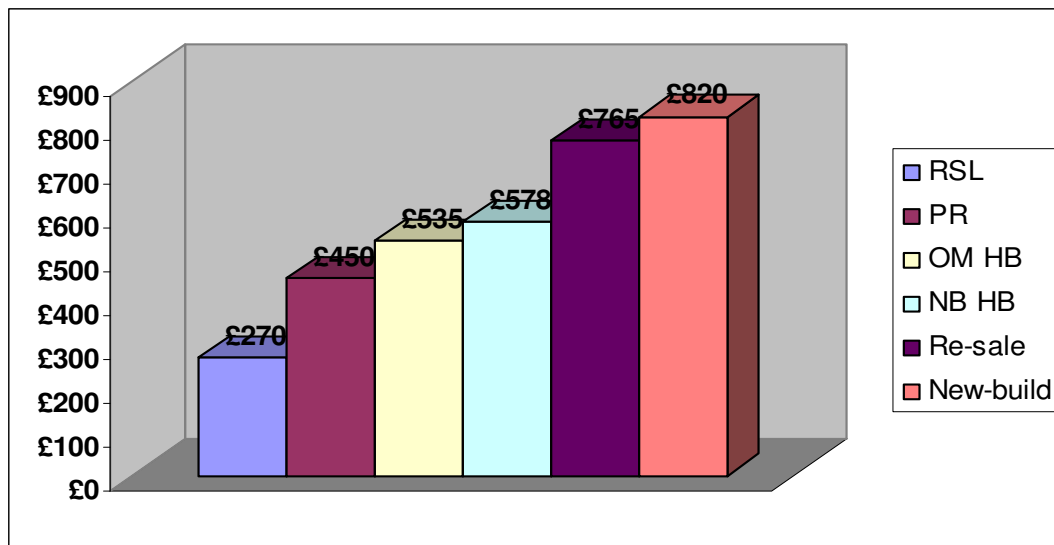
‘Getting in’ and ‘moving on’ in the housing market: developing a housing ladder for the Bromsgrove area

8.12 Using the above analysis, the following tables express the typical cost of accessing a two bed or a three bed property across the tenure options in Bromsgrove. Abbreviations used are as follows:

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- CH: renting from the council;
- RSL: renting from a housing association, and,
- PR: private renting;
- OM HB: Open Market Home Buy @ 50% equity share (and equivalent to 70% of the cost of full purchase of a re-sale home);
- NB HB: New-build HomeBuy @ 50% equity share (and equivalent to 70% of the cost of full purchase of a new build home);
- Resale: open market and full cost purchase of a re-sale property;
- New-build: open market and full cost purchase of a new-build property.

Table 43: getting into the housing market: the monthly costs of accessing a 2 bed property in the Bromsgrove area



(Source: HVC analysis)

8.13 Key findings:

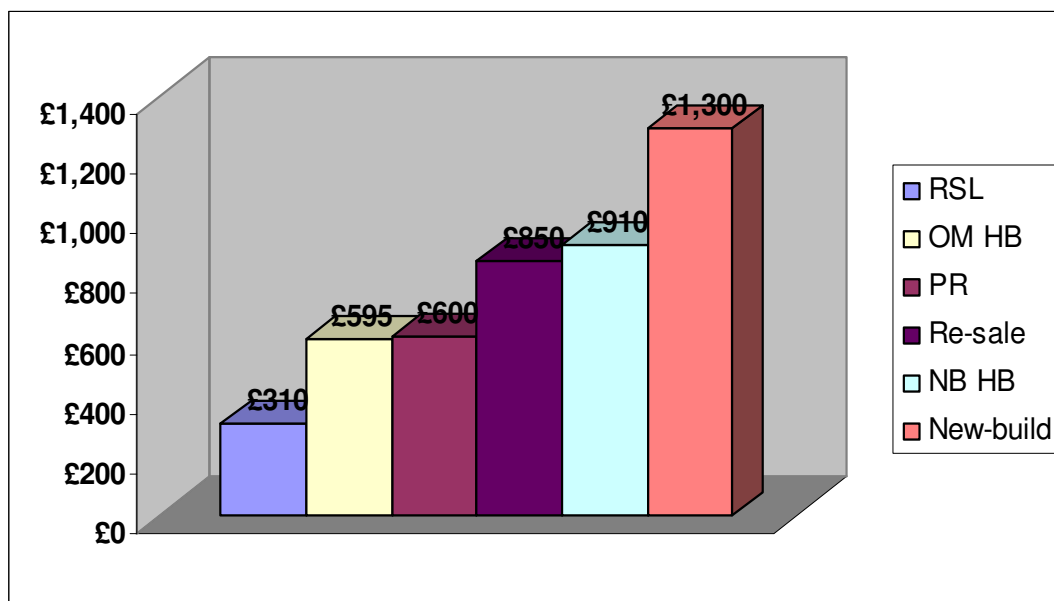
- The gulf between social renting and other options is clearly apparent;
- Private renting is two thirds more expensive than the cost of RSL renting from;
- Buying a re-sale property is again two thirds more expensive than the cost of private renting; and

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- Because new build values are close to the equivalent re-sale property, New-build Home Buy would make home ownership more accessible although being able to purchase an open market re-sale property on the same basis would make home ownership even more accessible.

8.14 The following table compares the costs of accessing a three bed property by tenure.

Table 44: 'getting on' in the housing market: the monthly costs of accessing a 3 bed property in the Bromsgrove area



(Source: HVC analysis)

8.15 Key findings:

- The gulf between social renting and other options is even greater with private renting almost twice the cost of RSL renting, and,
- Because of the premium on new build prices, New Build HomeBuy would not improve access to home ownership, but an equivalent open market product would both improve access to home ownership and be slightly cheaper than private renting.

8.0 CONSULTATION WITH LOCAL RESIDENTS AND STAKEHOLDERS

Introduction

8.1 Arising from the early outcome of the desktop analysis, and informed by the Steering Group's priorities, 107 face-to-face and telephone interviews were undertaken by The Bridge Group in June 2008 with five key consumer groups as follows:

- 1 Young people (aged up to 30) living or working in Bromsgrove district – singles, couple and families (35 interviews);
- 2 Young people (aged up to 30) on the Council's Housing Register - singles, couple and families (24 interviews);
- 3 Older people (aged over 60) on the Council's Housing Register – singles and couples (20 interviews);
- 4 Older people (aged over 60) – owner occupiers or private renters, not on the Housing Register - singles and couples (20 interviews); and
- 5 Agencies and individuals with knowledge of black, minority ethnic and migrant housing needs (8 interviews).

