

A Strategic Housing Market Assessment

For

The South Housing Market Area

Of the West Midlands Region

Prepared by:

**Rupert Scott
Affordable Housing Consultant**

On behalf of

The South Housing Market Partnership

Final Report: April 2007

Contents	page no.
1. Introduction – Aims and Objectives	3
2. The Study Area and Its Context	5
3. Overview of Methodology	8
4. Regional and Sub-Regional Strategy	10
5. The Current Housing Stock	18
6. The Current Housing Market	20
7. Influences on Housing Supply & Demand	26
8. Supply and Demand in Social Sector	35
9. Current Unmet Housing Need (Backlog)	40
10. Future (Newly Arising) Housing Need	43
11. Future Housing Supply – Market & Affordable	53
12. Amount of Affordable Housing Required	57
13. Type of Affordable Housing Required	61
14. Affordable Housing Requirements by District	68
15. Housing Needs of Minority Groups	85
16. Housing Needs of Rural Areas	89
17. Monitoring and Updating	92

Tables:**Page No.**

1.	Local Housing Market Areas – Description	5
2.	Total Trend Based Housing Demand – by District	11
3.	RSS Spatial Options 2 & 3 – Total Dwelling Requirements 2001-26	11
4.	Affordable Housing Completions by District 2001-5	15
5.	Lower Quartile and Number of Sales – 2005/6 – by District	22
6.	Lower Quartile and Number of Sales – 2005/6 - by Market Area	23
7.	Lower Quartile Prices by Type – Nov. 2006 – by District	23
8.	Average Prices for All Properties – 2003/6 – by District	25
9.	Affordable Completions – 2002/6 and 2006/11 – by District	29
10.	Potential Affordable Housing Supply post 2011 – by District	30
11.	Social Housing Stock – by Local Housing Market Area	35
12.	Social Housing Re-Lets – 2005/6 – by Local Housing Market Area	35
13.	Social Housing Re-Lets – 2005/6 – by District	37
14.	Social Need: Re-Lets and Waiting Time – by Local Market Area	37
15.	Social Need: Re-Lets and Waiting Time – by District (Net of Transfers)	38
16.	Rates of Backlog Reduction – by Local Housing Market Area	41
17.	Rates of Backlog Reduction – by District	41
18.	Annual Newly Arising Need by Local Housing Market Area for 2006	47
19.	Annual Newly Arising Need by District for 2006	49
20.	Households Falling Into Need – by Local Housing Market Area	50
21.	Households Falling Into Need – by District	50
22.	Gross Annual Housing Need – by Local Housing Market Area	52
23.	Gross Annual Housing Need – by District	52
24.	Projected Annual Level of Social Re-Lets – by District	54
25.	Predicted New Housing Supply – 2005/11 and Post 2011	55
26.	New Affordable Housing – 2005/11 and Post 2011 – by Local HMA	56
27.	Annual Affordable Housing Shortfall - by Local Housing Market Area	57
28.	Annual Affordable Housing Shortfall - by District	58
29.	Net Household Change – 2006-26 by Type of Household	59
30.	Net Affordable Housing Need – 2006-26 by Type of Household	60
31.	Annual Housing Need & Supply by Tenure – South Housing Market Area	65
32.	Annual Housing Need & Supply by Tenure – Combined LHMA's	66
33.	Housing Need & Supply by Tenure – Bromsgrove District	68
34.	Housing Need & Supply by Tenure – Malvern Hills District	70
35.	Housing Need & Supply by Tenure – Redditch Borough	72
36.	Housing Need & Supply by Tenure – Worcester City	74
37.	Housing Need & Supply by Tenure – Wychavon District	76
38.	Housing Need & Supply by Tenure – Wyre Forest District	78
39.	Housing Need & Supply by Tenure – Stratford District	80
40.	Housing Need & Supply by Tenure – Warwick District	82
41.	Summary of Affordable Shortfalls and Supply by District	84

1. Introduction – Aims, Objectives and Approach

1.1 The Approach to this Assessment

The South Housing Market Partnership has adopted what is believed to be a unique approach to carrying out a sub-regional Strategic Housing Market Assessment that is fully in accordance with the Government's draft replacement guidance (December 2005) and Planning Policy Statement 3 (PPS3) Housing (November 2006).

In addition to pooling the resources of 8 district councils across 2 counties, and a number of RSLs, it has engaged the services of the Worcestershire County Council Research team that was already undertaking much of the research and technical background work for the partial review of the West Midlands Regional Spatial Strategy. Working Groups have also been established to look at specific areas of Gypsy and Traveller accommodation needs, and the needs of other minority groups including those in need of supported housing.

This has given the commissioning Project Management Team access to a range of information and expertise that is not usually available to this type of assessment, and in the process it has identified additional sources of information and refined the methodology so that it can be held up as an example of best practice that can be replicated across the region, and indeed in other regions as well.

1.2 The Assessment Aims:

- a) To facilitate informed and co-ordinated sub-regional engagement by the South Housing Market Partnership with the Regional Spatial Strategy review process, and potentially a review of the Regional Housing Strategy; and**
- b) To provide technical and policy advice for Local Housing Strategies and Local Development Documents for all eight of the South Housing Market Partnership member authorities.**

1.3 The Assessment Objectives:

- Analyse trends and survey data to produce a detailed understanding of the local housing markets and affordability issues within the sub region.
- Enable the development of both short-medium and long-term strategic views on the need and demand for both market and affordable housing in these areas.
- Enable comparison of the trends identified from the analysis of data with the outcomes proposed in draft policy in order to further inform both the regional housing and planning policy debate.
- Provide evidence to support policies in Local Development Frameworks on the different types and sizes of housing needed to enable the development of balanced communities within the market area (and any sub areas) and by local authority area and any sub areas.

- Inform decisions on the amount and mix of housing to be provided in different parts of the sub-region.
- Inform decisions on how housing need translates into different sizes and types of affordable housing (i.e. social rented and intermediate housing) to aid policy formulation.
- Identify, as far as is possible, the accommodation needs of particular groups (e.g. key workers, homeless households, gypsies and travellers, black and minority ethnic groups, people with learning difficulties, first time buyers, students, disabled people, older people, etc)
- Back up a variety of decisions on matters including social housing allocation priorities, private sector renewal options and the evaluation of new-build low cost home ownership. It may also contribute to the development of housing policies on the quality of housing including stock conversion, demolition and transfer in areas where the type and quality of housing is inadequate.
- Assess the linkages between the housing market and the local economy, including the influence of the investment market.
- Identify the factors needed to create balanced housing markets and sustainable communities, and help to inform the provision of services such as education and transport.
- Enable the development of local expertise and develop a toolkit or methodology to enable regular updates of information so that stakeholders can maintain the data base without recourse to new primary surveys.
- Provide the information in a format that will enable it to be shared and disseminated to a wide range of interested parties (e.g. Local community partnerships, Town and Parish Councils, estate agents, Housing Associations).

2. The Study Area and Its Context - Local Housing Markets

2.1 Background

Local administrative boundaries generally bear very little relationship to the patterns of price comparability, commuting and leisure activities that characterise local housing markets. The West Midlands Regional Housing Strategy (RHS) and Regional Spatial Strategy (RSS) have defined 4 sub-regional housing markets, and expect each of these to identify local housing markets and differentiate between them for the purposes of applying appropriate policies and investment priorities.

The South Housing Market Area comprises the 6 districts of Worcestershire and the 2 districts of South Warwickshire (Stratford upon Avon and Warwick). Within this area the Project Management Team have adopted the framework of 10 Local Housing Markets, as proposed by the Worcestershire County Council Research Department, and as set out in the table below and in the map at Appendix 1:

Table 1: Local Housing Market Areas – Description

Local Housing Market Area Name	Description
Worcester	Worcester city, plus surroundings to the edges of Pershore, Malvern, Bromyard, Tenbury & Droitwich
Warwick and Leamington	Warwick District excluding Kenilworth and Stoneleigh, plus north eastern part of Stratford District
Wyre Forest	Kidderminster, Stourport, Bewdley, Cleobury Mortimer and Hartlebury
Redditch	Redditch town and rural areas to the south west only
Stratford-on-Avon	Stratford-on-Avon District, excluding the north eastern part and Henley in Arden/Earlwood
Bromsgrove	Bromsgrove town and immediate surroundings only
Malvern	Malvern town and southern parts of the district only
Evesham	Evesham town, the Littletons and Lenches, plus Harvington, Honeybourne and Elmley Castle
Droitwich	Droitwich town, Cutnall Green, Wychbold and Hanbury
Pershore	Pershore, and a small area mainly to the south west

These areas exclude some parts of the 8 districts Worcestershire – most significantly the northern and north eastern parts of Bromsgrove District which are more closely related to Dudley and Birmingham and those parts of Stratford and Warwick Districts which are on the edge of Solihull and Coventry. They also exclude the outlying settlements of Tenbury and Broadway, neither of which exhibit strong connections with the main towns on which local housing markets are centred, or with main towns in adjacent sub-regions.

Conversely, three of the areas extend into parts of Herefordshire and Shropshire, but only to a very limited extent both in terms of geography and population, and these small areas have not been included within the Assessment.

The total population recorded in the 2001 Census, was just over 703,000. The 10 Local Housing Market Areas (LHMAs) vary in size quite significantly:

The largest of the Local Housing Markets are Worcester, with almost 132,000 population and Warwick, with 129,000. Wyre Forest (106,000) and Redditch (92,000) are only slightly smaller, followed by Stratford-on-Avon (70,000). Bromsgrove (50,000), Malvern (46,000) and Evesham (41,000) are closely grouped together, with the smallest being Droitwich (25,000) and Pershore (13,000).

The Assessment, wherever possible, presents information on the basis of both Local Housing Market Areas and Districts, and it should be noted that these will result in two different totals, as the sum of the 10 Areas will not equal the sum of the 8 Districts. It is anticipated that future decisions on land allocations and investment will be mainly based on the Areas, and that while housing and planning strategies will also be heavily influenced by them, the specific policies will have to continue to be formulated and implemented on a District basis.

2.2 Local Differences within the South Housing Market Area

- While median gross annual earnings (residence based) were £25,925 for Bromsgrove and £25,193 for Malvern Hills, in Wyre Forest the figure was only £19,773, while the other districts were much closer to the county and regional averages in the range £21,500 to £23,000.
- Work place income is significantly lower than residence based income, at £20,536, compared with £25,925, which suggests that people who employed in the county are earning significantly less than those who travel to work outside the county, and are therefore at a disadvantage in competing for housing. This is confirmed by the fact that of those commuting out of the county the proportion who are managers or senior officials is almost twice as high as for the total workforce.
- Workplace income does not show the same variation between districts as residence based earnings, with the figures in a narrow band between £19,768 and £20,908. This shows that affordability for households employed locally will be worse in the higher priced areas, as while house prices will undoubtedly be affected by the higher residence based earnings, they clearly have little relationship to work place incomes. In fact, Bromsgrove, which has the highest residence based earnings, has the lowest workplace based incomes and among the highest housing costs.

2.3 Commuting Patterns and Trends

- The number of Worcestershire residents travelling out of the county to work increased between the 1991 and 2001 census by 26.4% - to around 25% of the total workforce. Most of this growth is in a southerly direction, to Gloucestershire, Warwickshire, Herefordshire and London rather than north to the traditional destinations in the West Midlands conurbation. To some extent this will be due to improved communications such as the M42 and M40.

- While the average distance travelled to work is less than 2km, there has been a big increase in the numbers travelling longer distances: between 1991 and 2001 the numbers travelling 20km or more increased by more than 50%, and the further the distance travelled the greater the rate of increase.
- Those who work from home, or have no fixed workplace, have increased by 30% over the same period, and the majority are located in the two most rural districts – Malvern Hills and Wychavon.
- Almost twice as many people travel out of the county to work as travel in from outside – a difference of around 33,000 people. Bromsgrove and Wychavon have by far the highest net outflow of commuters, followed by Wyre Forest and Redditch. Worcester and Malvern Hills have the smallest net outflows.
- Given that Worcester is positioned in the centre of the county, the scale of its inward commuting gives added justification for its role as a sub-regional focus for growth: Almost 5,000 people who work in the city commute in from outside the county. This may also be a reflection of the fact that Worcester has increased its share of the county's total workforce.

2.4 Growth Prospects

Overall, the growth prospects for the county's economy are very similar to the regional and national projections. These are generally quite positive but, with some notably negative features for housing affordability:

- Employment growth is expected to be in the higher paid categories, with a reduction in the lower paid ones (this is also in line with regional and national forecasts)
- The districts with the highest proportion of jobs in the growth sectors of the economy are Wyre Forest, Wychavon and Worcester (in that order).
- The proportion of employees in high tech and knowledge based industries is lower than either regionally or nationally, and the proportion in low tech industries is higher.
- Farm incomes have increased at a far slower rate than in the country as a whole.
- Income growth, based on residence, for 2002-4, was faster in Warwickshire (13.5%) than in Worcestershire (10%).

More detailed information on the identification of local housing markets, and on their characteristics is contained in the following appendices:

Appendix 1 - Approach used in defining local housing market areas in Worcestershire – Report by Worcestershire County Council Research & Intelligence Unit

Appendix 2 - Map of Local Housing Market Areas

Appendix 3 - Additional Information on Local Housing Market Areas

3. Overview of Methodology

3.1 The Basic Needs Assessment Model:

Government guidance on Local Housing Need Assessment (July 2000) established the following formula for arriving at the amount of affordable housing needed each year, and the draft replacement guidance makes no substantive change to this:

Backlog Reduction <i>Plus</i>	The total number of households in need at the date of the assessment, divided by the number of years over which this backlog should be eliminated – normally, and certainly not less than, 5 years.
Newly Arising Need <i>Plus</i>	The number of new households that will form each year and have an income that is insufficient to enable them to access the market without assistance.
Households Falling into Need <i>Equals</i>	The number of existing households each year who will experience a change of circumstances that makes them no longer able to remain in open market housing.
Gross Annual Need <i>Less</i>	The total number of households requiring some form of affordable housing in any one year.
Annual Supply from Existing Stock <i>Equals</i>	The number of affordable dwellings becoming available for re-let or re-sale to households not already in any form of affordable housing.
Net Annual Shortfall	The number of additional affordable dwellings required each year to meet that part of the Gross Annual Need that is not met from within the existing housing stock.

(The Guidance in fact suggests that the level of new affordable supply that has already been committed should be added to the Annual Supply figure, before arriving at a net additional shortfall. However, this makes monitoring more complicated, as the level of commitment may not be the same as the actual out-turn figure, and it seems more straightforward to express the Net Shortfall in the way set out above. This can then be compared with the level of supply that can be projected, and which may change over the period being considered.)

3.2 Key Aspects to the Assessment Process

The task of assessing housing needs, however, is much more than a calculation of the need for a total number of additional affordable dwellings, and draft replacement guidance reinforces some of the key messages that were present in the original version but have not been widely adopted:

3.2.1 The Whole Market Approach

The need for affordable housing should not be considered in isolation from the rest of the housing market – from both turnover and new supply in the market sector as well as the social sector, and from the emerging intermediate and private rented sector.

3.2.1 The Use of a Wide Range of Data Sources

There are extensive data sources that can be brought together to inform not only the recent past but also the projections of future demand, need and supply. The replacement guidance strongly advises against carrying out expensive primary research unless it is clear that there are no suitable existing sources of information, and even then only if the results are likely to be cost effective.

3.2.3 Local Administrative Data

Problems with consistency, reliability and flexibility have made it hard to use the substantial amount of information available from housing departments and RSLs. This Assessment has invested considerable time and effort to overcome these problems and ensuring that they are available for future monitoring of **Backlog Need, Falling into Need and Annual Supply** from both existing and new stock.

3.2.4 The Limitations of Local Household Surveys

The largest element of housing need is generally **Newly Arising Need**, which is the one element that the original guidance specifically advises against being based on survey responses. This is the one of the areas that the Worcestershire County Council Research Department has made a major contribution, developing a detailed **forecasting model of newly forming households by both size and income**.

3.2.5 Stakeholder Involvement

As well as the collection and analysis of data, an Assessment needs to be informed by those who have accumulated experience and knowledge in their roles as providers, advocates and researchers, and their active involvement can add not only additional useful information, but also greater credibility and understanding. This has been achieved in two ways:

Through an extensive Project Management Team with representatives from the housing and planning departments of each council, from both county councils and the Regional Assembly, and from a number of RSLs, and

Through a seminar and a conference during October 2006 at which a wider range of stakeholders were consulted, and through presentations and discussion of the draft report with senior housing and planning officers of each district.

A more detailed review of government guidance, including affordable housing definitions, is set out in Appendix 4.

4. Regional and Sub-Regional Strategy

4.1 The Current Regional Spatial Strategy

The current planning policy framework for the South Housing Market Area is Regional Planning Guidance for the West Midlands – RPG11 – which was adopted in June 2004 and became Regional Spatial Strategy – RSS - with the commencement of the Planning and Compulsory Purchase Act 2004. However, some aspects were identified as requiring early revision, and the housing aspects are currently being reviewed, although the main policy thrust will remain unaltered.

Development outside the MUAs is to be focused on the major towns of Rugby, Shrewsbury, Telford and Worcester. This will be primarily to meet local needs, significantly reducing both the level of demand being met from the MUAs and the extent to which needs are met in other settlements. This places Worcester as the sub-regional service centre for the South Housing Market Area, but still reduces the annual average level of new housing across all of the shire counties by more than one third, and in Worcestershire by almost half – from 1,900 p.a. in the period up to 2007, to 1,000 p.a. in the period 2011-21.

4.2. The Partial Review of the Regional Spatial Strategy

Some aspects of the current RSS are being reviewed, in stages, and the second phase of that review – housing, employment, transport and waste – is now under way. This does not change the vision and objectives, but it does affect decisions about where new development should occur, in what form and on what scale.

4.2.1 The Review Process

This involves a considerable degree of **background technical work** that has already been completed, and a **Spatial Options** paper was published on 8th January 2006 for consultation until 5th March. This sets out suggestions for the new policies to form the **Preferred Option** that will be put to the Secretary of State in December 2007. **Further Consultation**, an **Examination in Public** and the **Panel Report**, will take place in 2008, leading to **Adoption in early 2009**.

The Review has to reflect the **Government's aim for a one third increase in the level of house building by 2016**. This is in response to the new 2003 based household projections, which give higher increases in the West Midlands than in many other parts of the country.

It also has to reflect the **monitoring evidence** of the extent to which the key aims and objectives of the RSS are being met so far:

On the one hand, there is early evidence that the rate of **migration from the conurbation** has slowed down, and that the required changes to the **patterns and levels of housing development** are beginning to take place.

On the other hand, **provision of affordable housing** has failed to show any progress towards the doubling that would be required to meet the RSS target of 6,000 to 6,500 p.a.

4.2.2 The Review Objective, relating to Housing Growth:

The total amount of new housing required is the combined projection of:

the net growth in the number of households within each district (taking account of both formation and dissolution), plus

the net effect of in-migration and out-migration of existing households.

A measure of total potential housing demand can be deduced from the 2003 sub national household projections: The RSS Spatial Options paper shows the effect of projecting past trends forward in Appendix One Table Two in the Spatial Options paper. For the South Housing Market Area these would be as set out below:

Table 2: Total Trend Based Housing Demand by District – 2001/26

	Growth	Migration	Total
Bromsgrove	3,269	4,963	8,232
Malvern Hills	1,112	8,333	9,445
Redditch	8,661	-1,101	7,560
Worcester City	8,193	2,293	10,486
Wychavon	6,343	9,608	15,951
Wyre Forest	4,234	3,986	8,220
Stratford	4,688	12,224	16,912
Warwick	8,522	19,097	27,619
South HMA	45,022	59,403	104,425

Source: RSS Spatial Options paper, Appendix One Table Two.

It does not follow that all growth and migration demand should, or even could, be fully provided for within each district, and after adjustments to accord with the aims and objectives of the RSS, these number are translated into the following, as taken from both Table One and Table Two in the Spatial Options paper:

Table 3: RSS Spatial Options 2 & 3: Total Dwelling Requirement 2001-26

	New Total	2001-5 Build Rate	Current RSS Rate	Build Rate under Option 3	Build Rate under Option 2
Bromsgrove	7,200	521	152	288	188
Malvern Hills	6,300	240	144	252	252
Redditch	13,200	306	172	528	328
Worcester City	16,800	209	288	672	472
Wychavon	14,100	453	304	564	464
Wyre Forest	4,700	372	184	188	188
Stratford	9,300	640	288	372	372
Warwick	15,600	840	464	624	524
South HMA	87,200	3,581	1,996	3,485	2,788

* Proposed overall build rates for each district, for Worcestershire, are as submitted by the County Council in their advice to the Regional Assembly. Warwickshire did not provide figures for each district, but confirmed that Stratford should meet local needs only, while Warwick would be able to meet its assessed level of growth.

These two tables are very significant for indicating not only the extent of the policy changes that will be required in order to meet the new targets, but also the market pressures that are likely to be exerted as a consequence of the differences between the identified demand and the proposed targets for each district.

4.3 The Implications of the RSS Review Housing Growth Proposals:

4.3.1 The Total Numbers

The proposals imply that the migration requirement of nearly 2,400 households p.a. over 25 years, as shown in Table 2, will be reduced to about 1,700, as implied by the reduced Total shown in the first column of Table 3. It also requires a major shift of demand from almost all districts into Worcester (primarily) but also to Redditch. Some of the demand from Warwick is also expected to be shifted to Rugby in the adjacent sub-region.

At the lower figures which are being proposed in the last column of Table 3 as being achievable, there will be an overall reduction in the rate of new housing provision compared with the last few years, meeting only about 70% of the total demand identified in Table 2. Clearly, this will not accord with the Government's aim to see a one-third increase in house building rates, but this will presumably be compensated for by much higher rates of increase in the MUAs and other growth points.

4.3.2 Two important assumptions in the growth proposals:

Firstly, that the displaced demand can be accommodated elsewhere in the region – which effectively means in the MUAs, plus Telford, Nuneaton and Rugby:

The likelihood, however, is that the strong attractions of Worcestershire and South Warwickshire will continue to attract those who can afford the prices – and improved economic performance in the conurbation will presumably increase the number who can.

In-migrant demand from the South East region is also likely to continue, as the number of new dwellings proposed for that region is well below the level of projected new household formation. With continued economic growth, the recent steady increase of migration into the West Midlands – and the South Housing Market Area in particular - will continue.

Secondly, that Worcester can both attract, and accommodate, a large proportion of demand from the rest of the county – in its role as the sub-regional focus for growth:

Recent build rates in Worcester have been much lower than in the past, when large urban extensions were built on the eastern side of the City – at St. Peters and at Warndon.

Although large regeneration projects are underway, particularly Diglis Canal Basin and the Royal Worcester Porcelain site. These will produce over 1,000 residential units, but there is no evidence to suggest that the proposed level of 470 p.a. over the whole 25 year period can be achieved: The slow start, with less than half this rate being achieved for the first 5 years, means that the rate for the remaining period is already around 535 p.a., and with each year that this level is not achieved, the required rate increases.

The County Council's advice to the Regional Planning Body is that “there is only potential capacity within the City boundary to accommodate less than half of the demand generated from Worcester's natural increase in households in the period 2001-2006.” (para 2.71) and “if all the potential

capacity identified for housing within and adjacent to the City boundary were to come forward for development (about 11,720 dwellings) this would virtually meet the total provision of 11,750 dwellings for Worcester's growth." It goes on to explain 7,440 of the 11,720 is dependent on major infrastructure that could not be provided until 2015 at the earliest.

That mean for the first 15 years, there is little prospect of Worcester achieving more than 285 p.a. (from the 4,280 capacity within the city boundary), leaving a requirement for 744 p.a. for the remaining 10 years – or even more if there is any further delay in bringing this forward. There is no evidence to suggest that this level of building could be achieved, even if it could be spread over a much larger number of locations, so the 470 p.a. target (let alone the 672 p.a. actual requirement) appears to be extremely optimistic on the basis of the available evidence and without the identification of additional capacity.

Another consideration is the prospect of Worcester being able to accommodate growth beyond the level that is being proposed for the period up to 2026: Whether the identified capacity is achieved by that date or later, there will presumably be further infrastructure constraints and options for growth that will need to be identified and resolved.

PPS3 requires local authorities to identify broad locations for growth 15 years ahead, which means that by 2011 (in just 4 year's time) there will have to be some consideration of what comes after the present proposals. This suggests that the horizon should be widened considerably at this stage if there is to be any prospect of a continuity of supply. In effect, the present proposals are several year's late, in that they would be required to come on stream now - 8 years earlier than anticipated - in order to ensure any sort of consistency in building rates and a broad mix of house types.

There seems less of a problem with Warwick accommodating its proposed share of housing growth, as it is anticipated that potential land supply to meet Option 3 could be identified within the district.

4.3.3 Districts taking an increased proportion of growth requirements:

Worcester and Warwick, which are expected to take the largest share of growth, have already been considered.

4.3.4 Districts taking a reduced proportion of growth requirements:

Substantial reductions in building rates are proposed where this will assist in achieving the RSS objective of reducing out-migration from the conurbation:

Bromsgrove has a current embargo on new planning approvals, and a two thirds reduction is proposed, from 521 to 188 p.a. If out migration continues at more than the very low rate being provided for, an increase in both prices, and the number of local households unable to compete in the marketplace, are almost certain. It is theoretically possible that the re-development of the adjoining monolithic social housing estates in the south-west part of Birmingham will compensate for restricted growth in Bromsgrove, but no evidence has been produced to suggest that this is a realistic prospect.

Wyre Forest is in some ways in a similar position to Bromsgrove, with a proposed reduction in housing supply to a level sufficient to meet local needs only, despite the fact that migration has been taking place at a level that almost equals local growth. The district is also far more detached from the conurbation than Bromsgrove, and might be subject to rather different migration pressures – with a greater emphasis on retirement rather than commuting.

Stratford on Avon has experienced a very high rate of housing development, more than double the current RSS rate, as a consequence of migration pressures from the South East as well as from the West Midlands conurbation and other districts. As this rate is not sustainable, future level of provision be much lower than the recent actual rate, and also significantly lower than the rate of migration demand indicated in Table 1, leaving local needs with very considerable competition for its share.

4.3.5 Districts taking the same proportion of growth requirements as before

Redditch is different from all the other districts in the sub-region in that it has a negative migration figure. The question therefore is how much need from other parts of the sub-region could be met within the district: Tables 1 and 2 suggest that this could result in an increase from 7,560 to 13,200 over the 25 year period, an increase of 226 p.a., but the proposed level of housing is only 26 p.a. above the level of local need, due to Green Belt constraints.

Malvern Hills has a proposed small increase from current rates, instead of the substantial reduction set by the current RSS. As local needs are quite low, but migration, relative to its size, is very high, the question is how much of this migration can it be expected to accommodate. The proposal is that it could meet quite a large proportion of migration demand, rather than none at all as in current RSS, in addition to any requirement for part of Worcester's growth to be met within parts of this district.

Wychavon also has a proposed small increase from current rates, instead of the substantial reduction set by the current RSS. Unlike the other shire districts, there are three distinct local housing markets, centred on the three towns which have been considered separately:

Droitwich is proposed for local needs only, to seek to resist migration from the conurbation. As with Bromsgrove, there is a high risk of local needs being displaced, due to continuing migration pressures, and even of competition from local needs that might be displaced from Wyre Forest and Bromsgrove – as suggested above.

Evesham is proposed to meet both local and migration needs: being further from the conurbation, migration is from more dispersed origins.

Pershore is proposed for meeting local needs only.

In total, Wychavon, like Malvern Hills, would meet quite a high proportion of migration demand, rather than very little as in current RSS, in addition to any requirement for part of Worcester's growth to be met within parts of this district. It could, however also feel the effects of pressures from both migration and local needs that are displaced from those districts, but even more so from the consequences of under provision in Worcester.

4.4 Affordable Housing

4.4.1 Regional Requirements

Current RSS (adopted 2004) provides an estimate of the need for affordable housing across the West Midlands region as 6,000 – 6,500 p.a., and the Regional Housing Strategy (June 2005) puts this at **6,700 p.a., including 4,200 for social rent.**

Both estimates are based on the overall housing numbers contained in current RSS and will need to be updated to reflect the new household growth projections.

4.4.2 Regional Performance

The Spatial Options states that affordable housing delivery, (subsidised housing) has been averaging 2,600 p.a. between 1986 and 2005, and is unlikely to exceed higher 3,000 dwellings p.a.” (p. 33 – draft) – which is less than half the stated requirement.

In the context of a recent annual build rate of 17,369, this means about 15% of all completions have been social (subsidised) rising to about 17% at the current build rate, against a requirement for about 38%.

4.4.3 Sub-Regional Requirements

The Regional Housing Strategy (Table 3.12) breaks down the total regional requirements between the 4 sub regions, and for the South Housing Market Area sets out an indicative figure of **1,123 affordable dwellings p.a., of which half, that is 566, should be for social rented housing.**

4.4.4 Sub-Regional Performance

County Council advice, to inform the Spatial Options, gives the past rate of affordable housing completions (both subsidised and unsubsidised) as follows:

Table 4: Affordable Housing Completions by District – 2001 to 2005

	Affordable Completions	Total Completions	Affordable Proportion
Bromsgrove	74	2,057	3.6%
Malvern Hills	38	961	3.9%
Redditch	201	1,224	16.4%
Worcester City	240	836	28.7%
Wychavon	175	1,810	9.7%
Wyre Forest	150	1,481	10.1%
Stratford	358	2,560	14%
Warwick	370	3,324	11%
South HMA	1,606	14,253	11.2%

The Worcester proportion reflects an unusually low rate of total completions, so it should not be taken as indicative of the longer term.

Overall, the level of affordable housing supply has been well below the regional average – 11% compared with 15%. Future prospects for affordable housing supply are set out in chapter 10, along with the estimate of the amount of affordable housing required. This should inform the Spatial Options consultation process, by setting these estimates against the total Household Growth figures.

4.5 Regional Housing Strategy

The introduction to the West Midlands Regional Housing Strategy (RHS) states:

“Throughout the Strategy a strong theme is the development of ‘pathways of housing choice’ for all who live in or are moving into the West Midlands Region.”

This is reflected in the first of the Core Aims:

“To create mixed, balanced and inclusive communities.”

However, as with the current RSS, the RHS is based on household growth figures that have now been substantially increased, and while the policy framework will not alter, the housing numbers will have to be updated in line with the RSS review.

4.5.1 Priorities for Social Housing Investment

While recognising that other market towns and villages will have a need for affordable housing to meet local needs and support local economic requirements, the focal point for social housing investment should be **Worcester, Warwick and Stratford**. This is based on the assessment that these are three of the four towns with the highest level of need – the fourth being Redditch which already has a much higher level of social housing provision.

4.5.2 Other Policy Priorities

The RHS also identifies “those parts of **Solihull** that are in the functional South Housing Market Area” as a priority area for investment in affordable housing. However, the more detailed work on identifying Local Housing Markets has established that there is no significant overlap between Solihull District and the South Housing Market Area, so this will no longer be an issue.

It also identifies the particular requirements of those Districts within the South Housing Market Area that overlap with the Central HMA:

Bromsgrove: Given that the adjoining areas of South West Birmingham are predominantly social housing, and that these are due to be re-balanced through the improvement of housing choices available, the RHS makes the following statement:

“It is important therefore that in future Bromsgrove achieves a balanced continuity with the conurbation housing markets by sustaining that range of housing choices throughout its own housing market.”

However, there will be very limited opportunities to meet this requirement, in the context of an embargo on new development and a commitment to prioritise other towns for social housing investment.

Redditch: The RHS describes parts of Redditch as having the same problems, and solutions, as South West Birmingham:

“In Redditch there is a need to improve the stock and mix of housing on offer in its older areas of predominantly social housing. Overall a rebalance of tenure should be achieved which addresses the higher representation of social housing in this area and improves its least attractive neighbourhoods as a priority.”

While this is a much clearer statement of policy, as Redditch is not included in the investment priorities, there is a risk that this results in a reduction in the overall amount of social housing in order to finance the improvements through the land value generated from replacing some of it with market housing.

Homelessness: The RHS identified the West Midlands as having a higher rate of homeless acceptances than England as a whole, at 1.8 per 1,000 compared with 1.5. Acceptances are, however, tip of the iceberg, with a large number presenting as homeless but not meeting strict criteria for acceptance, and a further number not presenting at all. What is more, at the regional level, only 65% of acceptances are re-housed in social housing, which accounts for 20% of all lettings.

At the sub-regional level, the HSSA returns for the South HMA indicate that:

1,500 homeless acceptances p.a., of which

80% are re-housed in social housing, accounting for

40-50% of all lettings.

This suggests not only a higher rate of homeless acceptances – about 2 per 1,000 – but a reduced level of alternatives to social housing, leaving a much smaller proportion of re-lets available for other applicants.