8.2 Participants from the first four groups were given a £10 store voucher in return for their time and input; the face-to-face interviews took place in Bromsgrove town centre outside Morrison's supermarket, and at Bromsgrove District Council's main office.

8.3 The following themes were pursued with each group:

- the choices consumers have in the housing market;
- affordability of local housing;
- gaps in the pattern of supply; and
- key influences and drivers in relation to the housing market, such as the local economy, employment, travel, schools and facilities.

Key findings - younger people living or working in Bromsgrove district (up to 30)

Aspirations and attitudes

8.4 People in this group have a very strong aspiration to buy a home and expectation that they will be able to do so. Renting is widely perceived as

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expensive and a waste of money. However, younger people's ability to buy in the Bromsgrove district is severely constrained by high property prices and affordability, which forces many to live elsewhere. A number of interviewees mentioned concerns about the current housing market – that buying at a time of falling prices and mortgage shortages represented a real risk.

“Renting is a waste - it's just dead money.”

(Single man, aged 22 living outside the Bromsgrove district).

Homes people want

- 8.5 Many people in this group talked about wanting more space – ideally in a house with a garden in a trouble-free neighbourhood. Several interviewees expressed concerns about the potential for disturbance and high running costs in flats and anti-social behaviour in less-desirable parts of the district. Flats were only seen as attractive if they were modern, with attractive communal areas and high levels of security.

“I want to live somewhere comfortable, with a good reputation.”

(Couple, both aged 22, with one child living outside the Bromsgrove district).

“I want a traditional home, not a flat.”

(Man, aged 26, in a couple without children, living outside the Bromsgrove district).

The district

- 8.6 Younger people's attitudes to living in the Bromsgrove district are closely tied to their family and friend networks and their wider perception of the area. For people with established family roots and friends in the area, this is the key pull factor that keeps them in the district or would attract them in. Otherwise, younger people expressed very limited enthusiasm for Bromsgrove itself and cited poor public transport (for example, night buses and rail links to Birmingham) as a problem.
- 8.7 Bromsgrove was often described as 'nice', but clearly has little social appeal compared to Birmingham, Worcester and other surrounding urban areas. Bromsgrove town centre was often mentioned in a negative way, with people seeing it as 'sleepy', 'run down' and 'a place for old people'. This suggests that, even if suitable, affordable homes were available for younger people, they may not want to live in the district anyway and would continue to be more attracted to other areas. Whether they're justified or not, people's perceptions of the town and district clearly have a big impact on their preferences and the choices they make.

“Bromsgrove is too quiet – everything closes at 5.30pm.”

(Single woman, aged 27, living outside the Bromsgrove district).

“Trains only run to Birmingham every hour from Bromsgrove. From Worcester they run every 20 minutes.”

(26-year-old woman in a couple without children, living outside the Bromsgrove district).

Housing options

- 8.8 Given their concerns about affordability, this group expressed strong support for affordable social housing targeted on growing families. There was however a low level of awareness of and faith in shared ownership and HomeBuy as a route to full home ownership. This suggests that while the principle of shared ownership would meet people’s needs they are currently put off by perceptions of poor value for money and complexity.
- 8.9 Linked to their comments about the town centre, some interviewees suggested that empty buildings should be converted to provide extra homes. While this approach has been used in some cities in the past, it only produces relatively small numbers of homes – often of marginal quality and high lifetime costs. In Bromsgrove town centre, a significant proportion of empty premises are also in listed buildings, which would further reduce the scope for this sort of initiative.

“Shared ownership is a rip off”

(Single woman, aged 26, living in the Bromsgrove district).

“Shared ownership is too complicated.”

(Single woman, aged 30, living outside the Bromsgrove district).

Key Findings: young people on the Council's Housing Register

Current housing

- 8.10 Half of the people we spoke to currently rent their home in the private sector, with remainder living with family and friends or already having a housing association or local authority tenancy. Most interviewees talked about difficulties with lack of space and amenities, problems with noise and the personal, social and emotional impact of living with friends and family.

“I need to live my own life, and can’t do this when I’m sleeping on a sofa!”

(Single man, aged 26).

Help from the Housing Register

- 8.11 Few people expressed much optimism about their opportunities to access social housing via the Register. Several people commented on the low level of contact they'd had about their application since registering. This highlights a communication and customer service issue for Bromsgrove District Housing Trust, who administer the Housing Register on behalf of the local council.
- 8.12 While the potential to meet people's needs from the Register might be very limited, it's important to use contact with people on the Register (for example, at each annual review) as part of a proactive housing options service, so that people have a realistic view of their prospects.
- 8.13 The forthcoming introduction of choice-based lettings may have some impact on people's perceptions of the Housing Register's effectiveness, but will obviously not affect the overall number of available homes.

"I've been on the Register for a long time, but haven't been kept informed about my housing prospects."

(Single man, aged 19).

The district and housing options

- 8.14 Family, friends and schools are the key pull factors for people seeking a home via the Bromsgrove Housing Register. Unsurprisingly, this group expressed very strong support for social rented housing – perceiving it as offering lower rents, higher standards and better support for independent living. There was however, only limited awareness and understanding of housing associations and little knowledge of shared ownership as a potential option.

"I don't really understand what housing associations are or what they do."

(Single woman, aged 22).

Implications for younger people

- 8.15 Taken together, these findings show a need to develop flexible 'housing pathways' that reflect younger people's incomes and aspirations as much as possible. There is clearly a need for more bespoke housing products (for example, rent-to-mortgage schemes) that will help people progress from low-cost renting to outright purchase.

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- 8.16 Investment in homes to suit this group does however need to be offset against young people's apparent reluctance to move into the Bromsgrove district unless they already have family or friends in the area. It seems that housing provision would have to be tied to improved public transport and town centre renewal for younger people to choose Bromsgrove over other nearby areas like Birmingham, Redditch and Worcester.
- 8.17 The low awareness of and caution about shared ownership suggests that HomeBuy options need to be more effectively publicised and promoted to younger people. More generally, young people need more information and opportunity to consider and decide on their housing options from school age onwards. This needs to include a stronger focus on the role and identity of housing associations.
- 8.18 Some of the interviewees in this group mentioned a wish for energy efficient, 'eco-homes'. This seemed to reflect a desire for low running costs as much as wider environmental concerns, but this will clearly need to be a key factor in future home design, construction and maintenance.