4.6 Conclusion

While the RSS Review and the RHS provide a clear framework for longer term housing supply, which will enable each district to develop appropriate planning and housing policies, the task of meeting affordable housing needs within this framework will be extremely challenging, and suggest the following urgent priorities:

- Identifying sufficient land for Worcester to meet its sub-regional role during the whole of the period up to 2026 and not just in the latter years of that period. This would seem to require a more dispersed approach in order to avoid excessive delays through the need for major infrastructure projects.
- Ensuring that new housing supply in areas of restraint is predominantly, if not exclusively, targeted at meeting local needs – both through allocated sites and exception sites, and through setting the lowest achievable thresholds for sites contributing to affordable housing.

5. The Current Housing Stock

There has been a recent change in emphasis in new building, with fewer detached properties and more flats, especially in the larger towns, but while this will have a significant impact on meeting current needs, it will not yet have made much change to the overall stock profile as recorded in the 2001 Census.

5.1 Property Types

It is notable that the two LHMA's with the highest proportions of flats and terraced houses are those with the highest and lowest property values but they also differ in that **Warwick** has by far the highest proportion of private rented property, while **Redditch** has one of the lowest proportions of private rent and the highest proportion of social rent. It would seem that the lower end of the market in these two LHMA's is to some extent catered for by different tenure. There may also be a link between private rent and in-migration – Redditch having net out-migration, while Warwick has very high in-migration.

The four LHMA's with the smallest proportion of flats and terraced houses also include three of the highest priced ones – **Bromsgrove, Malvern and Pershore** (see below) where this will be compounding the affordability problem, and the second cheapest one, **Wyre Forest**, where this may not have the same consequences due to other house types providing relatively inexpensive accommodation.

5.2 Tenure

As might be expected, the proportion of **owner occupation** is consistently high across the sub-region, averaging almost 75%, but it is particularly high in **Bromsgrove**, at almost 80%. The lowest proportions, at 72.5% are in two quite contrasting areas - **Redditch** (with the highest proportion of social rent) and **Malvern** (with an above average proportion of private rent)

The proportion of **social rented** housing varies rather more, with only **Droitwich and Redditch** around the average of 20% for the West Midlands region, much higher than neighbouring **Wyre Forest and Bromsgrove** at 14.5%. The lowest proportions are in **Worcester and Stratford** at just 13%.

Private renting accounted for almost 10% of the total in 2001. Indications from the provisional results of the Survey of English Housing 2005/6 are that the number of Assured and Assured Shorthold tenancies has increased nationally by 40% over the last 5 years, but after accounting for the decline in other forms of private tenancies, the net increase has been only 21%

5.3 The Private Rented Sector

The recent high profile of Buy to Let activity raises the question of whether the private rented sector can make, or is making, a contribution to meeting affordable housing needs. The fact that some properties are available to rent at a lower cost than outright purchase, does suggest that this might be the case.

Recent research into the Private Rented Sector by the Joseph Rowntree Foundation has looked at the characteristics and functions of the private rented sector. Its conclusion were not at a local enough level to inform this Assessment, and being

based largely on the 2001 Census means it is 5 year's out of date, but it did identify some general characteristics and functions that go towards addressing this question:

Private sector tenants were found to be disproportionately younger than in other tenures – even in the 25-34 age group they represented twice the proportion of the total in the population as a whole – and disproportionately both single and in higher level occupations. Couples with children and pensioners were under-represented.

Private sector tenants were also found to be very mobile: 4 out of 10 had moved within the last year, compared with just over 1 in 10 for all tenures.

The report concluded the sector's "most important role within the modern housing system is to provide flexible accommodation for young and mobile people. Thus, this analysis of the 2001 census showed that the Private Rented Sector contained high levels of young people, single people, shared adult groups, professionals, full time students, mobile households and inward migrants to the UK."

To some extent, the overall level of renting from all sources, may be more relevant than the level of social renting in isolation, as non-social landlords may well be able to meet some of the needs that cannot be met by RSLs. It is a question of fiscal policy whether housing subsidy is paid to RSLs as a combination of grant and housing benefit, or to private landlords in higher rates of housing benefit alone.

The only LHMA with a significantly above average level of total renting is **Warwick** (28%), closely followed by **Redditch** (27.6%) – and it may be no coincidence that these are the two areas with the highest proportions of flats and terraced houses, which generally feature more strongly than other house types in the rented stock.

The lowest level of total renting is, of course, in the area with the highest proportion of owner occupation – **Bromsgrove** – with a 20% lower proportion than any other area. The fact that this area has well above average house prices means that this very low proportion of 20.6% has significant consequences for affordability and a balanced housing market.

5.4 The Intermediate Market

The other tenure that could have an increasing role in meeting affordable housing needs is the various forms of shared ownership, shared equity and sub-market renting that make up the Intermediate Market. The 2001 Census figures will include leasehold schemes for the elderly as well as the more recent focus of attention on key workers and newly forming households, but even taken together this forms just over half of one percent – 1,850 properties across the whole sub-region out of a total of about 292,000. It would require the entire new housing output of the sub-region for the next 10 years to bring this tenure up to the size of the private rented sector.

Within the sub-region, there are considerable variations in the proportion of shared ownership, with less than 0.5% in **Redditch and Droitwich**, around 1% in **Malvern and Pershore**, with **Stratford, Warwick and Worcester** all just above average.

There is a distinct north-west and south-east divide, and it is understandable that the higher proportions are generally in the higher priced parts of the sub-region, and the lower proportions generally in areas where the proportion of social rent is higher. Whether this has any bearing on where the need for this tenure is greater will be considered later in the report.

6. The Current Housing Market

There are a number of ways in which the differing characteristics of each local housing market can be identified:

6.1 Land Registry – average prices

The problem with this indicator is that it does not show whether the same type of property is more or less expensive, or whether there are simply more or fewer of the larger and better located properties of that type. Average prices compared over time will, however, show whether one area has become more or less expensive than another, and show how fast or slowly prices have risen in different areas.

6.2 Council Tax bands

Another indicator would be the Council Tax register, but as the bandings are based on 1991 values, it would be necessary to not only factor in the growth in values since that date, but also make adjustments for the different rate of growth for different property types in each location, and even then there would be no account taken of the way that owners had extended, improved, or neglected their property over 15 years, nor of the varying impact of 15 years worth of new building, conversions, environmental changes etc.

6.3 Bespoke Data Sets

To overcome the limitations of these sources, two data sets were commissioned for this Assessment, to obtain a more detailed and up to date picture:

Land Registry data was obtained for both new and second-hand properties **sold in 2005/6**, broken down by price as well as by property type. As well as giving the number of properties of each type sold in any given price band, this also establishes the lower quartile for each district, and for each Local Housing Market Area.

Lower quartile price has become the standard indicator (as recommended in emerging government guidance) of the approximate cost of market entry. This price is the figure below which one quarter of all properties of that type (and in the location chosen) are sold. This avoids taking the very cheapest price – which may reflect either poor condition or intermittent and poorly distributed supply, but it restricts the consideration to the cheapest quarter of the properties of that type. It is important to consider the level of supply as well as the cost of it, as households who would in theory be able to afford it may be unable to do so because there are simply not enough properties available within that limit.

Current availability at November 2006 was also obtained from a major property sales web site which includes an estimated 75% of all properties available for rent or sale. This also gives the number of bedrooms as well as location, type and price. (The values here have been adjusted by 3% to allow for the recent average difference between the advertised asking price and the selling price as subsequently recorded by the Land Registry.)

While the Land Registry gives the lower quartile price and numbers for all property types (detached, semi-detached, terraced and flats) sold in a given period (in this case 2005/6), the website gives the lower quartile price and numbers available for sale at a given point in time – by bedroom number.

6.4 Land Registry Data Set – Sales Completed in 2005/6

The Land Registry data has been tabled to show the proportion of properties of each type, by price band, sold in 2005/6. While this is not necessarily representative of the housing stock as a whole, it certainly provides a valid comparison between the different areas, for house types that might meet the needs of first time buyers:

The data shows that properties for sale at under £100,000 in 2005/6 were a fairly scarce commodity in most parts of the sub-region - apart from **Wyre Forest and Redditch** – and as these figures will include all properties, regardless of condition, the number that would meet the equivalent of the social sector ‘decent homes standard’ may be significantly lower than indicated.

Up to £120,000, the contrast between **Wyre Forest and Redditch, plus Worcester**, and the rest of the sub-region becomes more marked, with 30-37% of all sales in those areas, compared with 10% or less in **Stratford, Warwick, Malvern and Pershore**, and 13-19% in the others.

At £160,000 plus, the same pattern is maintained, but **Stratford** stands out as having 78% of sales above that level.

Appendix 6 includes the full analysis of the Land Registry, with separate tables for each property type showing the proportion of sales that were in each price band, which provides the following conclusions:

- The supply of relatively affordable **flats**, such as it is, is largely confined to **Worcester, Wyre Forest, Redditch, and Evesham** – all of which have below average proportions of flats within their housing stock.
- The extent to which **terraced** houses are available to meet housing needs at the lower end of the market is extremely variable – only **Redditch and Wyre Forest** have much below £120,000, while in **Worcester, Bromsgrove, Evesham and Pershore** supply is both smaller and slightly more expensive.
- There is considerable variation in the extent to which semi-detached houses are available to meet housing need at the lower end of the market:
 - Only in **Redditch, and Wyre Forest** do they provide a significant level supply both below £120,000 and between £120,000 and £140,000.
 - In **Worcester, Bromsgrove, and Droitwich** there is a quite a significant supply below £140,000.
 - In the other five areas the supply is much smaller, following the pattern for other house types, with around 70% above £160,000 in **Warwick, Malvern and Pershore**, and 84% in **Stratford**.

6.5 Lower Quartile – Land Registry 2005/6

In addition to the more detailed analysis above, the lower quartile price for all properties, and the number of sales, for each district and each local housing market forms an important line of evidence in projecting the tenure requirement of future housing supply.

The number of sales at the Lower Quartile as shown in tables 5 & 6 below are used to project the annual supply of market housing that is available to meet the needs of newly forming households, as set out in chapters 12 and 14:

Lower Quartile prices can also be used to identify the income required, and the monthly cost, of house purchase at this level, and thereby establish relative levels of affordability. The costs are based on a 95% mortgage over 25 years at 5%, with income multipliers of 3.5 for a single income and 2.9 for a joint income.

This formula produces a fairly conservative assessment of the income required and the monthly costs. The multipliers are in line with her than those contained in government guidance, but the interest rate of 5% may not fully reflect the effect of recent increases. For some purchasers, therefore, the monthly cost may be slightly higher.

The incomes required to access the market at the Lower Quartile, and the monthly costs involved, as shown in tables 5 & 6 below, can be used to identify the implications of providing accommodation for households able to afford 75% and 50% of Lower Quartile, as set out in chapters 12 and 14:

Table 5: Lower Quartile & No. of Sales by District – 2005/6

District	Lower Quartile Price	No. at Lower Quartile	95% of Lower Quartile	Single Income Required	Joint Income Required	Monthly Mortgage Cost
Bromsgrove	£140,000	398	£133,000	£38,000	£45,862	£787
Malvern Hills	£150,000	297	£142,500	£40,714	£49,138	£844
Redditch	£109,950	377	£104,452	£29,843	£36,018	£618
Worcester City	£124,375	517	£118,156	£33,759	£40,743	£699
Wychavon	£145,000	506	£137,750	£39,357	£47,500	£815
Wyre Forest	£115,000	439	£109,250	£31,214	£37,672	£647
Stratford	£160,000	548	£152,000	£43,429	£52,414	£900
Warwick	£151,000	669	£143,450	£40,986	£49,466	£849
South HMA	£134,000	3,713*	£127,300	£36,371	£43,897	£754

Source of Lower Quartile information: HM Land Registry Bespoke Report

* South HMA figure will not equal the sum of the districts, as there may be a number of properties at exactly the lower quartile price, and including these increases the district totals very slightly.

Table 6: Lower Quartile & No. of Sales by Local Housing Market – 2005/6

Local Housing Market	Lower Quartile Price	No. at Lower Quartile	95% of Lower Quartile	Single Income Required	Joint Income Required	Monthly Mortgage Cost
Bromsgrove	£132,000	246	£125,400	£35,829	£43,241	£742
Droitwich	£128,750	128	£122,313	£34,947	£42,177	£724
Evesham	£137,500	177	£130,625	£37,321	£45,043	£773
Malvern	£145,000	212	£137,750	£39,357	£47,500	£815
Pershore	£147,375	53	£140,006	£40,002	£48,278	£829
Redditch	£110,000	444	£104,500	£29,857	£36,034	£619
Worcester	£128,500	638	£122,075	£34,879	£42,095	£723
Wyre Forest	£116,000	474	£110,200	£31,486	£38,000	£652
Stratford	£165,000	393	£156,750	£44,786	£54,052	£928
Warwick & Leamington	£149,000	646	£141,550	£40,443	£48,810	£838
Total		3,411				

Source of Lower Quartile information: HM Land Registry Bespoke Report

6.6 Current Prices and Availability – November 2006

While the analysis of Land Registry records of all sales in a full year gives a picture of the relative numbers and price bands for different types of property, it does not differentiate between bedroom numbers, which is crucial for identifying the market entry cost for the properties required by different sizes and compositions of households. This is of particular importance as a 1 bedroom property will not be suitable for all newly forming, let alone existing, households, some of whom will have children.

The analysis of the property sales website has therefore been focused on three basic property requirements: 1 bedroom properties, whether flats or houses, 2 bedroom flats, and 2 bedroom houses.

While it does not cover every single property that is currently available, it is believed to include around 75%, which means it can be taken as a reasonably representative picture of level of supply as well as price. Due to the very slight differences between 2 bedroom flats and 2 bedroom houses, for both sale and rent, these have been combined for the purposes of presentation:

Table 7: Lower Quartile Prices by type – November 2006 – by district

District	1 bed sale	No.*	1 bed rent	No.*	2 bed sale	No.*	2 bed rent	No.*
Worcester City	£95k	14	£425	23	£144k	57	£525	30
Warwick	£112k	36	£460	70	£152k	175	£595	191
Wyre Forest	£84k	11	£350	14	£121k	61	£450	16
Redditch	£90k	8	£396	6	£117k	31	£507	21
Stratford	£106k	18	£450	22	£151k	126	£575	91
Bromsgrove	£94k	12	£390	5	£131k	72	£525	20
Malvern Hills	£114k	9	£355	3	£158k	56	£530	6
Wychavon	£100k	13	£406	6	£141k	65	£525	17
South HMA	£97k	120	£425	149	£141k	642	£550	402

Source: Properties for Sale Website

* Number of properties below the lower quartile price – i.e. ¼ of the total number of properties for sale

This information is available at district level only, and not by local housing market.

Schedules of incomes and costs, for 1 and 2 bedroom properties, for each district and on the same basis as in Table 5, are set out in Appendix 5.

The conclusions that can be drawn from this quite comprehensive snapshot of current availability are that what are conventionally described as 'entry level' prices are in fact a relatively scarce commodity in most parts of the sub-region, and particularly so for 1 bedroom properties, which amounted to only one quarter the number of the 2 bedroom ones. This is very significant for first time buyers, as the cost of a 2 bedroom property is substantially higher – between 30% and 50% to purchase and between 25% and 30% to rent.

- The highest number of properties for rent are in two of the highest priced districts – **Stratford and Warwick** – which also have far higher numbers for sale as well – at prices not much higher than districts such as **Worcester, Wychavon and Malvern**.
- **Warwick** has the largest private rented sector, and the second largest number of properties, giving it just over a quarter of the number of private rented properties in the sub-region, but availability of 1 and 2 bedroom rented property, is almost half the total.
- **Stratford and Warwick** have far higher numbers of 1 and 2 bedroom properties for sale than any other districts, and as their lower quartile figures are no higher than would be expected by their overall higher house prices, this does not indicate a larger proportion of up-market properties. There would certainly seem to be little risk of prices rising further with this level of availability, just as there would seem to be ample scope for further price rises in other districts where supply is so much more limited.

6.7 Price Increases 2003/6

The 3-year period to April 2006 includes some very high individual year increases, off set by some much smaller increases, and a number of decreases, that nevertheless give a significant level of overall increase.

As house price increases are driven to a significant extent by changes in interest rates, it is important to note that this period has seen relatively consistent interest rates: It began at the time that rates had just dropped below 4% for the first time in several decades, after 2 years of consistent falls. During the 3-year period they rose to 4.75% and fell again to 4.5%.

It would be reasonable therefore to suggest that these increases are not affected by sharp changes in the cost of borrowing. It would also seem reasonable to assume that they are unlikely to be significantly affected by any downturn in the market during the year 2006/7, as the general view is that the market has not been affected by the interest rate rise in August 2006, and that prices have continued to increase during the first half, although it is too soon to say whether the further interest rate rises in November 2006 and January 2007 will alter the position in the second half.

The following analysis is again by district, rather than local housing market, as historical evidence is available only on that basis.

Table 8: Average Prices for All Properties: 2003-6 by district

District	2003 (July/Sept)	2006 (July/Sept)	3 year increase	
Worcester City	£143,635	£183,802	£40,167	28%
Warwick	£191,867	£235,845	£43,978	23%
Wyre Forest	£147,539	£174,008	£26,469	18%
Redditch	£139,615	£160,397	£20,782	15%
Stratford	£223,739	£280,873	£57,134	26%
Bromsgrove	£198,951	£240,867	£41,916	21%
Malvern Hills	£210,701	£262,045	£51,344	24%
Wychavon	£183,682	£237,680	£53,998	29%
W.M. Region	£134,046	£173,778	£39,732	30%

Source: HM Land Registry Website

Across the region as a whole, the level of increase was 30% for the 3-year period, compared with just below that level for **Worcester** (28%) and **Wychavon** (29%), and much lower for **Redditch** (15%) and **Wyre Forest** (18%). The other 4 districts were all between 21% and 26%. The lowest increases occurred in the Districts that had the lowest prices to start with, resulting in **Redditch** dropping below the regional average, and **Wyre Forest** from 10% above to equal to the average.

The district with the highest starting point, and the highest average house price – **Stratford** – has shown a slower rate of increase than some other districts, but the widening gap between the most expensive districts and the cheapest is contrary to the usual ripple effect of lower price areas catching up with their higher priced neighbours. This suggests that there may be different market factors applying to **Redditch and Wyre Forest** than to other districts.

In the 2-year period 2004/6, which saw a combination of price corrections and quite modest rates of increase, only one district had a level of increase that was above the regional average of 9% - **Malvern Hills**, at 13% - and one that was exactly the same as the regional average – **Worcester**. Taken together with the fact that **Worcester and Wychavon** are the two districts that have seen average prices rise fastest over the whole 3-year period, there would seem to be stronger continuing market pressures in the **South Worcestershire area** than elsewhere.

Appendix 6 includes a breakdown of price increases by property type for each district

7. Influences on Housing Supply and Demand

This chapter considers the implications of chapters 2, 4, 5 and 6, and two pieces of background research that is informing the Regional Spatial Strategy Partial Review:

The “2005 Regional Housing Market Summary” completed in July 2006 on behalf of the West Midlands Regional Assembly as a monitoring report for the Regional Spatial and Housing Strategies.

The West Midlands Regional Lifestyles Survey - 2005.

Unless otherwise indicated, the references are to the former document.

7.1 Population and Household Growth

Within the West Midlands region there has been considerable variation in population growth in the last few years. The overall figure was 1% for the period 2001-4, and it was negative in some of the areas, including in Dudley and Walsall, adjacent to one of the areas that had the highest rate of growth – Bromsgrove. The highest rate of growth was in Warwick, with 8%, closely followed by Stratford. (paras. 2.2 & 2.3)

The latest projections, released in March 2006, suggest a much higher rate of population and household growth than had been previously predicted, and the West Midlands is one of the areas in which the projections have been increased substantially – from 12,000 p.a. to 18,600 p.a. for 2001-21 (deduced from paras. 4.6 & 4.7). This compares with the actual increase in the number of households between 1991 and 2001 of 10,400 p.a. (Table 4.1),

This means that the number of households to be provided for in the current and next decades represents an almost 80% increase on the previous decade.

This rapid growth is created by a number of factors, including increased net inward migration from abroad and from other parts of the country. However, the biggest single factor is the continuing reduction in average household size, driven by the rapid growth in one-person households, which nationally will account for about ¾ of the total growth. Significantly, this is mainly in the older age groups, which means a reduced rate of supply from household dissolution caused by death, as people live longer and more independently.

The implications for housing supply of the population and household growth figures are that there is likely to a reduced rate of turnover in the housing market, creating increased pressure of demand for the available supply from the greater number of newly forming households.

7.2 Migration

7.2.1 Overall Regional Flows:

Net International Migration into the West Midlands region was estimated in the RSS to be 5,300 p.a. In fact it has averaged 17,000 p.a. for the years 2001 to 2004 inclusive, and **is now estimated to be 11,500 p.a.** (Table 2.3).

Net migration out of the West Midlands to the rest of the UK amounts to around 5,000 p.a., which is less than half the level of forecast migration into the West Midlands from outside the UK, and only 30% of the actual average over the last four years. While there is clearly some uncertainty as to the way each of these sets of migration flows will develop in the future, the steady rise in migration from the South suggests that:

- **Migration out of the region** can be shown to be the result of young people, including students, moving mainly to London, and people who are either retired, or approaching retirement, moving to the south coast and the South West. It would also seem to include young families around the fringes of the region seeking cheaper accommodation in the East Midlands and Wales, to where there have been higher than expected outflows.
- **Migration into the region** has been dominated by the recent reversal of migration flows between the West Midlands and London and the South East, with the previous outflow becoming a significant inflow in recent years. Net outflows to the far South West are partly off-set by inflows from the near South West. (paras.2.20 to 2.36)

The West Midlands Region seems set to continue to gain far more population than it loses from the net effects of migration, with twice as many people arriving as leaving, and the arrivals increasing.

The South Housing Market has traditionally seen strong migration from the centre of the region, and even if this were to decrease, it is likely to be replaced (if not added to) by migrants from the south.

7.2.2 Migration – Within the West Midlands Region

Migration within the region has followed a well established pattern of out-migration from the conurbation to the rest of the region, particularly of families. This out-migration has been steadily increasing over the period 1999 to 2004, from under 9,000 p.a. to around 12,500 p.a. (Table 2.7). Net migration from the conurbation into Worcestershire in 2003/4 was around 3,500, and into Warwickshire it was approaching 4,000. (fig. 2.10)

Bromsgrove, Warwick and Wychavon were the districts most affected, but all of the districts in the South Housing Market area, apart from Worcester, have received migration from the conurbation (para. 2.42).

The sub-region has therefore experienced significantly greater in migration from both the north and south, at the same time as policies of development restraint have been developed – aimed at reversing pressure from the north.

7.3 New Housing Supply for the West Midlands Region

The revised population, household and migration projections result in a requirement for the number of new homes across the whole region, taking account of demolitions, to be increased from the current level of 18,000 p.a. to 23,000 p.a.

However, the implications of this increased requirement are greater than those numbers suggest, as the planned number of houses for the period 2001-21, as set out in current RSS, is only 14,650 p.a. (all deduced from paras. 4.6 & 4.7). This amount to an increase of more than 50%.

7.4 New Housing Supply for the South Housing Market Area

For the South Housing Market Area, the current RSS requirement for a reduced level of supply, in the face of strong migration pressures, means that there has been a substantial over-supply against current planning policies – as high as +40% in Warwick, (para. 2.2), +50% in Bromsgrove, and +45% in Wyre Forest. Only in Worcester has there been a shortfall (para. 5.36). These levels of over supply have led to a whole or partial moratorium on new planning permissions in Bromsgrove, Warwick and Stratford.

The result is that under current Local Plans for the period up to 2011 the amount of land that has been, or can be, made available for development is even more restricted, as much of it has already been developed – and in Worcester there is none to allocate.

To illustrate this point, the total number of new dwellings completed in 2004/5 in the South Housing Market Area was 3,840, while the current RSS target level of completions for 2007/11 is 1,981 p.a., dropping to 1,703 p.a. for 2011-21. (Table 5.6)

That means current Local Plans are based on the assumption that present levels of housing development will have to show a **50% reduction** by 2011 in the sub-region, while the revision of RSS has to deal with the need to accommodate a **50% increase** across the region as a whole.

At current build rates there is **only 3 year's committed land supply** in the South Housing Market Area, compared with 5.5 years across the whole region – split 7.5 years within the Major Urban Areas and 4.5 elsewhere. (para. 5.52).

The total potential land supply is, however, more than this, as 75% of all new supply across the region is from windfalls (para. 5.59) – which has obvious implications for the proportion of affordable housing that can be secured, as many of these will be below thresholds, or represent re-development sites on which alternative use values will restrict the scope through financial viability.

Any increase in housing supply could not take effect for several years – until increased figures have not only been adopted as Regional Planning Policy. The public inquiry will be in 2008 with adoption due early in 2009. They will then have to be incorporated into Local Development Frameworks – most of which are not due to be adopted until the second half of 2009.

Much of this increased supply will be planned for as an expansion of Worcester as the sub-regional focus for growth. The White Young Green study “The Future Development of the City of Worcester 2011-21: Consideration of Potential Growth Options” (Sept. 2005) concluded that infrastructure constraints will prevent any significant growth from being realised until at least 2015, and then only if sufficient public expenditure is forthcoming.

The combined effects of projected population and household growth and net in-migration will create an even greater demand for housing in the sub-region than in the recent past.

The land supply with which to meet this demand has been set to decrease, and the reversal of that decrease cannot, under present proposals, take place for about 10 years.

Until such time as that disparity is resolved, the problems of housing affordability look set to get worse, not better.

7.5 Affordable Housing Supply – South Housing Market Area

HSSA returns show that there was an average of 549 affordable completions in the 4 years period 2002/5, which represented only 31% of the RHS sub-regional target of 1,781 p.a. (Tables 6.4 & 6.5). For 2006/7 the figure is projected to increase to 618.

Although there is no formal and complete forecast for further ahead than 2006/7, on the basis of the best estimate that each district has been able to provide, it would seem that maintaining supply at around 640 p.a. would be a fairly optimistic assessment for the period up to 2011. This would be only 35% of the RSS target.

However, when these figures are looked at by District, and over time this consistent overall figure becomes very variable. Individual years will always throw up disparities, as major schemes influence the figures, but the pattern for 2002/6 is very different for the period 2006/11:

Table 9: Affordable Completions – 2002/6 and 2006/11 – by District

District	2002/6 (ave.)	2006/7 (est.)	2006/11 (ave.)
Bromsgrove	39	141	80
Malvern Hills	38	15	80
Redditch	55	93	80
Worcester City	64	145	60
Wychavon	83	63	140
Wyre Forest	46	40	40
Stratford on Avon	132	60	85
Warwick	87	61	75
South HMA	5459	618	640

Source: HSSA returns and projections from each district

Table 4 shows that the increase in affordable housing provision is coming exclusively from Worcestershire, although Worcester and Wyre Forest show slight reductions. These increases are partially offset by a significant reduction in Stratford and a smaller one in Warwick – both of which have already occurred.

These changes in distribution are most likely to be caused by timing differences in both the delivery of larger allocated sites which include a proportion of affordable housing, and the implementation of affordable housing policies such as lower thresholds which apply to smaller ones.

It would therefore be useful to consider the alternative levels of affordable completions that might be achieved from the RSS Review proposals for new housing supply beyond the timescale of the current Local Plans. At present only around 15% of all completions are affordable, despite each district having a policy for a much higher proportion. The lower figure results from two main factors:

Many sites that have only recently been developed were granted consent when affordable housing requirements were lower than current policies, and

A large proportion of completions are on small windfall sites that are below the threshold for an affordable housing requirement.

Clearly, the first of these factors will not apply to future allocations. Small windfall sites, however, could account for a significant proportion of overall supply and dilute the effectiveness of affordable housing targets unless 'nil-threshold' policies are introduced. If affordable housing targets are to be expressed as a percentage of overall supply, then either the rate that applies to qualifying sites will have to be higher than that target, or the level of supply from sites that are 100% affordable will have to balance the supply that contributes nothing.

Table 10: Potential Affordable Housing Supply post 2011 – by District Based on RSS Spatial Options.

District	Post 2011 Build Rate (Option 2)	Affordable Proportion			2006/11 ave. (Table 9)
		30%	40%	50%	
Bromsgrove	188	56	75	94	80
Malvern Hills	252	76	101	126	80
Redditch	328	98	131	164	80
Worcester City	472	141	188	235	60
Wychavon	464	139	186	232	140
Wyre Forest	188	56	75	94	40
Stratford	372	112	149	186	85
Warwick	524	157	210	262	75
South HMA	2,788	836	1,115	1,393	640
Option 3	3,485	1,045	1,394	1,742	

Table 5 shows that, under Option 2, even if the proportion of new housing that is affordable were doubled from the present level of 15% to 30%, the only districts that would see any significant increase would be Worcester and Warwick, reflecting the concentration of total housing supply in those locations. Even at 50% under Option 2 the total would still be well short of the RHS target of 1,781 p.a., and:

It would be necessary to achieve 50% affordable housing under Option 3 housing numbers in order to meet the RHS target.

(It should be borne in mind that, as explained in 2.3.2 above, the present proposals do not seem likely to be achieved in Worcester until several years after 2011, so the increase shown above for that district is somewhat speculative.)

The current level of provision of new affordable housing seems likely to remain constant until 2011. Post 2011, any increase outside Worcester and Warwick will be dependant on a more than doubling of the proportions that are being achieved at present, even under Option 3.

7.6 Aspirations

The West Midlands Regional Lifestyles Survey 2005 found that 39% of all people who currently live in urban areas expressed a preference for living in villages and countryside close to towns (para. 3.9). 45% of Birmingham respondents, and 47% from Coventry, expressed a preference for smaller towns, villages or countryside, rather than town and city centres and suburbs. (Table 3.3)

Even in the 18-24 age group, which showed the highest preference for urban living, 33% of the regional total expressed the same preference for rural living. In the 25-34 age group this rose to 50%, with a further 16% preferring smaller towns. (Table 3.4)

Just under half (46%) of the 18-24 age group expressed a preference for living in either the centre, or the suburbs, of a major town or city, and this dropped to 31% in the 25-34 age group and to around 25% for the 35-64 groups. Over 65's showed a greater preference for urban living, but still only at 33% (Table 3.4).

These figures show just how strong is the tendency for out-migration from the conurbation. The West Midlands Metropolitan Area alone comprises almost 50% of the region's population, quite apart from the other major towns, so that represents a huge potential for further out-migration.

Half of all the net out-migration from the conurbation is into the South Housing Market Area (fig. 2.10), and very little of this is allowed for in determining the level of new housing supply. The Lifestyle Survey suggests there will be a continuing and severe pressure on the housing market, with too many people chasing too few houses for the foreseeable future.

7.7 Housing Mix

In 2004/5, 50% of all new building in the Central HMA has been at densities of 50 per ha or more, and only 11% at 30 per ha or less. In the South Housing Market Area 34% were at 50 per ha or more, with 26% at 30 per ha or less. (Figure 5.7).

Over 50% of completions in Birmingham and Worcester City in the 3 years 2002/5 were 1 and 2 bedroom flats, (tables 5.21 & 5.25) and in Worcester City there are over 1,000 more approved - twice the number built in the 5 years to 2005. (Table 5.25 and para. 5.104)

Worcester City, which has seen a dramatic increase in the development of city centre apartments, after two decades of largely suburban family housing, was the only district not to receive migration from the conurbation. Despite being a designated major growth area, it has actually lost population overall in each of the 4 years 2000/4 - in particular it has lost families. (Table 5.27 and paras. 5.107 to 5.109)

Case studies of city centre developments of flats in Birmingham and Worcester revealed both very low occupancy rates, with 70% - 75% having a single adult occupant, and very high vacancy rates, with 15-20% having no permanent residents. (paras. 5.97 to 5.100)

Superficially, of course, high-density developments of small housing units would seem to be ideal to meet the needs of an increasing number of smaller households while at the same time reducing the need for car ownership and use and making better use of urban brownfield land.

However, small properties will always provide accommodation for fewer people than the same number of larger properties. What is more, if 15-20% of them are not occupied as permanent homes, compared with 3% for the housing stock as a whole, the number of people accommodated is even less.

The proportion of new housing development that is in the form of small apartments looks set to increase. The contribution it makes to the needs of the whole population will be smaller than the simple housing numbers would suggest, due to lower occupation rates and higher vacancy rates. This can only exacerbate the already identified demand pressures on the rest of the stock.

7.8 First Time Buyers

The Council of Mortgage Lenders report “Understanding First Time Buyers” (July 2005) showed that the proportion of houses purchased by first time buyers had almost halved between 1994 and 2004 – from 55% to 29%. Average deposits had increased from £5,000 to £33,000. Despite an increase in the proportion of houses that were owner occupied, and a reduction in the cost of borrowing, the average age of a first time buyer had increased from 32 to 34, and their average earnings had increased from £16,000 to £29,000 p.a. (Table 9.1 and paras. 9.9 to 9.11)

Deferral of purchase is being caused by a number of factors – student debt, having children later, lifestyle taking precedence over investment, greater availability of suitable properties to rent, and the need to obtain a larger deposit (either from savings or from parental assistance).