Key findings: older people on the Council's Housing Register

Current housing and health

- 8.19 Most of the people we spoke to in this group had established roots in the Bromsgrove district. On average, the interviewees had lived at their current address for 26 years.
- 8.20 Aside from a small number of people who were registered disabled, the incidence of other lifestyle-limiting illnesses and mobility difficulties was very striking. In contrast to the aspirations for younger people, this means that many older people are seeking less space and garden to match their circumstances and capabilities. Around two thirds of the sample said that they or a family member had one or more of heart conditions, angina, Alzheimer's, asthma, osteoporosis and arthritis.

"Our house is too big – especially the garden, which we have to pay someone to do for us. We're looking for a smaller place."

(Couple, aged 81 and 84, living in Bromsgrove).

Help from the Housing Register

- 8.21 There was much greater optimism among this group about the Council's ability to help with housing. Around a quarter of the sample said that they had received at least one offer of a home in the past, but turned it down because it was not suitable. In most of these cases, the reasons given for declining the offer was that the property offered was too small or on an upper floor.

- 8.22 Several interviewees acknowledged that they were only interested in a particular type of home or a sought-after area, and would therefore not expect to receive an offer quickly.
- 8.23 Among this group too, there was a low level of awareness and understanding of housing associations and their role. Several people explained that, apart from being on the Housing Register, they simply hadn't considered or investigated the potential for a housing association home, or were put off by the type of homes available.

"I've not explored housing associations – maybe they don't have any bungalows locally."

(Couple, aged 81 and 84, living in Bromsgrove).

Homes people want

- 8.24 Given the high proportion of homes designated for older people in the Bromsgrove District Housing Trust stock and their current popularity, there was a marked ambivalence about traditional sheltered housing.
- 8.25 Several interviewees said that they wanted to live independently and didn't want to occupy a flat or have a 'fixed' on-site warden service. This squares with the current pattern of around half of older tenants choosing to opt out of the support service offered in the Housing Trust's sheltered housing. This trend also matches the direction created by the Supporting People system, which focuses on providing packages of support to individuals rather than mass provision across whole schemes.
- 8.26 People highlighted the widely differing needs of people at either end of the 'older' spectrum and felt that more provision was needed for both younger, active older people and flexible extra care for older and less able residents.
- 8.27 Overwhelmingly, the people we spoke to said they wanted two bedroomed accommodation to cater for separate sleeping arrangements, carers and/or visitors – preferably on the ground floor or with level access. Bungalows are seen as highly desirable to avoid the negative images associated with flats.
- "We'd like a bungalow with a small garden and level accommodation. We'd only choose sheltered accommodation if it was absolutely necessary."*
- (Couple, aged 70 and 75, living in Charford).
- 8.28 These responses suggest that, while the Housing Trust has little difficulty in letting its sheltered homes at the moment (apart from upper floor, bedsit flats), this is not the housing model that people aspire to for the future. It also shows

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that older people on the Housing Register do not have a very realistic picture of the types and numbers of homes available, which is in turn feeding into relatively high numbers of unsuccessful offers.

The district and local services

- 8.29 Attitudes towards Bromsgrove and its district in this group were much more positive than those among younger people. Again, family connections were quoted as the main pull factor, along with the district being 'nice' and 'quiet'. A number of people told us about the needs of very elderly parents and relatives (aged 90+) now being their major focus.
- 8.30 Whether people drive or have access to a car is also key factor in deciding how much existing homes (or those likely to be available via the Housing Register) meet their needs. Several people explained that they rely on sons/daughters to provide transport, but for those without this support, good quality bus services are very important. Location, shops and amenities were also all ranked as highly important by most people in this group.
- 8.31 When we asked about the kinds of homes that people felt should be provided for older residents in Bromsgrove, bungalows were widely favoured. The potential for mixed/flexible tenure and conversion of empty commercial premises into homes were also mentioned.

"Buses are key, especially if you don't drive."

(Woman aged 75, whose husband is currently in a nursing home).

Key Findings: older owner occupiers or private renters

Current housing and needs

- 8.32 This group also tended to have long-established roots in the Bromsgrove district. On average, the people we spoke to had lived at their current address for 25 years, although some had already 'downsized' to a smaller home to meet their needs in older age. Most of the interviewees who had done this had sold larger homes and so had been able to invest surplus capital into refurbishing and adapting their new homes to meet their needs.
- 8.33 For these people (and some of those still living in longstanding family homes), the cost and upheaval of moving were mentioned as deterrents to moving or moving again. This is another factor that points to the need for tailored care and support to be made available to people in their homes, rather than requiring them to move to sheltered housing.

The district

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- 8.34 This older group also described the Bromsgrove district as ‘nice’, ‘rural’ and ‘friendly’. The poor image of the town centre was again mentioned by several people though – especially the limited range and quality of shops and the high cost of parking. Family ties, neighbours and healthcare were the key pull factors that people most identified.

“The shops in Bromsgrove aren’t very nice now – there’s a poor selection.”

(Couple, aged 79).

Future provision

- 8.35 Again, traditional sheltered housing was generally seen as unattractive and bungalows were identified as the most suitable type of home by many people. Flats were perceived as problematic and unpopular.
- 8.36 The disparate needs of active, healthy people in their 60s and those aged 80+ who are likely to need extra care was very apparent. One respondent from Stoke Prior thought that the Council needed to consider older people’s housing needs outside of town (quoting the experience of a friend aged over 90 who had to – reluctantly - move back to Bromsgrove to receive the care and support she needed).
- 8.37 Apart from the need for flexible personal care and support for independent living, several interviewees mentioned access to help with cleaning and gardening as being a key concern.
- 8.38 There was moderate awareness of and interest in shared ownership, but several people saw this as ‘complicated’ or ‘complex’.

“I’d only consider sheltered accommodation if it was really necessary – independence is important for older people.”

(Woman aged 65).

- 8.39 Interestingly, several people from this group had a wider perspective on local housing issues (perhaps because their own needs were already reasonably catered for). As well as making suggestions about provision for older people, some interviewees expressed a strong belief that the local housing ‘system’ should give priority to young families. One person suggested self-build as a possible option for some younger people, if suitable sites could be found.

“I want to remain an owner-occupier – but may want housing with care and support in the future.”

(Man, aged 69).