There are two aspects to these changes in terms of housing supply:

A larger market for private renting – for single households, couples and for two, three or more single people sharing.

The need for alternative tenures - for people in occupations that would previously have enabled them to access the housing market.

The most significant aspect of the changes over the last 10 years would seem to be the income figures. An increase of over 80% in the average income of first time buyers over a period of 10 years is a clear indication that the types of households who are accessing home ownership has changed – and that their earnings are much closer to the average for all households than used to be the case. This has implications for those earning less than enough to purchase – who would have been able to do so in the past.

7.9 The Housing Market

7.9.1 Price Changes

Price increases between 2001 and 2005 varied between 44% and 92% across all districts in the region, with generally the highest increases in the cheaper areas (Stoke, Sandwell, Wolverhampton, Coventry, Newcastle under Lyme, Stafford and Oswestry - all 75% plus) and the lowest for the more expensive areas (Stratford and Warwick under 50%)

The price of flats and terraced houses has also been increasing faster than for semi-detached and detached housing.

This would suggest that the opportunity for some households to move to cheaper areas is being reduced – possibly as a result of regeneration (or gentrification), or greater mobility creating more competition.

However, Chapter 6 examined the supply and cost of property in the South Housing Market Area, and concluded that Redditch and Wyre Forest were different from the rest of the sub region in a number of respects:

Not only were prices lower, with more supply of flats and terraced houses, but prices had risen slower as well, suggesting that these areas were not experiencing this ripple effect of movement away from higher priced areas.

The higher priced areas also showed different characteristics:

Much greater availability of smaller property types in Stratford and Warwick suggested the market was slowing down, but prices and availability in Malvern Hills suggested that it was still rising.

7.9.2 Occupancy Changes in the Market Sector

While prices can be analysed from hard evidence, it is less easy to detect the more subtle changes in the profile of the housing stock and its occupants:

With new build in the market sector, it is evident that the type of apartments and town houses being built in urban areas are quite different from the second hand stock of flats and terraced houses. From anecdotal evidence, it would appear that if they are attracting first time buyers they are mainly from the upper end of the earnings range, while those bought by investors are either being let to young professional couples and sharers, or left empty in order to trade on after a year or two when the development has matured and prices increased. Some are bought as second homes, and others by 'down-sizers'.

It does not seem that many purchasers of these properties are vacating typical first time buyer properties, either directly or indirectly at the end of a chain.

Within the existing stock there are signs of increased gentrification, particularly of terraced properties close to town centres, transport links, and high performing schools. These are bought not only by commuters to the

conurbation, but also by people who are able to work partly or wholly from home and who may earn their income from major centres at a considerable distance. Again, sharing of buy to let properties is another new feature of this sector of the market.

In rural areas there has been a well established trend for longer distance commuters creating a similar gentrification effect. These are generally well established and high income households.

7.9.3 Investment Priorities in the Social Sector

Within the social sector, investment priorities have been constantly changing:

During the 1990s the emphasis had been on reducing the amount of grant per dwelling, which had the effect of driving up RSL rents so that more of the cost of new properties could be covered by private finance. The Labour government reversed this, and placed the emphasis on keeping rent levels down, which of course increased the amount of grant per unit far faster than they could increase the total amount of funding, so fewer properties were built for more money.

Now the pendulum has swung again, with pressure to increase the number of properties that are built at a faster rate than the increase in funding. Inevitably, this is leading to an emphasis on smaller properties and a higher proportion of shared ownership – which of course fits very well with the type of properties being built. There is also a government requirement to halve the number of households in temporary accommodation by 2010 – which is requiring homeless and potentially homeless households to be allocated secure social rented accommodation, through both new build and re-lets.

There are, however, signs of an increase in the building of sheltered and extra care housing, after a long period in which the ageing population had appeared to be ignored. The extent to which this will divert funding away from other age groups is not yet clear, but it does seem inevitable that an increasing proportion will be spent in response to the rapid rise in the number of very elderly households.

There is a common feature of all of these changes, in terms of their combined impact on the housing market and its ability to cater for the needs of the whole population – and one that has been identified in PPS3:

The needs of young households on below average incomes, particularly those with children, are being largely neglected by the combined effect of:

Changes in the housing market, and

Changing investment priorities in the social sector.

8. Supply and Demand in the Social Sector

Just as there are sources of data that can be monitored to identify different levels of supply and demand pressure in the market sector, the evidence of RSL and LA stock turnover through re-lets can be monitored to identify the types and locations of properties that become available over a full year. By comparing this with the number of applicants on the waiting list for each category of property, it is possible to identify relative levels of shortage or surplus.

This chapter looks at each Local Housing Market Area, and each District, to compare stock turnover, and demand in relation to supply for the main property types. A detailed explanation of the methodology is set out in Appendix 7.

8.1 Social Housing Stock

Table 11: Social Housing Stock by Local Housing Market Area

(Number of properties, and their proportion of the total, for each area)

	1 bed		2 bed flats		2 bed other		3 bed		4 bed		Total No.
	No.	%	No.	%	No.	%	No.	%	No.	%	
Worcester	2303	32	1093	15	1012	14	2727	38	136	1.9	7271
Warwick	Detail not available at local housing market level										
Wyre Forest	2040	31	1144	18	970	15	2250	35	100	1.5	6504
Redditch	2961	39	744	10	1335	18	2337	31	202	2.7	7579
Stratford	Detail not available at local housing market level										
Bromsgrove	992	37	329	12	325	12	966	36	44	1.6	2656
Malvern ¹	943	33	523	18	435	15	917	32	57	2.0	2875
Evesham ²	858	31	163	6	778	28	975	35	21	0.8	2795
Droitwich	756	32	315	13	354	15	814	35	99	4.2	2338
Pershore	377	36	68	7	284	27	298	29	9	0.9	1036
Total	11582	34	4596	13	5741	17	11831	34	670	1.9	34420

Source: Schedules provided by LA and RSL stockholders

1: Includes Tenbury area 2: Includes Broadway area

The proportions of each property type do not vary significantly between each of the Local Housing Market Areas.

About a third is **1 bedroom** - almost all of which will be flats, and a large proportion sheltered housing.

Another third is **3 bedroom** – almost all houses, with a very small number of maisonettes and bungalows.

Just under a third is **2 bedroom** – with a varying split between flats and houses or bungalows. On average, there is a larger proportion of houses than flats, but the reverse is the case in **Worcester, Wyre Forest, Bromsgrove and Malvern**.

4 bedroom houses make up just under 2% of the stock overall, but only half that proportion in **Evesham and Pershore**, and well below average in **Wyre Forest and Bromsgrove**. Only **Droitwich** has a particularly large proportion, at twice the average for the sub-region.

8.2 Stock Turnover - Social Housing Re-Lets

The following tables provide the projected level of supply that is used to estimate the annual shortfall in affordable housing supply in chapters 12 -14. More detail on how these projections have been made is set out in Appendix 7.

Table 12: Social Housing Re-Lets – 2005/6 - by Local Housing Market Area

(Number of re-lets, and re-lets as % of stock number – i.e. turnover rate.)

	1 bed		2 bed flats		2 bed other		3 bed		4 bed		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	
Worcester*	300	13	108	10	478	5	82	3	3	2	391*
Warwick & Leamington	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	394
Wyre Forest	296	15	134	12	44	5	86	4	6	6	566
Redditch	403	14	78	10	38	3	47	2	1	0	567
Stratford	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	269
Bromsgrove	126	13	28	9	12	4	32	3	5	11	203
Malvern	99	10	49	9	17	4	16	2	1	2	182
Evesham	95	11	20	12	14	2	28	3	0	0	157
Droitwich	63	8	38	12	18	5	21	3	1	1	141
Pershore	46	13	9	18	11	5	13	5	0	0	79
Total	1428	13	464	11	201	4	325	3	17	3	2949*

Source: Local Authority and RSL stock and lettings records, re-aggregated to local housing market areas, except for Stratford and Warwick & Leamington where information is available only on a district basis.

* The figures for Worcester include transfers which should have been excluded, and as it has not been possible to identify these by house type, only the total column has been adjusted.

On average, 13% of all **1 bedroom** properties become available in a single year – which means the average length of a tenancy is about 7.5 years. The position is similar for **2 bedroom flats**.

The effect of this short average length of tenancy can be seen in the number of re-lets that are for flats: Although 1 bedroom properties make up 34% of the total stock, they account for 57% of the re-lets. 2 bedroom flats make up 13% of the stock and account for 18% of re-lets.

For family houses, the turnover rates are very different. Taken together, 2, 3 and 4 bedroom houses have a turnover rate of just 3.5% - which means the average length of a tenancy is almost 30 years - 4 times as long as for flats.

This means that a given number of flats in the housing stock can cater for 4 times as many households as the same number of houses, as they become available 4 times as often. This is particularly important when considering the types of property that are required to meet both backlog and emerging need.

Table 13: Social Housing Re-Lets – 2005/6 - by District

(Number of re-lets, and re-lets as % of stock number – i.e. turnover rate.)

	1 bed		2 bed flats		2 bed other		3 bed		4 bed		Total No.
	No.	%	No.	%	No.	%	No.	%	No.	%	
Worcester City	266	13	90	10	29	4	72	3	3	2	303*
Warwick	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	394
Wyre Forest	287	14	128	12	40	4	86	4	6	6	547
Redditch	400	14	78	11	38	3	46	2	1	0	563
Stratford	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	269
Bromsgrove	159	13	39	8	13	3	36	3	5	11	252
Malvern Hills	128	10	66	9	35	5	28	2	1	2	258
Wychavon	236	10	74	10	55	3	73	4	1	1	438
South HMA	1475	13	475	10	210	4	339	3	17	3	3024

Source: Local Authority and RSL stock letting records.

* The figures for Worcester include transfers which should have been excluded, and as it has not been possible to identify these by house type, only the total column has been adjusted.

8.3 The Ratio of Current Need to Supply from Social Housing Re-Lets

The ratio of the number of applicants to the number of re-lets in a year gives a nominal waiting time: If there are 100 applicants, and 20 re-lets in a year, the ratio is 100:20 or 5:1, which means it would take 5 years to accommodate the 100 applicants at 20 per year.

Table 14 below shows the number of applicants who are in housing need, for each property type in each local housing market area, and divides them by the number of re-lets as shown in Table 12. Thus, the total of 2,287 applicants shown in Table 14 as requiring 1 bedroom properties is divided by the 1,428 re-lets for 1 bedroom properties shown in Table 12. The result is 1.6, which means all of those applicants could, in theory, be accommodated by the number of re-lets that occur in 1.6 years.

Table 14: Social Need: Relets & Waiting Time - by Local Housing Market Area

(Number of applicants in need, and number of years nominal waiting time)

	1 bed		2 bed flats		2 bed other		3 bed		4 bed		Total No.
	No.	Yrs	No.	Yrs	No.	Yrs	No.	Yrs	No.	Yrs	
Worcester	301	1.0	286	2.6	366	7.8	143	1.7	25	8.3	1121
Warwick & Leamington	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2079
Wyre Forest	352	1.2	391	2.9	227	5.2	177	2.1	35	5.8	1182
Redditch	767	1.9	185	2.4	198	5.2	101	2.1	14	14	1265
Stratford	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2626
Bromsgrove	252	2.0	156	5.6	78	6.5	66	2.1	55	11	607
Malvern	106	1.1	66	1.4	32	1.9	30	1.9	3	3.0	239
Evesham	266	2.8	165	8.3	51	3.6	153	5.5	32	N/A	667
Droitwich	162	2.6	82	2.2	49	2.7	82	3.9	21	21	396
Pershore	81	1.8	44	4.9	26	2.4	40	3.1	10	N/A	201
Total	2287	1.6	1376	3.0	1028	5.1	792	2.4	195	11.5	10383

Sources: Local Authority waiting lists, excluding applicants not in current housing need, and Table 12.

The higher the number in the 'Yrs' column in Table 14, the greater the length of time to accommodate the need: therefore the higher the demand for that type of property.

Another factor to bear in mind is that the Local Housing Market Area tables relate to new applicants only. They do not take into account the needs of exiting tenants who have a need to transfer to another property, just as they do not take account of any lettings to existing tenants. The District tables, however, can take account of transfer requirements, and the need figures have therefore been adjusted to reflect the net requirement for property types on the assumption that all transfer needs are met.

Quite apart from this consideration, the highest ratios of need to supply are consistently for 4 bedroom properties, with average waiting time more than 10 years.

In the District tables, where Transfer needs have been taken account of, this makes very little difference to the waiting time for other property types, but for 4 bedroom properties the number more than doubles, showing that the greatest need for 4 bedroom properties is from existing tenants who need an extra bedroom.

While the numbers are much smaller than for other property types, the most acute shortage is for 4 bedroom houses, which should make this a high priority for investment in all areas.

The local housing market areas with the greatest shortage of both 3 and 4 bedroom houses are Worcester, Evesham, Droitwich, and Pershore which should therefore be the main focus of that investment.

For Worcester, Wyre Forest, Bromsgrove and Redditch the greatest shortage is for 2 bedroom as well as 4 bedroom houses.

Although the majority of applicants need 1 and 2 bedroom flats, the level of supply of these property types means that only in Bromsgrove and Evesham is there any significant level of shortage.

Table 15: Social Need: Re-lets & Waiting Time - by District (Net of Transfer Needs)

(Number of applicants in need, and number of years nominal waiting time)

	1 bed		2 bed flats		2 bed other		3 bed		4 bed		Total No.
	No.	Yrs	No.	Yrs	No.	Yrs	No.	Yrs	No.	Yrs	
Worcester City	264	1.0	194	2.2	459	16	77	1.1	20	6.7	1014
Warwick	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2079
Wyre Forest	371	1.3	524	4.1	250	6.3	239	2.8	81	13.5	1465
Redditch	630	1.6	145	1.9	200	5.3	138	3.0	52	52	1165
Stratford	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2626
Bromsgrove	455	2.9	321	8.2	119	9.2	92	2.6	87	17.4	1074
Malvern Hills	142	1.1	128	1.9	36	1.0	47	1.8	17	17	370
Wychavon	940	4.0	464	6.3	168	3.1	533	7.3	179	179	2283
South HMA	2802	1.9	1776	3.7	1232	5.9	1126	3.3	436	16.8	12076

Sources: Local Authority waiting lists, excluding applicants not in current housing need, and Table 13.

Table 15, by Local Housing Market Area, can only take account of the property requirements of waiting list applicants, as there is no means of apportioning the needs of existing tenants who have applied for a transfer. It also excludes all applicants from outside any of the Local Housing Market Areas, even if they are within one of the 8 districts.

Table 15, however, being District based, is able to take these into account, with the result that it shows the net property requirement on the assumption that all Transfer Needs are met. This will increase the demand for some property types and reduce it for others, but have no effect on the total need figure.

Table 15 also includes all applicants, regardless of their present location, which is part of the explanation for their higher figures. They also include the parts of districts which are outside the Local Housing Market boundaries (notably Bromsgrove).

The considerable increase in waiting time for 4 bedroom properties, however, is mostly due to accounting for the effect of meeting Transfer Needs: The total increases by 241, from 195 to 436, and only one third of the 241 are applicants from outside the districts.

9. Current Unmet Housing Need (Backlog)

9.1 The Principle of Backlog Reduction

There are two main elements of housing need – existing households with unmet needs – Backlog Need - and needs that will arise in the future – Newly Arising Need. This Assessment has to consider what is a realistic target rate for reducing the Backlog Need, at the same time as seeking to meet Newly Arising Need as it occurs.

9.2 The Appropriate Rate of Reduction

The recommended minimum period is 5 years, which would mean an annual reduction of 20% of the starting figure, but there are three main considerations to take into account in establishing a realistic rate of Backlog Reduction.

Firstly, the extent to which meeting housing need releases other properties: For example, if a high proportion of existing households moving into social housing would be releasing low cost market housing, for occupation by newly forming households, then a higher rate of reduction might be realistic. However, there seems little prospect of this in the South Housing Market Area when the present tenure of current households in need is considered:

Analysis of 5 of the 8 waiting lists showed that 55% of existing households in need would not be releasing any properties at all, as they do not have their own accommodation – they are living with family or friends, sharing or in an institution or emergency accommodation. A selective review of information on new lettings would suggest that the proportion among those actually being housed is much higher, with only a very small minority moving from their own accommodation,

Secondly, the proportion of newly forming households who will be unable to access the market, and the number falling into need, each year will be quite substantial (as will be seen in the next chapter) so the needs of existing applicants will have to be balanced against new applicants with high levels of need.