Implications for older people

- 8.40 Across the two groups of older people, there are a number of themes that need to be reflected in future housing policy and provision. These include:
- developing more aspirational, two-bedroom products and options aimed and marketed at older people;
 - offering good quality, high density, efficient and manageable housing;
 - equity release schemes (for example, like the loans offered by Aston Reinvestment Trust in Birmingham);
 - Active promotion of shared ownership and support to help older people understand and manage the process of using this approach;
 - Developing ‘retirement villages’, incorporating a range of options with tailored care and support;
 - Extra care accommodation, including shared equity options – around 290 homes of this sort are already being developed within the district;
 - Increased and expanded incentives for older people in large, family homes to downsize and release their property for younger households. Incentives will need to become more valuable and creative to offset the potential for inertia created by care and support being available to people in their existing homes; and
 - General, ongoing education and information about what’s realistically available in a green belt area – it’s not possible to meet everyone’s demand for a bungalow.
- 8.41 When compared with the views of younger people, there’s evidently a risk that in the context of a generally ageing population, Bromsgrove will experience an ever-greater concentration of older people, with little to attract younger households into the district. Over time, this will put extra pressure on services and support for older people and will distort the local housing market unless new options can be created at both ends of the age range.

Key findings - black, minority ethnic and migrant people

- 8.42 It quickly became apparent that, due to the small numbers of non-white UK residents in the district and the absence of representative agencies through which to contact them, that it would not be possible to interview individuals in these groups.

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8.43 The project Steering Group therefore agreed to explore these needs indirectly, by talking to agencies and people in the wider region with relevant knowledge and insight. We carried out telephone interviews with the following people:

- Trevor Rigg, Bromsgrove Equality and Diversity Forum
- Fiona Scott, Equality Officer, Bromsgrove District Council
- Logan Mailvaganam, Worcestershire Community Mental Health Partnership
- James Cooper, Equality Officer, Redditch Borough Council
- Douglas Turland, Diversity Officer, Redditch Police
- Sue Raisin-Jones, Multi-agency Resource, Charford
- Rukhsana Koser, Corporate Diversity manager, Worcestershire County Council
- Peter Oteng, Worcestershire Race Equality Council

8.44 Even among these agencies, evidence about the housing needs of black, ethnic minority and migrant people tended to be anecdotal because of the very small numbers involved. Most of the agencies said that they had only experienced a few cases of non-white UK people presenting with particular needs in the district and so found it hard to identify patterns or trends.

History

8.45 Migration into the district by black, minority ethnic and migrant people has been extremely limited in the past. This is principally because of the absence of suitable employment opportunities for many people from these groups, high property prices and the pull of established minority communities in surrounding areas like Redditch and Birmingham.

8.46 Where people from black, ethnic minority and migrant groups have moved into the district (for example, Asian taxi drivers and those employed in the food/restaurant trades), these tend not to stay and quickly move onto the nearby urban centres.

8.47 It was also acknowledged that coordinated action on diversity by the statutory agencies in Bromsgrove is a relatively recent development and it will take time for any effects of modern policy to feed through.

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- 8.48 There is evidence of professional people from non-white groups buying homes in areas like Hagley and Barnt Green. But overall, the district (and particularly the town centre) is perceived as lacking diversity and the vibrancy that this can sometimes create.

Current issues

- 8.49 Both the Bromsgrove Equality and Diversity Forum and Race Equality Council identified growing numbers of young, dual heritage, Afro-Caribbean/white households as being a significant development in the local population. Although the Housing Trust's lettings records do not suggest that this group is yet accessing local social housing in any great numbers, the particular needs of this group should be considered. This area has recently been studied by Rights and Equality West Midlands (see <http://www.rewm.org/>).
- 8.50 Like many areas of the UK, the Bromsgrove district has seen the arrival of Polish and other EU migrant workers in the last three to five years. Again, local agencies' knowledge about the housing needs and choices of these people is limited. It's likely that many workers enter the country as young, single people and access informal, shared accommodation linked to their work. While many people from this group will tend to move on or out of the country quickly, this could be a source of new household growth if EU migrants stay and establish relationships with the local population.

Further research

- 8.51 Given the limited scope of findings on this part of the research, it may be helpful to carry out further work to test the impressions and anecdotal evidence mentioned above.
- 8.52 Bromsgrove District Housing Trust can identify which of its residents are from black and minority ethnic groups and it also has a number of staff members from these groups. This presents an opportunity for further, primary research if the Steering Group can direct extra resources for this.

General issues and implications

- 8.53 Alongside the age-related issues noted above, the research identified a number of issues that span all consumer groups. These are:
- That there are strong pull factors to keep existing residents in the area, but few to attract younger people and ethnic minorities from outside. The more buoyant commercial sector, social and leisure facilities and established minority communities in the nearby urban centres look set to exert a stronger pull for the foreseeable future, unless property prices fall dramatically. This is a significant strategic challenge for the area, which if

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unchecked may compound the commercial decline that so many people mentioned.

- The British cultural aversion to living in flats seems to be alive and well in Bromsgrove. Both younger and older people seem to associate flats with a lack of security/privacy and the potential for noise and other disturbance. Several interviewees mentioned the desire to have their 'own front door'.
- Some neighbourhoods in Bromsgrove (particularly those with a higher proportion of social rented housing) seem to have a stigma attached to them and a poor local reputation. While this is not unusual, it's a highly relative perception, because these areas would probably be considered as problem-free and very desirable in a more inner-city setting. Interviewees mentioned problems with anti-social behaviour and drug dealing being central to the poor reputation and lack of appeal of these areas.
- Local people make strong connections between their housing choices and options and the impact of other community factors such as transport, shopping, parking, town centre renewal, empty properties, education and diversity. This calls for genuinely joined-up local governance and service delivery. It is unlikely that people's perceptions of living in or moving to Bromsgrove will change much without co-ordinated action across these areas. Young parents highlighted traffic volume/speed and road safety as a key concern in choosing a suitable neighbourhood for their children to live.
- All of the research and findings highlights the needs for a 'cradle to grave' approach to housing options and planning, that creates opportunities and market interventions at each stage of people's lives. Education about housing choices and financial awareness needs to start in schools, with targeted advice, and support to young people, families and older people up to extra care in later life. The various public, private and voluntary agencies that interact to provide the housing system in Bromsgrove need to harness and blend their efforts to produce the best mix of solutions.
- As a final 'sign of the times', we were struck that two young people on the Housing Register indicated that they were seriously considering moving abroad in order to meet their housing, work and lifestyle needs. This is an interesting inversion of recent migration trends.

9.0 DETERMINING THE FUTURE REQUIREMENT FOR HOUSING IN BROMSGROVE

Introduction

9.1 We have applied a five stage process to determining the future requirement for housing, including affordable housing:

1. Estimating the proportion of households able to access home ownership (full and low cost) and the tenure split of affordable housing;
2. Matching housing to household type - interpreting and applying national trends and their implications;
3. Projecting household growth by type and age;
4. Translating household growth into housing growth - by type and tenure; and
5. Estimating the affordable proportion of future housing supply.

Estimating financial access to housing and the tenure split of affordable housing

9.2 In determining the affordability of home ownership in Bromsgrove, we have followed CLG HMA Guidance by comparing Land Registry property prices at the lower quartile level for the most recent complete year (March 2007-February 2008) with CACI Pay Check Profile data of gross household incomes. In determining the affordability of low cost home ownership, we have modelled the costs of accessing the same property purchasing a 50% share and paying rent at 3% of the outstanding equity, which is equivalent to 70% of the full cost of purchase.

9.3 The following table compares the costs of purchasing a full cost home at the lower quartile entry level with HomeBuy and compares the implied proportions of households able to purchase these options.

Table 45: financial access to open market and new build HomeBuy properties, figures rounded

Full cost home ownership			HomeBuy		Social rented housing implied
Lower quartile entry level property price (less 10% deposit)	Income required (rounded)	Proportion able to purchase	Income required (70% of full cost purchase)	Proportion able to purchase	
£140k	£40k	38%	£28k	59% (+21%)	41%

(Source: CACI Pay Check data and HVC review of property prices)

9.4 Key findings:

- On the basis of this estimate of financial access to housing, between 38% of households across the district may be able to afford a property at the lower quartile price or below; and
- Between 41% of households may be able to afford a HomeBuy property at the lower quartile price or below.
- This implies that, if the overall supply of new homes reflected the local profile of income distribution:
 - 38% should be full cost purchase;
 - 21% New Build HomeBuy;
 - 41% social rented.
- In terms of the supply of affordable housing, this analysis implies a tenure split of:
 - 33% New Build HomeBuy; and
 - 67% social rented.

Estimating the future requirement for housing

Matching housing type to household type

9.5 Understanding the relationship between types of housing and the housing they occupy is a complex task dependent on a limited range of data sources. There are two main sources of relevance, both of which are published by the Department of Communities and Local Government:

- The 2006 'Survey of English Housing' which was published in April 2008; and

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- The 2005 'General Household Survey'.

9.6 These sources enable an assessment to be made of the relationship between households by type and age of the household reference person and the housing they occupy, and the following table summarises the main patterns.

Table 46: matching households to housing – national patterns in access to housing

Tenure	Target groups	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house
Social rented	Age range	16-34; 60+	16-34; 60+	25-34	25-44	25-44
	Household type	Young starters/ pensionable age	Young Starters/ pensionable age	Families + 1 child	Families + 2 children/ pensionable age	Families + 3 children
Private rented	Age range	16-34; 60+	16-34	25-34	25-44	25-44
	Household type	Frustrated buyers/ Pensionable age	Frustrated buyers/ pensionable age	Families + 1 child	Families + 2 children	Families + 3 children
LCHO	Age range	25-34	25-34	25-34	25-44	25-44
	Household type	First time buyers/ returning FTB	First time buyers/ returning FTB	Families + 1 child	Families + 2 children	Families + 3 children
Home ownership	Age range	25-34; 60+	25-34; 60+	20-34; 60+	25-44; 60+	25-44
	Household type	First time buyers/ pensionable age	First time buyers/ pensionable age	Families + 1 child	Families + 2 children/ pensionable age	Families + 3 children

(Source: HVC)

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- 9.7 On the basis of these patterns of housing choice and use, we can make an estimate of the type of new housing required to meet the changing profile of households in the Bromsgrove area. We have applied the following assumptions in deriving our estimate.
- Married couples will initially require smaller flatted accommodation until the age they have a family;
 - Cohabiting couples and lone parents will want and require similar types of housing to married couples;
 - Single person households will require one and 2 bed flats or houses;
 - According to their composition, multi-person households will require and accept flatted provision such as a residential care home, hostel or purpose-built student accommodation;
 - Special mention needs to be made of households at retirement age who are likely to continue living in their previous home unless more manageable options such as two bed flats and bungalows are available. The requirement for housing with care, including sheltered housing and extra care provision, is likely to increase at 85+.
- 9.8 On the basis of these patterns of housing choice and use, it is possible to estimate the types of new housing which might meet the requirements of new households in the Kettering area as follows:
- Married couples will initially require smaller flatted accommodation until the age they have a family;
 - Cohabiting couples and lone parents will want and require similar types of housing to married couples;
 - Single person households will require one and two bed flats or houses;
 - According to their composition, multi-person households will require flatted provision such as a residential care home, hostel or purpose-built student accommodation;
 - Special mention needs to be made of households at retirement age who are likely to continue living in their previous home unless more manageable options such as two bed flats and bungalows are available; and
 - The requirement for housing with care, including sheltered housing and extra care provision, is likely to increase at 85+.

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9.9 The following table summarise the implications of these assumptions by matching suitable properties to household types by age.

Table 47: type of housing required by household type by age

Age range	One Person/couple	Families with children
16-34	1-2 bed flat	2 bed house
35-44	2 bed flat	3 bed house
45-64	2 bed flat	3 bed house
65-84	2 bed flat/bungalow	-
85+	Housing with care	-

(Source: HVC)

Projecting the impact of household growth

9.10 It is possible to apply these assumptions to estimates of household growth to determine the future requirement for housing, but the required data providing projections of newly forming households is not available. However, the data available enables a modelling of household growth and of the impact of this projected growth on the future requirement for housing. The following table begins this process by summarising projected changes (from ONS sources) in the total population by age and of household numbers.

Table 48: total households and population by age, projections for the Bromsgrove DC area, 2006-2026

Age group	2006			2016		2026	
	Population		Population	Change 2006-2016 (%)	Population	Change 2006-2026 (%)	
15-29	14,000	-	14,900	+6.4%	14,200	+1.4%	
30-44	19,300	-	17,400	-9.8%	19,100	-1.0%	
45-64	25,800	-	27,600	+7.0%	27,100	+5.1%	
65-84	14,500	-	18,400	+26.9%	20,900	+44.1%	
85+	2,200	-	3,000	+36.4%	4,300	+95.5%	
Households	37,000	-	42,000	+13.5%	45,000	+21.6%	

(Source: ONS Revised 2004-based Sub-national Population Projections and 2004-based Sub-regional Household Projections)

9.11 Key findings for the period 2006-2026:

- households are projected to grow by 22% (8,000);
- There is small projected growth in those aged 15 to 29 (the household forming cohort), but this is matched by a fall in those aged 30 to 44;
- There is a 5% projected growth in the 'middle aged' group;
- The largest growth is projected to take place among those aged 65 to 84; and

- There will be very large growth in those aged 85+.