Thirdly, as shown in Table 5, in chapter 7, it will only be after 2011 that the rate of new supply is likely to increase significantly, so the prospects for reducing the backlog will be much better in a 5 to 10 year period.

9.3 The Effect of a 10% Reduction Target

Tables 14 and 15 showed the number of housing register applicants currently in housing need, and by taking this figure, and applying alternative rates 10% and 20%, the annual requirement for affordable housing to meet this backlog can be established for both Districts and Local Housing Market Areas:

Table 16: Rates of Backlog Reduction – Local Housing Market Areas

Local Housing Market Area	Total in Need (Table 14)	20% p.a.	10% p.a.
Worcester	1,121	224	112
Warwick & Leamington	2,079	416	208
Wyre Forest ²	1,182	236	118
Redditch	1,265	252	126
Stratford ¹	2,626	525	263
Bromsgrove ²	607	121	61
Malvern	239	48	24
Evesham	667	134	67
Droitwich	396	79	40
Pershore	201	40	20
Total	10,383	2,077	1,038
W.M.Conurbation ³	718	144	72
Other Regions ⁴	580	116	58
Combined Total	11,681	2,337	1,168

¹ Based on Household Survey rather than waiting list

² Excludes applicants from those parts of the districts that are outside the Bromsgrove and Wyre Forest LHMA's, (and within the Dudley and Birmingham LHMA's)

³ Includes applicants from all districts whose present address is outside any of the LHMA's but within the West Midlands region

⁴ Includes applicants from all districts whose present address is outside any of the LHMA's but within LHMA's that are based on towns outside the region (Cheltenham, Gloucester, Hereford, Banbury etc.) or is within another region, or not known

Table 17: Rates of Backlog Reduction – Districts

District	Total in Need (Table 15)	20% p.a.	10% p.a.
Worcester City	1,014	203	101
Warwick ¹	2,079	416	208
Wyre Forest	1,465	293	146
Redditch	1,165	233	116
Stratford ¹	2,626	525	263
Bromsgrove	1,074	215	107
Malvern Hills	370	74	37
Wychavon	2,283	457	228
South Housing Market Area	12,076	2,416	1,206

¹ Based on Household Survey rather than waiting list

9.4 Further Information on Backlog Need

Further analysis of the waiting lists shows that although just over half of all applicants are either living with parents or sharing, the proportion that are single people is quite low: Apart from Redditch, where single person applicants represent the majority of those living with parents, the proportion is generally between a quarter and a half, and a substantial number are applicants with one or more children.

12% of applicants are owner occupiers, almost exclusively single persons and couples who have no children, and these are predominantly elderly. A much larger proportion are from the West Midlands conurbation and the larger towns than from

the more rural areas. Taken together, these two features suggest that there is a considerable need for the type of leasehold scheme for the elderly that used to be developed some time ago but has seemed to been neglected recently:

These schemes enable older people, with insufficient equity to purchase a suitable property, to acquire a share of the equity in a purpose built scheme in which it is more economic to provide the appropriate level of support facilities.

The Wanless Social Care Review (March 2006) and the Commission for Social Care Inspection (January 2007) both indicate that support services for older people in their own homes is being increasingly concentrated on those with most acute needs, leaving an increasing number who need assistance unable to obtain it. This will increase the need for such schemes, and might also release for sale properties at the lower end of the market, and thereby increasing the supply for first time buyers.

Private renting accounts for only 21% of applicants, which suggests that the cost and/or the level of supply is inadequate. Security of tenure may also be an issue: while private renting can be the preferred tenure for younger and mobile households, a significant proportion of households in need include children and the loss of an assured shorthold tenancy is a frequent main reason for homeless presentations.

The circumstances of existing households in need suggests the following priorities for new provision:

Houses for young families

Shared equity housing schemes for older people

**Private Renting with affordability and some security of tenure,
or alternatively a form of shared or fixed equity at the equivalent cost.**

10. Future (Newly Arising) Housing Need

10.1 The Principle of Projecting Newly Arising Need

The most difficult - and the most important - aspect of any assessment of housing need is to find a robust and transparent method of projecting the number, and the key characteristics, of the households who will be in housing need in the future.

There are two main aspects of future housing need:

Newly forming households unable to meet their minimum reasonable housing needs in the market without assistance.(see 10.2 below)

Existing households falling into need - whose circumstances change so they are no longer able to meet their minimum reasonable housing requirements in the open market without assistance. (see 10.4 below)

There are also two key characteristics of households making up newly arising need:

Household composition – determining the size, and therefore the likely cost, of the property they will require.

Level of income – determining the tenure that they will be able to afford.

The objectives of this Assessment include identifying “the amount and mix of housing to be provided in different parts of the sub-region” and to “inform decisions on how housing need translates into different sizes and types of affordable housing.”

It is therefore necessary to identify newly arising need in the same way as backlog need – by location, by property size and type, and by tenure.

Although both existing and emerging guidance provide suggestions as to how to project newly arising need in this level of detail, these rely on one or two highly complex computer models that are impenetrable to even the professional researcher. This prevents the assessment from achieving the second of its key requirements – to be not only robust but also to be transparent. Unless the method by which the projections have been made are readily understood they will not be credible.

Quite apart from the need to achieve transparency, the Assessment has to provide a means of routine monitoring and updating, as no projection can be certain for a number of years ahead – the assumptions on which the projections are made need to be checked and adjustments made to reflect the extent to which those assumptions turn out to have been incorrect.

This is a key message of the whole assessment that cannot be overstated: All projections are based on assumptions that the recent past provides a reliable indicator of the future. It is essential that the data is updated on an annual basis, and the latest figures compared with the previous ones and the reasons for any differences understood. Then the projections – adjusted as necessary – will remain a reliable basis for formulating, implementing and modifying policies and strategies.

10.2 Worcestershire County Council Research Department Report on Newly Arising Need

10.2.1 Background

Appendix 8 provides a full copy of this report, providing a detailed explanation of how these projections have been made, through extensive work carried out during the second half of 2006 by the Worcestershire County Council research department. This work was an extension of the reports they had prepared on population and household growth and migration patterns for the Regional Assembly as background technical work for the RSS Partial Review.

The report at Appendix 8 sets out the data sources used and the calculations and assumptions made. It also considers the alternative sources, the degrees of uncertainty that any such projections involved, and the factors which could affect the actual outcomes. As most of the data sources are available at District level only, the projections are made on that basis, and then adjusted, in accordance with population distribution, to Local Housing Market Areas. It must be appreciated that however precise the numbers appear, they should only be taken as being indicative, as they are still dependent on a number of variables.

The tables at the end of this chapter sets out the results in numerical terms for each district, and for each local housing market area, and the following is a brief summary of the full report at Appendix 8:

10.2.2 Household Projections by Composition

The Worcestershire County Council report firstly uses a range of national statistics and surveys to calculate the number of new households that are likely to form, in each district, and breaks this number down as follows, with the same property requirements as used for backlog need:

One person households:	1 bedroom flat or house
Couple households – no children:	2 bedroom flat or house
Couple households – with children:	2 bedroom house
Lone parent households:	2 bedroom house

10.2.3 Household Projections by Income

The report then calculates the likely income distribution within each group, so it can estimate the number that will be earning at each of 10 different levels. This has been achieved through a combination of national statistics, and a specially commissioned set of data from Barclays Bank/Woolwich Building Society relating to account holders across the sub-region, with CACI Paycheck figures used as an alternative to the Barclays/Woolwich data.

The report explains that the Barclays/Woolwich figures were felt to present the most accurate picture, but as these will not be available for future monitoring and comparison with other sub-regions, it was decided to use the CACI figures which would be routinely available. The CACI figures provide a higher estimate of incomes for newly forming households, so the numbers who have been identified as unable to access the market may be somewhat understated.

10.2.4 Numbers able to Access the Open Market

Lower quartile sale and rental costs for the relevant property types were established by reference to the same data from the major property website that was used in chapter 6 on the current housing market.

By calculating the income necessary to afford these prices, and applying them to the households in each income band it is then possible to estimate the numbers of households able to access the market.

For purchase, it has been assumed that there will be a 10% deposit (this will overstate the number who can access the market if only a smaller deposit is available), that single adult households will be able to borrow 3.5 times their gross earnings, and that two adult households will be able to borrow 2.9 times their joint gross earnings.

For rent, it is assumed rent does not exceed 25% of gross income.

At this stage, we have a number of households who are unable to purchase, and a smaller number unable to either purchase or rent. The smaller number is therefore the total number of households unable to access the market.

10.2.5 Numbers Able to Access the Intermediate Market

There are a number of both existing and potential Intermediate Market options for addressing the needs of households who cannot afford to purchase at full market value. It is therefore necessary to break down the total number in order to provide delivery targets for each of the main options.

Having already established the income levels of the newly forming households, this is simply a matter of applying the cost of the main options:

10.2.6 Numbers Able to Purchase at 75% of Lower Quartile – and/or Rent Privately

As there is a well established scheme – Homebuy - for acquiring property at 75% of market value, with no cost attached to the remaining 25%, the number able to purchase at 75% of lower quartile prices was established.

It should, however, be noted that the number able to afford at 75% of the lower quartile price is not the same as being able to afford 75% of the value of any individual property: lower quartile is the level below which 25% of properties of that type are priced, and this will take account of properties in less desirable locations and condition. It is quite possible that 75% of market value of a property selected for purchase under Homebuy will be higher than 75% of lower quartile.

It should also be noted that new build properties offered for sale on a conventional shared ownership basis will generally have an open market value that is significantly higher than lower quartile. (This has been confirmed by RSLs engaged in this activity) Even with a 50% share of the equity sold, and a rent charged on the balance at just half of the rate of interest charged on the mortgage, the total cost will equate to 75% of the cost of outright purchase. Therefore, it follows that if the open market value is more than lower quartile, the cost on these terms will be higher than 75% of lower quartile.

A key conclusion from this analysis is that most, if not all, of conventional shared ownership, and any Homebuy properties that are above the lower quartile figure, will NOT be affordable to those households included as being able to buy at 75% of Lower Quartile.

10.2.7 Numbers Able to Rent Privately but not Purchase at 75% of Lower Quartile

The cost of private renting, at the lower quartile, was found to be lower than the cost of purchase at 75% of lower quartile, so a number of households who could afford to rent who could not afford to buy, even at 75%, were identified separately.

10.2.8 Numbers Able to Purchase at 50% of Lower Quartile

It has been recognised by both government and housing providers that 75% of lower quartile is still out of the reach of some households who would neither wish, nor qualify, for social rented housing, and who could not afford to rent privately. A 50% of lower quartile price was therefore used to identify the number of households who could afford to purchase at this level.

It has already been noted that conventional new build shared ownership housing, sold on the basis of 50% equity, and with a heavily discounted rent charged on the unsold equity, will almost always still cost more than 75% of lower quartile. Clearly, if new build housing is to be made available at 50% of lower quartile it will be necessary to develop new financial models that will require a lower acquisition cost and/or a greater subsidy. Although there are established schemes in other parts of the country for purchase on at this sort of level – usually at or just below the cost of the building work alone – nothing of this nature is currently being offered by any of the social housing providers in the South Housing Market Area.

Unless and until such alternatives become available, households who could afford to purchase at 50% of lower quartile have no alternative but to seek social rented housing or to rely on housing benefit to subsidise the cost of market renting. Nevertheless, it is necessary to separately identify this category in order to demonstrate the extent of the affordability gap between conventional intermediate market products and the cost of social rent.

It is important to recognise that unless new models of more affordable home ownership are adopted, those who would be able to purchase at 50% of lower quartile are in fact additional candidates for social rented housing.

10.2.9 Numbers Able to Access Social Rent only

This leaves the rest of the households – those who could not afford to purchase at 50% of lower quartile – as being able to afford social rent only, even if the most affordable type of low cost home ownership were to be made available.

10.2.10 Projections up to 2026

The model was designed only to assess need for a particular year, so before using it to assess need at a point in the future, it is necessary to project household formation forward, in line with population growth and other trends. The exercise was therefore repeated for 5 target years (2006, 2011, 2016, 2011 and 2026) in line with the period covered by the RSS partial review. It must be stressed, however, that these are indicative only, and will need to be corrected through future monitoring. Having established the methodology and set up the tables and formulae, the annual update and adjustments will be a routine exercise that can be achieved for a fraction of the very considerable time and effort that has been put into this part of the Assessment.

The tables for all 5 target years are provided in full in Appendix 8, while only figures for 2006 are set out here. The figures increase very slightly up to 2016, and rather more after that date.

Table 18: Annual Newly Arising Need by Local Housing Market Area for 2006

(The basis for assessing annual need for 2006-11)

Local Housing Market Area	Total New Households	Unable to buy	Unable to buy or rent	Able to buy at 75% or rent	Either	Rent only	Able to buy at 50%	Unable to buy at 50%
Bromsgrove	558	318	223	94	49	46	40	183
Droitwich	226	141	95	46	22	24	14	81
Evesham	386	240	162	78	38	41	24	138
Malvern	358	255	155	100	34	66	4	152
Pershore	99	61	41	20	10	10	6	35
Redditch	818	462	354	108	69	39	84	270
Stratford	694	458	307	152	92	59	58	248
Warwick & Leamington	1397	864	606	258	157	101	116	490
Worcester	1051	659	463	195	101	94	80	383
Wyre Forest	944	536	376	160	80	80	64	312
Total	6529	3994	2783	1211	651	560	491	2292

Source: Table 33 of Worcestershire County Council Report "Estimating Future (Newly Arising) Housing Need – see Appendix 8 – district based figures adjusted to fit local housing markets by apportionment according to the pattern of 19-39 year olds in the 2001 Census.

Note: figures may not sum due to rounding

10.3 Implications of Newly Arising Need Projections in Table 18

The two highlighted columns in the above tables are the key figures:

Those unable to either buy or rent the type of property that meets their minimum reasonable requirements are those excluded from the market, and therefore in housing need. This is **2,783 p.a., which represents 43% of all newly forming households across all the local housing market areas.**

Those unable to buy at 50% of the lower quartile price are **those who could only afford social rented housing**, even if much more affordable types of intermediate housing were available. This is **2,292 p.a., which represents 35% of all newly forming households across all the local housing market areas.**

However, the level of supply is as important as the cost:

The difference between the numbers unable to buy (3,994) and those unable to buy or rent (2,783) is quite large – 1,211 p.a., which represents 19% of all newly forming households. These households cannot afford to buy, but they can afford to rent privately – as long as the supply is there, which seems doubtful at this level of requirement. If the supply is inadequate, then the number effectively excluded from the market – by availability if not by cost – will be greater than the 43% suggested by these tables.

The same will apply to those who are, in theory, able to purchase – as supply may not be sufficient, or too much of it may be taken up by existing households, leaving insufficient for this group as well:

As 3,994 of the total number of 6,529 newly forming households are unable to buy, the difference of 2,535 represents the number that can afford to.

Table 6 showed that the total number of property sales for all of the Local Housing Market Areas for 2005/6 was 13,644 (4 times the lower quartile number of 3,411), so 2,535 would represent 18.6% of all sales. The latest information from the Council of Mortgage lenders is that nationally, 15% of sales are to first time buyers – but their definition will include existing households moving from other tenures, so the number of first time buyers who are newly forming households will be less than 15%. There is therefore a possibility that some of those who are theoretically able to purchase will not be able to do so, with the result that the number seeking to rent privately or buy at 75% of lower quartile will be greater than the 1,211 indicated above.

It should also be noted that these affordability calculations do not take into account the payment of housing benefit, which will of course enable more households to afford private rented property.

The implications of these findings, in terms of the types of affordable housing required, are considered in more detail in chapter 13, while the comparable figures for each district are set out in Table 19.

The figures in Tables 18 & 19 provide the projected level of need from newly forming households that is used in arriving at the estimated annual shortfall in affordable housing supply in chapters 12 -14.

Table 19: Annual Newly Arising Need by District for 2006

(The basis for assessing annual need for 2006-11)

This produces the same projections as Table 18, but for districts instead of local housing market areas.

	Broms grove	Malvern	Redditch	Worc. City	Wychavon	Wyre Forest	Stratford	Warwick	South HMA
Total New Households	910	580	701	777	967	915	1124	1357	7331
Unable to buy	517	414	386	474	602	514	743	825	4475
Unable to buy or rent	364	252	303	346	406	363	497	586	3117
Able to buy at 75% or rent	153	162	83	128	196	151	246	239	1358
Either	79	55	55	75	94	77	150	145	730
Rent only	74	107	28	53	102	74	96	94	628
Able to buy at 50%	66	6	75	71	60	64	95	112	549
Unable to buy at 50%	298	246	228	275	346	299	402	474	2568

Source: Appendix F of Worcestershire County Council Report "Estimating Future (Newly Arising) Housing Need – see Appendix 8.