9.12 The current projection is for an increase of 8,000 households by 2026. Nationally, two thirds of this growth is projected to arise from increases in one person households, especially from older divorced and other single people living alone, and this trend is especially pronounced in the 45 to 64 age group. We have applied a more conservative assumption to population growth in the following table, that 50% of the increase in households will arise from one person households, with the remainder divided between two person and family households according to age cohort.

Table 48: estimated increases in household types by age, 2006-2026

Age group	Population increase	One person households (50%)	2 person households	Family households
15-29	+200	+100	+50	-
30-44	-200	-100	-50	-
45-64	+1,300	+650	+200	125
65-84	+6,400	+3,200	+1,600	-
85+	+2,100	+1,050	+525	-
Total	+17,300	4,900	2,325	125

(Source: 2004-based Sub-regional Household Projections and HVC estimate)

9.13 Key findings:

- On the basis of these assumptions, there is a projected growth of 7,300 households consisting of:
 - growth of 150 households in the youngest household group;
 - decline of 150 households in the 30-44 age group;
 - growth of 975 in middle aged households;
 - growth of 4,800 in pensioner households aged 65-84; and
 - 1,575 in the older elderly in greatest need of housing with care.

9.14 The following table applies these projected increases in household numbers by age to provide estimates of the impact on the number of properties of different types which may be required to meet their requirements by 2026.

Table 49: properties by bed size and type matched to household types, projected numbers and percentages

2 bed properties	3 bed house	2 bed older persons housing	Housing with care for older people
+850	+125	+4,800	+1,575

(Source: HVC estimate)

- 9.15 These estimates suggest the housing requirements arising from household growth will be:
- 850 two bed general needs properties;
 - 4,800 two bed properties for people of retirement age;
 - 1,575 properties suitable for the older elderly; and
 - 125 three bed houses.
- 9.16 These estimates imply the need for a dramatic change in house building in the district towards providing many more two bed homes for all age groups. Failure to provide alternatives for the rapidly increasing pensioner population will result in most people staying in their existing family homes - as is currently the case - with the effect of dramatically reducing the supply of such properties in the local housing market.
- 9.17 NB: It must be emphasised that these estimates relate solely to the projected increase in households, and not to any internal changes which may take place within the baseline total. Only data profiling all newly forming households can provide a comprehensive picture of the full impact of the changing profile of households.

Meeting the requirement for affordable housing

Introduction

- 9.18 We have developed and applied an approach to meeting the future requirement for affordable housing which is based on modelling undertaken by Glen Bramley for DETR, now DCLG, and for the National Housing and Planning Advice Unit. The model consists of three stages as follows:
1. Estimating the annual future requirement for affordable housing;
 2. Estimating the annual future supply of affordable housing; and

3. Estimating the implications of the first for the second in terms of the annual affordable proportion of future housing supply required over a defined policy period.

9.19 As explained below, a range of data sources and assumptions can be applied, and in this initial report, we have applied those which identify the 'best case scenario' in terms of lower affordable housing need and higher housing supply.

The components of the affordable housing methodology

9.20 As a preface to the worked model, we have summarised the data applied and the sources consulted below.

The policy period

9.21 We have applied a ten year policy period, but any period can be modelled. Current Guidance on the appropriate policy period is less prescriptive than previously and states:

“The net figure derived should be converted into an annual flow using assumptions about the number of years that will be taken to address the backlog. Levels of unmet need are unlikely to ever fall to nil given that peoples’ housing circumstances change and there will always be households falling in and out of housing need. The quota should be based upon meeting need over a period of five years, although longer timescales can be used. In particular, there may be merit in linking quotas to the remaining time period of adopted housing policies in plans. For the component of need derived from existing affordable housing tenants, partnerships could estimate the proportion that are expected to be re-housed based on previous allocations. Whilst the decision is the responsibility of individual local authorities, partnerships should bear in mind the need for comparability. Partnerships should avoid using a period of less than five years in which to meet unmet current need. If a five-year period is used, this means that 20 per cent of current unmet need should be addressed each year. The output of this should be an annual quota of households who should have their needs addressed”.

(CLG, 2007, *Strategic Housing Market Assessment. Practice Guidance*, p. 52).

Estimating the future need for affordable housing

New household formation

9.22 The two cohorts which are conventionally most relevant to the formation of new households are those aged 16 to 34 but data concerning projected

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changes within the current baseline population are not available. In relation to population change to 2026, there is no projected growth in this age cohort, which may in part be due to retrospective trends in the outmigration of younger households being incorporated into population projections. The impact of relationship breakdown in the 45 to 64 age cohort is placing new demands on the housing system, including the affordable sector, and we have included projected growth of 975 households in this age cohort, equivalent to 50 households per annum.

Proportion of new households unable to afford full cost home ownership

- 9.23 We have undertaken this assessment above and have applied the estimate derived.

Waiting list backlog over the policy period

- 9.24 This data is drawn from the Housing Strategy Statistical Appendices (HSSA) for each district and for the year to March 2007.

Net migration

- 9.25 The convention is to assume that of in-migrants, currently estimated at 240 per year (600 divided by average household size of 2.5), 33% will require affordable housing. We have also included an estimate of 33% of international migrant workers requiring affordable housing and have derived the number of households concerned by dividing the population figure by the average current household size of 2.5. We have applied this formula to the average annual number of migrant workers since 2004-05 (150) to derive a further figure of 60 households.

The impact of migration is a critical factor in predicting the future requirement for affordable housing which will need monitoring and reviewing.

Owner occupier households

- 9.26 This is a research-based measure of the proportion of owner occupiers (0.234%) who will require affordable housing in the future, and is based on 2001 Census data.

Supply

Social sector lettings

- 9.27 This data is drawn from HSSA and CORE (Continuous Recording) data sets.

Intermediate housing re-sales

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9.28 This data is drawn from CORE (Continuous Recording) data sets.

New housing supply

9.29 This data is drawn from the 2006-07 Annual Monitoring Report.

The stages of the modelling

9.30 The stages are set out in the following table:

Table 50: meeting future housing need in Bromsgrove

Need	Data
Average annual additional household formation	50
Proportion unable to afford full cost home ownership	62
Implied annual need from newly forming households	31
Waiting list	1,852
Annual waiting list backlog over policy period	185
Net in-migrant households unable to afford full cost home ownership	20
Annual waiting list undercounting	20
Owner occupier households requiring affordable housing	50
<i>Total annual affordable housing need</i>	<i>74</i>
Supply	360
Social sector lettings	285
Intermediate housing sales	5
<i>Total affordable housing supply</i>	<i>290</i>
Meeting Housing need	
Net annual affordable housing need	70
Projected new housing supply	150
<i>Affordable housing need as a proportion of projected new supply</i>	<i>47%</i>

(Source: HVC)

9.31 Key findings:

Modelling implies that affordable housing provision needs to be made for 70 households per year for the next 10 years which, based on a supply of 150 new homes, for example, implies a 47% affordable housing requirement.