10.4 Households Falling into Need

This is the other main component of Newly Arising Need. There are several ways that these households might be identified:

Waiting list applications from households in owner-occupied housing, plus the previous tenure of new social housing tenants, will provide only partial information, as not all households falling into need will be recorded in this way – many will be housed in private rented accommodation with the assistance of housing benefit and/or rent deposit guarantee schemes.

A combination of data from the Survey of English Housing, plus the 2001 census, which will give an estimate that is heavily dependant on out of date information and national trends that may not be wholly applicable to this sub-region. It also deals only with former owner-occupiers, and not those from the private rented sector.

Homelessness statistics collected in great detail by each district to a standard government format would seem the most robust and comprehensive. It provides a quarterly record of all households who apply to their local authority as having become homeless.

There is a slight risk of double counting, as it may not be possible to filter out all those who would be categorised as newly forming households. However, there will also be some under-recording, as not all households who have fallen into need will actually be recorded as homeless – some may be given assistance to prevent them from becoming homeless and therefore not be included in the statistics.

On balance, this would seem to be the most reliable basis for establishing this element of need – and one that is already the subject of very detailed monitoring.

Table 20: Households Falling into Need - 2005/6 -by Local Housing Market Area

Local Housing Market Area	Total households ¹	No falling into need ²	% of total households
Bromsgrove	20,555	67	0.33
Malvern	18,849	41	0.22
Redditch	39,763	315	0.79
Worcester	56,638	297	0.52
Wyre Forest	43,732	172	0.39
Evesham	18,196	47	0.26
Droitwich	11,083	28	0.25
Pershore	5,932	15	0.25
Stratford on Avon	33,212	130	0.39
Warwick & Leamington	58,393	224	0.38
Total	306,353	1,336	0.44

Source: Table 33 of Worcestershire County Council Report “Estimating Future (Newly Arising) Housing Need – see Appendix 8 – plus: ¹ Calculated by apportioning total households in Table 21 by the pattern of households recorded in the 2001 Census and: ² Calculated by apportioning number falling into need in Table 21 by the pattern of households recorded in the 2001 Census

Note: Figures may not sum due to the effect of rounding

Table 21: Households Falling into Need- 2005/6 – by District

District	Total households	No falling into need	% of total households
Bromsgrove	36,500	126	0.35
Malvern Hills	32,000	72	0.23
Redditch	34,139	294	0.86
Worcester City	41,081	256	0.62
Wychavon	49,993	130	0.26
Wyre Forest	42,054	171	0.41
Stratford on Avon	51,552	204	0.40
Warwick	57,296	225	0.39
South HMA	344,615	1,478	0.43

Source: Table 33 of Worcestershire County Council Report “Estimating Future (Newly Arising) Housing Need – see Appendix 8.

The figures in Tables 20 & 21 provide the projected level of need from existing households that is used in arriving at the estimated annual shortfall in affordable housing supply in chapters 12 -14.

10.11 Total Annual Newly Arising Housing Need

Combining the figures in Tables 18 and 20 (for Local Housing Market areas) and Tables 19 and 21 (for Districts), gives the total annual amount of newly arising need.

There are in fact other elements of housing need that strictly ought to be included, but these are likely to be very small, and there is no reliable way of calculating them: Those leaving institutions – such as care, hospital, prison etc – may already be included in other elements, particularly newly forming households and households falling into need, so their impact on the totals will be negligible.

The needs of in-migrant households are considered in some detail in the full report from Worcestershire County Council Research Department at Appendix 8. Although the guidance identifies this group, it does not take account of those households who choose to migrate out of the sub-region, even though they may have been counted as newly forming households in housing need. While there is no certainty that these two elements will be self-cancelling, it does seem prudent to take no account of either, as there is no sure basis of identifying the numbers, and on balance, they will probably not make a significant difference to the totals.

10.11 Gross Annual Affordable Need - Backlog plus Newly Arising

The gross amount of annual need for affordable housing, before any account is taken of supply from either existing stock or new provision, comprises the following:

Backlog Reduction – as identified in Chapter 9 - Table 16 (Local Housing Market Areas) and Table 17 (Districts) where the end column gives the 10% annual reduction figure.

Newly Forming Households - those unable to buy or rent in the market – as identified in Tables 18 (Local Housing Markets) and Table 19 (Districts)

Households Falling into Need – as identified in Table 20 (Local Housing Markets) and table 21 (Districts).

The combination of these three sources of need are shown in Tables 22 and 23 below:

Table 22: Gross Annual Housing Need – by Local Housing Market

(excluding applicants from outside the local housing market areas)

Local Housing Market Area	Backlog Reduction at 10%: Table 16	Newly Forming Households Unable to buy or rent: Table 18	Households Falling into Need: Table 20	Gross Annual Housing Need:
Bromsgrove	60	223	67	350
Malvern	25	155	41	221
Redditch	126	354	315	795
Worcester	110	463	297	870
Wyre Forest	118	376	172	666
Evesham	69	162	47	278
Droitwich	39	95	28	162
Pershore	20	41	15	76
Stratford	263	307	130	700
Warwick & Leamington	208	606	224	1038
Total	1,038	2,783	1,336	5,157

Table 23: Gross Annual Housing Need – by District

(including applicants from outside the districts)

District	Backlog Reduction at 10%: Table 17	Newly Forming Households Unable to buy or rent: Table 19	Households Falling into Need: Table 21	Gross Annual Housing Need
Bromsgrove	107	364	126	597
Malvern Hills	37	252	72	361
Redditch	116	303	294	713
Worcester City	101	346	256	703
Wychavon	228	406	130	764
Wyre Forest	146	363	171	680
Stratford on Avon	263	497	204	964
Warwick	208	586	225	1,019
South HMA	1,206	3,117	1,478	5,801

Having established the gross annual requirement for affordable housing, the next step is to establish the annual level of supply. Then, supply can be deducted from the gross requirement, to arrive at the net requirement.

11. Future Housing Supply – Market and Affordable

11.1 Predicting future housing supply

Having established in the preceding chapter the gross annual need for affordable housing, this chapter considers the amount of both market and affordable housing that will be available for purchase or letting in the foreseeable future. This availability will be a combination of both turnover within the existing stock, and additions that are made to the existing housing stock.

It draws upon the evidence of the preceding chapters, and the views expressed by stakeholders, to make predictions about the nature and extent of future housing supply. These predictions will allow for an estimate to be made of the extent to which the gross annual need for affordable housing – identified at the end of the chapter 10 – will be met.

It should be noted that these predictions do not attempt to factor in potential changes to past trends, and they will need to be monitored on an annual basis to see if there are any changes to past trends or future policies that would justify amending the predictions.

11.2 Turnover of existing stock

11.2.1 Market Sale Housing

The rate at which the existing owner occupier stock becomes available fluctuates quite considerably from year to year, but the DCLG website (using Land Registry figures) shows that there were fewer sales in 2005 than for any of the last 10 years. The Land Registry figures for the latest available 4 quarters (Oct 2005 – Sept 2006) shows a slight increase from that low point, but the figure is still lower than for any year since 2000, and 9% fewer than the average for 2001 – 2004.

The overall trend for the number of properties available for purchase seems therefore to be downwards, despite the increase in the total size of the housing stock. This would be consistent with the demographic trends, and the increase in the number of households being largely due to older people living longer, and staying in their own homes for longer. It could also reflect the greater difficulty existing households have in meeting the higher cost of trading up to larger properties.

Tables 5 and 6 show the number of sales at the lower quartile in 2005/6, and that figure would therefore seem unlikely to be significantly increased in subsequent years, so it has been taken as the projected number for future years.

11.2.2 Market Rent Housing

There are no records of the rate of turnover of the private rented stock, but it will undoubtedly compensate, to some extent, for the reduced turnover of the owner occupied stock – but not necessarily on a like for like basis.

11.2.3 Affordable Housing

The turnover of any form of intermediate housing, is negligible, as it comprises just 0.6% of the total housing stock. The re-letting of social rented properties is therefore effectively the level of affordable housing supply from the existing stock.

Tables 11 and 12 show the number of social rented properties re-let to new tenants in 2005/6, on the basis of lettings information provided directly by each stockholder.

An examination of the annual HIP returns, based on the information collected by each local authority and submitted to the DCLG, allows for a comparison to be made with previous years, and this shows that while the 2005/6 figure was 12% higher than 2004/5, it was almost exactly the same as for the 3 years 2001/4.

The view of stakeholders directly involved in the management of the stock is that re-lets are more likely to reduce than stay the same, let alone increase. This is due to greater emphasis placed on creating more sustainable communities, by taking account of longer term requirements when making allocations. It is acknowledged that addressing under-occupation could increase vacancy rates, in the longer term, but this would have limited impact, and may be countered by greater life expectancy.

There therefore seems to be no justification for projecting future turnover rates at any higher level than as shown in 2005/6, and if 2004/5 proves to have been more typical then the projection will in fact be an overstatement by as much as 12%.

However, as there are some variations in the turnover trends between districts, it is appropriate to consider each one individually before simply projecting the 2005/6 figures in each case, and Appendix 7 provides the results of a detailed examination of the HIP returns for each district. Where there is a clear downward trend, the 2005/6 figure has been projected forward, but where there is not, an average of the last three years has been used, as summarised below:

Table 24 - Projected annual level of social re-lets by district

Broms grove	Malvern	Redditch	Worc. City	Wychavon	Wyre Forest	Stratford	Warwick	South HMA
231	280	572	303	401	505	313	394	2,999

Source: Appendix 7 - taken from annual HIP returns.

11.3 Additions to the housing stock

The Officers' advice in response to the West Midlands Regional Planning Body's Section 4(4) Authorities Brief provides a detailed schedule of the commitments and estimated windfalls that will contribute to the total housing supply for 2001/2011 (Table 3). Using this, plus information provided directly by each local authority, and shown in tables 9 and 10 above, a district based analysis of both market and affordable housing supply for the period 2006/11 is shown in Table 25.

Table 25: Predicted New Housing Supply – 2005/11 and Post 2011 – by District

District	2001/11 F/cast	Compl. 2001/5	Balance 2005/11	Annual Ave. for 2005/11 (Balance / 6)			Annual Ave. for Post 2011 **	
				Total	Market	Afford.*	Total	Afford
Bromsgrove	3708	2057	1651	275	195	80	188	75
Malvern Hills	2702	961	1741	290	210	80	252	101
Redditch	3071	1224	1847	308	228	80	328	131
Worcester City	3277	836	2441	407	347	60	472	188
Wychavon	4304	1810	2823	470	330	140	464	186
Wyre Forest	3202	1481	1721	287	247	40	188	75
Stratford	N/A	2565	3840***	640	555	85	372	149
Warwick	N/A	3324	5040***	840	765	75	524	210
South HMA	N/A	14258	21102	3517	2877	640	2788	1115

* As table 9 above

** As table 10 above – and assuming 40% of all completions are affordable

*** Based on average of 2001/5 completions

11.3.1 Market Housing

The total amount of new housing supply for 2005/11 as shown in Table 25 will be fractionally lower than for 2001/5 (3,517 p.a. compared with 3,565 p.a.). Post 2011, on the basis of current RSS review proposals, it will be 2,886 p.a., an 18% reduction.

11.3.2 Affordable Housing

The figure of 640 for the annual rate of new affordable dwellings in Table 25 is slightly higher than the average of 549 for the period 2002/6 (as shown in Table 9), but there is no prospect of a substantial increase in supply until after 2011. Even that would be dependant on some fairly radical policy changes, which might not be either financially viable or politically acceptable.

The amount of new affordable housing that can be delivered is very largely related to the amount of market housing that is provided: The main mechanism for the supply of affordable housing has become, and is likely to continue to remain, Section 106 agreements that require a proportion of new developments to be affordable.

Government funding for RSLs to develop their own sites will continue to be an important factor as well, especially with the greater use of Exceptions policies in rural areas, but this is most unlikely to make a major contribution to the overall level of new supply. Far more significant is the extent to which affordable housing can be secured as a percentage of private sector development, and the present level of supply is heavily constrained by the large proportion of new supply that is on small sites below the threshold at which current policies can be applied.

Without the ability to secure affordable housing contributions from small windfall sites, it will almost certainly not be possible to achieve the level of supply suggested in Table 25, and if the overall percentage were to be 30% rather than 40% (which would still represent a doubling of the present level of 15%) the annual affordable supply, as shown in Table 10, would be 866 p.a., instead of 1,154 p.a.

Table 26 apportions the future supply of affordable housing to Local Housing Market Area, based on detailed forecasts to 2011 and a need based assumption for post 2011.

Table 26: New Affordable Housing - 2005/11 & Post 2011– by Local Market Area

Local Housing Market Area	2005/11 – ave. p.a.	Post 2011 – ave. p.a.
Bromsgrove	80	75
Malvern	60	61
Redditch	80	131
Worcester	110	294
Droitwich	35	20
Evesham	60	480
Pershore	15	20
Wyre Forest	40	75
Stratford	85	149
Warwick & Leamington	75	210
Total	640	1115

N.B. The apportionment of district forecasts to local housing markets, for Malvern Hills and Wychavon only, has been made on the basis of site by site identification for 2005/11, and by applying the same proportions for post 2011. The Worcester figure therefore reflects that apportionment. For the other districts, it has been assumed that all affordable completions will be within their main housing market area.

11.4 Conclusion

In the short term – to 2011 – the supply of both market and affordable housing, both as turnover of existing stock and additions to the stock, is likely to remain fairly constant. A number of factors could alter the situation, and annual monitoring will identify any change to that situation.

In the longer term – post 2011 – there is likely to be some reduction in new supply, and the possibility of a larger proportion of it being affordable will depend on the policy decisions that are taken in the meantime.

However, the scope for this increased level of supply will in any event be limited by the overall level of land supply and government funding, both of which appear to be at a level that gives little prospect of an increase and a significant risk of a decrease.

12. Amount of Affordable Housing Required

12.1 Method of Calculation

The gross annual need for affordable housing has been set out in chapter 10, and the level of supply – from both the existing stock and predicted additions to it – that can be predicted to be available to meet it, has been examined in chapter 11.

By bringing these conclusions together, it is possible to calculate the extent to which there will be a shortfall of affordable housing to meet the identified need:

12.2 Local Housing Market Requirements

Table 27: Annual Affordable Housing Shortfall – by Local Housing Market (excluding applicants from outside the local housing market areas)

Local Housing Market Area	Gross Annual Housing Need: Table 22	Annual Supply from Re-lets (based on 2005/6 only): Table 12	Annual New Supply (2005/11): Table 26	Annual Shortfall (Surplus) (2005/11):
Bromsgrove	350	- 203	- 80	= 67
Malvern	221	- 182	- 60	= (21)
Redditch	795	- 567	- 80	= 148
Worcester	870	- 391	- 110	= 369
Wyre Forest	666	- 566	- 40	= 60
Evesham	278	- 157	- 60	= 61
Droitwich	162	- 141	- 35	= (14)
Pershore	76	- 79	- 15	= (18)
Stratford	700	- 269	- 85	= 346
Warwick & Leamington	1038	- 394	- 75	= 569
Total	5,157	- 2,949	- 640	= 1,568

It is important to note that it has been possible to identify need by local housing market area only on the basis of the registered applicant's current address. It does not necessarily follow that this indicates the most appropriate location in which that need should be met. For example, the level of employment in Pershore, Droitwich, and Malvern, will mean that people will be commuting into those areas, with some seeking affordable accommodation within easier reach of work, rather than in the area they originated from.

It is also well recognised that households unable to access affordable housing in the area from which they originate, and/or in which they have connections through family, employment, etc, will move to larger settlements where there is a greater supply of lower priced accommodation. Under present recording arrangements, their application for housing can only be identified by present address, and not by preferred area or local connection.

In addition, there will be applicants from within those parts of the district that are outside the local housing market area, who will not be included – this applies particularly to **Bromsgrove** district, which has a large proportion of population in the Birmingham and Dudley housing markets that are excluded from this study, and also

to **Malvern and Wychavon** districts – where a number of applicants will be recorded in the Worcester local housing market where the shortfall is particularly large.

A negative figure (in brackets) therefore does not indicate an over-supply, rather that supply in these areas will meet needs that have originated in another area, but which can be more appropriately met in the area into which they are either commuting or seeking to return. This indicates the scope that exists for meeting some of the need from the adjoining larger settlements which have substantial shortfalls.