The accuracy of the estimate of the future requirement for affordable housing

Introduction

9.32 A range of indicators has identified a housing market distorted towards the supply of larger and higher value homes which places those in need of

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affordable housing, especially young and newly forming households, at a disadvantage. These indicators include:

- a low supply of smaller homes;
- a low supply of social rented and other affordable housing;
- a low supply of new social rented and other affordable housing;
- a declining stock of social rented housing; and
- high property prices.

9.33 However:

- the waiting list has risen only slightly, and
- to 2026, there is no projected increase in the main household forming population aged 16 to 34, and therefore no projected increase in the need for affordable housing.

9.34 Two questions arise in this context:

1. is the recorded level of housing need accurate, and
2. are projections of household formation at aged 16 to 34 - and therefore of future housing need - an underestimate?

These two questions are addressed below.

Is the recorded level of housing need accurate?

9.35 The local surveys of 28 people who were either Bromsgrove Low Cost Housing applicants or who had accessed a recent Intermediate Housing scheme identified that only 9 people (32%) were registered on the council's waiting list. Most people were under 35 (71%); half were employed in the district; almost 40% were earning under £20k and one third had been looking for a home for more than two years. This suggests that there may be an undercounting of eligible applicants of in the region of 20 per year.

Are projections of household formation at aged 16 to 34 - and therefore of future housing need - an underestimate?

9.36 There are a number of indicators which suggest that this is the case:

1. high levels of outmigration among those aged 16 to 24

9.37 It is typical to identify net population losses at this age due to migration for employment; into higher education and for a changed lifestyle. Trends are derived from NHSCR data which records registrations and de-registrations with GPs. It is widely recognised that this age group, and especially young men, are less likely to register with a GP and that their figures may well be an underestimate. Between June 2001 and 2006, there was a net loss of 900 people aged 16 to 24 from Bromsgrove, and of 300 in the most recent year for which data is available, June 2005-2006.

9.38 Trends in neighbouring districts were as follows:

- Wyre Forest – 200 loss
- Worcester – 200 gain (University city)
- Redditch – no gain/loss
- Stratford – 400 loss

In the context of neighbouring districts, Bromsgrove's loss trend is relatively high.

9.39 The main destinations for young movers from Bromsgrove in 2005-06 were:

- Birmingham – 100
- Redditch – 50
- Solihull – 30
- Stratford – 30
- Wyre Forest – 30

These destinations provide employment and higher education opportunities, and in most cases, lower cost housing options.

2. high levels of inward commuting

9.40 The 2001 Census identified the following commuter patterns:

- over 4,000 commuting from Birmingham and almost 11,000 in the opposite direction;
- almost 2,800 commuting from Redditch and almost 2,600 in the opposite direction;
- over 1,500 commuting from Dudley and almost 2,000 in the opposite direction;
- Over 1,500 commuting from Wychavon and almost 1,500 in the opposite direction.

3. the lower incomes of those working in Bromsgrove

9.41 The following table profiles all employees in Bromsgrove by sector for the period January to December 2007:

Table 53: employees in Bromsgrove by employment sector, 2007

Sector	Number	%
Distribution, hotels and restaurants	10,700	22.2
Transport and communications	1,100	2.4
Banking, finance and insurance	8,800	18.3
Public administration, education and health	11,300	23.5
Other services	2,600	5.4
<i>% all in employment who work in services sector</i>	<i>34,500</i>	<i>71.7</i>
Manufacturing	6,600	13.7
Construction	6,500	13.5

(Source: NOMIS Annual Population Survey, 12.07)

9.42 Key findings:

- over 70% of all employment in Bromsgrove is in the service sector;
- the public administration, education and health is the largest employment sector;
- followed by distribution, hotels and restaurants.

4. *the lower purchasing power of those working in Bromsgrove*

9.43 From the 2007 Annual Survey of Hours and Earnings (ASHE) median (mid-point) gross annual pay:

- for employees in Bromsgrove was £19,444;
- for residents in Bromsgrove was £28,371

9.44 There is a substantial difference between these two figures which implies that those working in Bromsgrove - including in-commuters - have a much lower purchasing power in the housing market.

5. the purchasing power of those working in Bromsgrove in the district's housing market

9.45 The following table summarises the potential purchasing power of a single and a joint income household in receipt of the median gross income figure.

Table 54: the potential purchasing power for home ownership of households in receipt of median incomes

Household type	Income level	Mortgage income multiplier	Mortgage implied	No. of all properties sold in 2007-08 which were affordable	% of all properties sold in 2007-08 which were affordable	Current re-sale access level price
Single income	£19,444	3.5	£68,054	9	0.5%	2 bed: £120k
Joint income	£38,888	2.9	£112,775	107	6.5%	3 bed: £150k

(Source: HVC analysis)

9.46 Key findings:

- those working in Bromsgrove are almost entirely excluded from the home ownership market.

Comment

9.47 Linking together these indicators, there is an implied dynamic of local young people/households (and others) who are working in Bromsgrove but whose incomes are insufficient to enable them to buy a home in the district having to move to neighbouring lower cost areas and commute in to work each day. If this has been taking place for some time (five years+), it may explain the projected lack of population (and household growth) in lower age groups, as projections are based on retrospective trends.

9.48 Such households might not aspire to social rented housing - or they may not be eligible - but other affordable Intermediate options may well prove attractive to this group such as the recent Intermediate Rent scheme.

9.49 At this stage, it is also worth re-stating the following summary of the interviews with young people which reinforces the above analysis:

- Taken together, these findings show a need to develop flexible 'housing pathways' that reflect younger people's incomes and aspirations as much as possible. There is clearly a need for more bespoke housing products (for example, rent-to-mortgage schemes) that will help people progress from low- cost renting to outright purchase.
- The low awareness of and caution about shared ownership suggests that HomeBuy options need to be more effectively publicised and promoted to younger people. More generally, young people need more information and opportunity to consider and decide on their housing options from school age onwards. This needs to include a stronger focus on the role and identity of housing associations.

10.0 DYNAMICS AND DRIVERS IN THE BROMSGROVE HOUSING MARKET

Drivers in the Bromsgrove housing market

- 10.1 There are powerful drivers at work shaping both the choice of housing in Bromsgrove and the future profile of the population to the extent that the housing market is increasingly unable to meet the requirements of the resident population.

The Changing Demographic Profile: new demands on the housing system

- 10.2 The population and household structure of Bromsgrove is changing from four directions, all of which have implications for the need and demand for housing as follows:

1. the internal structure of the population is changing with stability to slight decline projected in the working age population but very high growth projected in the older population over the next 20 years with the 85+ age cohort almost doubling. The impact of this change is likely to be a dramatic increase in the need and demand for smaller homes in both market and affordable sectors, especially by providing routes for older people to 'downsize', and in the associated provision of housing with care. Failure to provide such pathways for the growing older population risks creating a logjam in the market circulation of family housing.
2. the number of households is projected to increase by 22% to 2026 (twice the population rate), with particularly large increases for cohabiting couples and single people – whose numbers are projected to increase by over 50%. Such trends also imply a huge increase in the need and demand for smaller two bed homes.

The Impact of Migration: a family phenomenon

- 10.3 Driven by the availability of new family housing, Bromsgrove has experienced high levels of net in-migration since 2001, especially of families with school age children, but also of pensioners. This growth has been equivalent to an average of almost 400 households per year. At the same time, there has been an average loss of almost 200 younger people aged 16 to 24. Such a trend is not unusual, with movement into higher education and employment, but affordability is almost certainly a factor.
- 10.4 The district has also experienced the in-migration of foreign workers, most noticeably from EU Accession countries. Whilst only 100 workers were registered from this country in 2003-4, 180 were recorded in 2005-6. The impact on the housing market is likely to be two fold, a short-term demand for private rented housing, followed by an unpredictable demand for more permanent housing if migrant workers settle in the area. The extent of this

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settlement is, as yet, unknown though studies suggest that this may be as high as 50%.

The structure of the housing market: constraints on choice

- *An imbalanced housing market*

10.5 The housing stock is highly skewed in three respects:

1. In relation to property type: in the very high proportion of larger detached homes and in the low supply of smaller terraced homes, and especially of flats and maisonettes;
2. In relation to size: as a corollary of the above, in the high proportions of larger four and five bed family homes and in the low supply of smaller one and one homes, and,
3. in relation to tenure: in the well above average home ownership sector and the well below average social and private rented sectors. Since 2001, there has been an overall loss of 134 social rented dwellings through the mismatch between the 'right to buy' and low levels of new supply.

10.6 Such a structure of supply provides a good choice of homes for those seeking family housing, especially in the market sector, and will act as a 'pull' factor in exacerbating migration from the conurbation. However, housing supply offers a much more limited choice of homes for single people and couples, especially in the affordable sector. This pattern of constrained choice is evident across the main tenures as follows.

- *The social rented sector: a strong demand across the sector*

10.7 In the context of reduced supply and the growth in property prices, demand for all property types has grown by 30% since 2002 with an increase of 61% for three bed homes. The highest applications: lettings ratios currently for one bed bungalows; one bed flats and one bed houses.

- *The home ownership sector: providing good choice for families*

10.8 In contrast with the social rented sector, supply in the home ownership sector is skewed towards family housing, and the main property types traded are semi-detached (38%) and detached properties (40%) with smaller one and two bed properties making up less than one in five sales. As a result, the demand for smaller and more affordable homes is very strong.

10.9 The supply of new housing - which now constitutes only 3% of all annual sales - continues to be geared towards larger family homes, and this will act as a further draw for movers into the area. Almost half of all new homes sold

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in Bromsgrove between 2004 and 2007 were detached; 30% were semi-detached or town houses and only one in four were smaller flats. Increasing the supply of more smaller and affordable aspirational homes remains a major challenge for the authority.

- *The role of the private rented sector: a key 'intermediary' provider*

10.10 In the combined circumstances of strong demand for affordable housing, a limited supply of both smaller and larger homes in the social sector, and of smaller homes for owner occupation, the private rented sector plays a crucial 'intermediary' role in meeting local need and demand. As a result, competition for available properties is strong with typical access prices of £450 for a two bed and £600 for a three bed property. Such rents are almost twice the equivalent social rents but still below the cost of home ownership. The challenge here is how to grow this sector by maximising the use of properties such as empty homes and flats over shops.

Affordability and financial access to housing

10.11 As a 'best case' scenario, we have estimated that access to home ownership for a two bed re-sale home at an entry level price of £140k is likely to be less than 40% of single income households, and that shared ownership (New Build Home Buy) options would improve access rates by 20%. This implies that 40% of newly forming households will require social housing, and that in terms of new affordable housing, one third should be Intermediate and two thirds social rented housing.

Priorities for intervention

Creating 'housing ladders' for Bromsgrove's residents

10.12 Modelling housing costs for a range of two and three bed products identifies the gulf between the costs of social and private renting, and the extent to which home ownership is inaccessible for the majority of new households. However, this modelling also demonstrated the impact of extending choice through the development of low cost home ownership options, especially New Build and Open Market HomeBuy.

Improving choice for local people

10.13 From our analysis of the challenges facing the district in creating a more balanced housing market - especially to improve the choice of housing for local people - the priorities for intervention are:

- to increase the supply of affordable and financially accessible housing across the tenures, from low cost 'starter homes'; through shared ownership and shared equity options to sub-market and social rental

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properties. We would strongly advise developing - with key strategic partners - an affordable housing strategy which identifies those products which best fit Bromsgrove's changing population, local incomes and housing market dynamics, and which identifies how a combination of capital receipts, subsidy and planning policy can improve the supply of affordable homes across all the housing stock.

- to increase the supply of smaller and especially two bed homes in all sectors. In the owner occupied sector, there is growing evidence, including that from local estate agents, of declining demand for one bed flats, and we would strongly advise against building such properties, including for shared ownership, unless there is clear evidence of demand. In the market sector, the challenge is to develop affordable, aspirational and viable two bed products. In the context of the tendency for developers and house builders to build larger family homes, this priority will need to be reflected in planning policy and practice.
- to stimulate the supply of private sector homes, for example, through bringing empty properties back into use and by developing flats over shops, including giving consideration to making Private Sector grants and loans directly to landlords to stimulate such activity.
- to encourage the development of good quality and aspirational homes for older people, especially in the market sector, providing mainly two bed properties, and including consideration of encouraging mixed tenure retirement communities and/or villages providing a full range of housing and care options. In the social sector, the development of attractive options for older people has the additional advantage of increasing the supply of currently under-occupied family houses.