12.3 District Requirements

Table 28: Annual Affordable Housing Shortfall – by District (including applicants from outside the districts)

District	Gross Annual Housing Need: Table 23	Annual Supply from Re-lets (on trend analysis): Table 24	Annual New Supply (2005/11): Table 26	Annual Shortfall (Surplus) (2005/11):
Bromsgrove	597	- 231	- 80	= 286
Malvern Hills	361	- 280	- 80	= 1
Redditch	713	- 572	- 80	= 61
Worcester City	703	- 303	- 60	= 340
Wychavon	764	- 401	- 140	= 223
Wyre Forest	680	- 505	- 40	= 135
Stratford on Avon	964	- 313	- 85	= 566
Warwick	1,019	- 394	- 75	= 550
South HMA	5,801	- 2,999	- 640	= 2,162

The Districts add up to a greater total, because they include backlog of need that arises from both outside the districts and from those parts of the districts that are outside the Local Housing Market boundaries.

This is particularly noticeable in **Bromsgrove and Stratford on Avon** and **Warwick**, which suggests that a significant proportion of its population should ideally have their housing requirements met through new developments in the major urban areas, as there is clearly no prospect of the majority being accommodated within the existing and proposed housing stock. In the case of **Bromsgrove**, there is also the specific issue of proposed re-developments on the south west fringes of the conurbation – such as the former Rover site at Longbridge.

The displacement effect of households in need, as referred to above, will also be quite significant for **Malvern**, where the shortage and expense of private rented accommodation means that households have to move to Worcester which is where they will be counted. There is therefore a perverse effect of a particular shortage of affordable accommodation reducing the apparent need for it, by displacing the need to another district.

This emphasises the importance of more detailed recording of the location in which each applicant's needs are most suitably met.

12.4 Longer Term Change – Net Household Growth

Tables 27 and 28 provides the net short-term need over 12 months, accounting for projected supply, and in order to look at a longer time period, say 5 or 25 years it is not strictly correct to multiply the annual need in 2006 by 5 or 25. The problem with this is that it makes no account of the dissolution of households (via divorce, death etc). These will have the effect of 'freeing' up properties and adding to the supply. It is accepted that in a short-term model this may not be appropriate as there is not likely to be a match in type and price between properties released from household dissolution and the property required by a newly forming household. For example, the property released from an elderly person passing away is not necessarily of a type or price that is suitable for a newly forming one-person household to access.

Whilst this is correct in the short-term, over the course of a longer period, say 21 years, it is expected that the market will adjust to this process and as households move through the life cycle they will take up released properties thus releasing further properties at the 'bottom' end for newly forming households.

Therefore it is perhaps more appropriate to look at the household projection figures on net household growth to examine need over the next 21 years. This shows the number of additional households that will form between 2006 and 2026. It is important to point out that not all of the growth will be the result of increased net migration or increased household formation. As mentioned earlier a significant proportion of the growth is due to a reduced rate of supply from household dissolution caused by death.

Table 29 shows net household change by type of household. Over two-thirds of the increasing in household numbers is expected to be result of a growth in one-person households.

Table 29: Net Household Change 2006-2026 by Type of Household

	Couple Household – no children	Couple Household – with children	Lone Parent	One person Households	Multi-Person Households	Total
Bromsgrove	345	326	253	4,666	-10	5,580
Malvern Hills	803	760	529	4,398	229	6,719
Redditch	293	277	197	4,292	435	5,494
Worcester City	696	658	166	6,008	649	8,177
Wychavon	1,736	1,642	214	7,594	774	11,960
Wyre Forest	-67	-64	-48	5,397	344	5,562
Stratford	1,713	1,620	296	8,212	654	12,495
Warwick	3,039	2,873	1,635	10,728	1,202	19,477
SHMA	8,558	8,092	3,242	51,295	4,277	75,464

Source: 2003 Household Projections

If the annual shortfall outlined in Table 28 could be met each year, the figures below show the increased need that might arise over the period 2006-2026 as the result of net household change.

This is calculated by applying the percentage of new households unable to afford to buy or rent in the open market as of 2006 to the projected change detailed in the table above. This should only be used as a guide as to where the future increases in need might occur and not treated as a precise figure.

Table 30: Net Affordable Housing Need 2006-2026 by Type of Household

	Couple Household – no children	Couple Household – with children	Lone Parent	One person Households	Total*
Bromsgrove	137	230	243	2,951	3,561
Malvern Hills	378	566	522	2,802	4,268
Redditch	121	203	193	2,935	3,452
Worcester City	295	472	161	4,164	5,092
Wychavon	761	1,190	208	5,081	7,239
Wyre Forest	-24	-43	-46	3,371	3,257
Stratford	726	1,151	285	5,541	7,702
Warwick	1,194	2,022	1,566	6,891	11,673
SHMA	3,734	5,857	3,150	34,873	47,613

* As is the case with the original model, multi-person households have been excluded¹.

It is important that these figures are interpreted correctly. The negative figures for Wyre Forest indicate that between 2006-2026 there is not likely to be a net increase in the number of lone parents and couple households who might be in need **ONLY** if the current and expected newly arising annual need from these households can be met (as outlined in Table 28). Conversely, even if the current and expected newly arising annual need can be met for one-person households there is still likely to be a further increase in need between 2006-2026.

¹ The theoretical reasoning behind this exclusion is contained in the technical report on newly arising need.

13. Type and Tenure of Affordable Housing Required

This chapter considers the house types and tenures that are required to meet the housing need that has been identified. It provides a sub-regional overview, and the main priorities as these vary across the sub-region. The next chapter will then consider these in more detail for each district and local housing market area.

There are three distinct aspects of this issue, which need to be considered separately:

Firstly, the type of affordable housing that is required to meet the backlog of current unmet housing need, as described in chapters 8 and 9.

Secondly, the type of affordable housing required to meet newly arising need as described in chapter 10.

Thirdly, the proportions of need that can be met by each tenure of affordable housing.

13.1 Requirements for Backlog Need (see 8.3 and Tables 13 & 14)

The needs of existing households have been considered in detail, and compared directly with the current level of supply for each property type, so it is possible to be very specific with the short term requirements to meet their needs on an area by area basis. Routine updating of Tables 13 and 14 will enable these priorities to be adjusted, and more localised tables can be produced to inform specific site requirements by considering the catchment area in isolation.

13.1.1 Four bedroom houses

In all of the local housing market areas the most acute shortage of social rented housing is 4 bedroom houses. Taking account of local waiting list applicants alone, there are 11.5 times as many applicants as there are re-lets in a 12 month period – a far higher ratio than for any other property type. Adding in the needs of existing tenants, and deleting applicants from outside the sub-region, increases this to almost 17 times, or more than three times as many as for any other type. (These figures are based on the 6 Worcestershire districts only, as this level of detail is not currently available for Warwick and Stratford.)

13.1.2 Three bedroom houses

Apart from Evesham and Droitwich, the need for 3 bedroom houses is less acute than for 2 bedroom houses, but the problems that are created through any degree of shortage of accommodation for families, especially ones with two or more children, can be much greater than for smaller households.

However, there is probably greater scope with this type of property for improving stock turnover through addressing under occupancy, so it should be a priority to seek to achieve this, and to add to the supply of 3 bedroom houses only where particular local shortages exist and cannot be met from better use of the existing stock.

13.1.3 Two bedroom houses

The shortage of 2 bedroom houses is second only to 4 bedroom houses – especially in Worcester, Wyre Forest, Bromsgrove and Redditch – and should therefore provide the bulk of new provision. There will often be a requirement for a third bedroom that may be a fairly short term requirement in relation to the life of the property, so it would make sense for one of the bedrooms to be large enough to be divided into two as and when required. This would remove the need for families with children to be housed in 3 bedroom properties that might in time become under-occupied.

13.1.4 Two bedroom flats

There are a number of factors that will make any form of flats a lower priority than houses: They have a higher rate of turnover, many are over-occupied and could be made available indirectly through transfers, and they are aimed at households without children, for whom it is easier to find alternatives within the market sector.

There seems therefore to be no priority for using scarce resources that could be directed to family accommodation, unless it is targeted at specific groups such as particularly vulnerable households or those who are under-occupying larger properties. There may, however, be an exception in Bromsgrove and Evesham which both show a greater shortage than elsewhere.

13.1.5 One bedroom flats

Much of the same argument applies to 1 bedroom flats as to 2 bedroom flats, only more so: The stock level is much higher, the turnover rate is also higher, and the scope for single person households finding alternative accommodation is also greater. It is also less likely that 1 bedroom flats will appeal to single persons occupying 2 and 3 bedroom houses. For general needs accommodation there would therefore seem to be no case to be made for adding to the stock unless there were exceptional local circumstances.

13.2 Requirements for Newly Arising Need

The research by Worcestershire County Council, summarised in chapter 10 and set out in detail in Appendix 8, projected not only the number of newly forming households unable to access the market, but also the number of each category of household within that group. It is clearly not possible to make the same detailed comparison with supply by each area, as these needs are being estimated rather than individually registered, but it is possible to make some general observations:

The summary table at the end of Appendix 8 shows that about half of all newly forming households unable to access the market are likely to be single persons, for whom a 1 bedroom property would be adequate. This is almost the same as the proportion of social rented re-lets that are 1 bedroom. It also shows that just under a quarter will be couples without children, for whom a 2 bedroom flat would be adequate, which is only slightly higher than the proportion of social re-lets of that type. Over a quarter (27%) would be households with children, which is half as high again as the proportion of social re-lets (18%).

It would therefore seem that the existing social rented stock is producing very nearly the right proportions of accommodation for single person households and couples without children, but not sufficient for households with children.

Bearing in mind that the needs of newly forming households will change over time, with an increased requirement for larger units of accommodation, this is further evidence of the need for larger rather than smaller units.

There is therefore no justification for amending the requirements for meeting the backlog of need, unless monitoring of the changes over time indicated otherwise: the priority will be households with children, who are under-provided for, rather than single person and couple households who will be adequately provided for as long as the priority needs are met.

13.3 Tenure Requirements

Tables 31 and 32 below set out the combined annual requirement to meet the needs of all newly forming households, plus existing households who are either already in need or can be expected to fall into need. This is broken down into the tenure they can afford, which includes making some assumptions about existing households, as explained in the footnotes.

It also sets out the projected supply of both existing and new properties, making allowance for the types of properties that are likely to be released by meeting the needs of existing households.

The result is an estimate of the shortfall or surplus of supply in each tenure, from which an informed judgement can be made on appropriate tenure mix in new supply:

13.4 Treatment of the need for purchase at 75% of Lower Quartile

The amount of housing that would be required to meet the needs of households able to purchase at 75% of lower quartile has been excluded from the affordable section for a number of reasons:

Firstly, this is the area in which could be reduced, if not eliminated entirely, by improved affordability – through changes in the housing market and in the economics of house purchase.

Secondly, there are a number of initiatives being taken by the private sector in other parts of the country – such as the Redrow ‘Debut’ range – that might be termed “genuinely low cost market housing” that can meet these needs.

Thirdly, to include it within the definition of affordable housing would be to risk drawing resources away from the much larger need of households who will represent more acute need and who have no prospect of being assisted by market housing of any type or under any circumstances.

PPS3 advises that the requirement for low cost market housing should be identified as an additional requirement to subsidised affordable housing, and Table 31 provides a definition of cost, and a quantity, that would support this requirement. At 730 properties p.a., it represents approximately 25% of the total amount of new housing supply (2,886 p.a.) that would have to be provided at no more than 75% of the lower quartile figure, in addition to the 40% subsidised affordable housing.

13.5 Summary of Requirements by Tenure

Tables 31 and 32 below provide a summary of overall need, supply and shortfalls that have been set out in Tables 27 and 28 above, broken down by tenure.

The top three lines set out the various components of Gross Annual Need, as explained in chapters 9 and 10. It assumes that one third of both **Backlog Need** and **Falling into Need** could afford to buy at 50% of lower quartile if the supply was available, and that the remaining two-thirds in each category could only afford social rent, while the tenure split for **Newly Forming Households** assumes that each household will seek the most expensive tenure they could afford.

Annual Gross Need is therefore the total number of properties in each tenure that will be required each year to meet that need.

The number of **lower quartile sales** will be available to those who can **buy at 100%** of that price, and any properties released for sale by households moving from owner-occupation to the social sector will be included in that figure.

Although no figures are available for **private rent** supply, the number released by households who need to access the social sector will be part of that supply and can be related to the number of newly forming households who will need that tenure.

Supply at 75% of lower quartile is treated as nil – there may be some re-sales of shared ownership properties that are below that cost level, but these will be negligible. **Supply at 50%** of lower quartile is certainly nil.

Social rent supply is the number of re-lets of existing stock available to new tenants.

Total Supply is the amount that is available to meet Gross Annual Need, so the difference between the two figures is the Annual Shortfall or Surplus.

13.6 Summary for Districts

**Table 31 – Annual Housing Need & Supply by Tenure – South HMA -
Total of all 8 districts**

Source	Buy at 100% L.Q. ⁴	Private Rent	Buy at 75% L.Q.	Buy at 50% L.Q.	Social Rent	Total
Backlog Reduction (Table 23) ¹	0	0	0	402	804	1206
New Forming – (Table 19)	2856	628	730	549	2568	7331
Fall Into Need (Table 21) ¹	0	0	0	493	985	1478
Annual Gross Need	2856	628	730	1444	4357	10015
Re-sales at Lower Quartile (Table 5)	3713	0	0	0	0	3713
Social Re-lets (Table 24)	0	0	0	0	2999	2999
From Falling into Need (Table 21) ²	Included in re-sales	985	0	0	0	985
From B/log Reduction (1,206 x 21% - the average where previous tenure is known)		253	0	0	0	253
Total Supply: Existing Stock	3713	1238	0	0	2999	7950
Shortfall or (Surplus)	(857)	(610)	730³	1444	1358	2065
Annual Need: Subsidised Affordable Housing				2802		
Annual New Supply 2006/11 (Table 25)	Market – incl. low cost 2877			Affordable 640		3517
Annual New Supply post 2011 (Table 25)	1673			(at 40%) 1115		2788

Notes to Table 31:

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and 1/3 could purchase at 50% – this may well understate the need for social rent.

² Tenure split is based on the assumption that 1/3 will be coming from owner occupation and 2/3 from private rent

³ May be under-estimate - makes no allowance for any of the backlog or falling into forming need

⁴ Total new households, less the number unable to buy = number able to buy at 100%

Key Findings for the South Housing Market from Table 31

Overall there is more than sufficient open market sale housing, provided from within the existing housing stock at or below the lower quartile figure (3,713), to meet the needs of those households who can afford that cost (2,856).

There would also seem to be sufficient supply of private rent – as although the total supply of private rented housing cannot be quantified, the amount that would be released by meeting the needs of existing households (1,238) would be more than sufficient for those who can afford it (628) without taking account of any other re-lets.

The supply of social rented housing at 2,999 is only just over two thirds of the amount required for those who can afford nothing else - 4,357. Adding the extra 1,444 who could only afford to purchase at up to 50% of lower quartile, to this 4,357 increases the total requirement for subsidised affordable housing to 5,801, and the total shortfall to 2,802 (1,444 plus 1,358).

Up to 2011, the annual supply of new affordable housing at 640 is less than a quarter of the amount required. Post 2011, even if affordable housing was 40% of total new housing supply, this would amount to just 1,155, which is still well under half (41%) of the amount required to meet that shortfall in full.

As private rented housing is the main repository of unmet need (apart from living with family or friends) there will be a substantial additional demand for this tenure from households who cannot afford the full cost without the assistance of housing benefit.

The amount of additional affordable housing required each year for social rent is almost double the level of new supply in the short term, but the amount required for households that could afford to purchase at 50% of lower quartile represents an even greater amount of unmet need. In the longer term the projected new supply, assuming it was an ambitious 40% of all new housing, while still only just adequate to meet social rented need, does offer the prospect of making a significant contribution to those able to purchase at 50% of lower quartile. It will clearly require a policy judgement, and also the ability to introduce suitable models, to determine the appropriate apportionment.

13.6 Summary for Local Housing Market Areas

Table 32 – Annual Housing Need & Supply by Tenure - Total of all 10 Local Housing Market Areas

Source	Buy at 100% L.Q. ⁴	Private Rent	Buy at 75% L.Q.	Buy at 50% L.Q.	Social Rent	Total
Backlog Reduction (Table 22) ¹	0	0	0	346	692	1038
New Forming – (Table 18)	2535	560	651	491	2292	6529
Fall Into Need (Table 20) ¹	0	0	0	445	891	1336
Annual Gross Need	2535	560	651	1282	3875	8903
Re-sales at Lower Quartile (Table 6)	3411	0	0	0	0	3411
Social Re-lets (Table 12)	0	0	0	0	2949	2949
From Falling into Need (Table 19) ²	Included in re-sales	891	0	0	0	891
From B/log Reduction (1,038 x 21% - the average where previous tenure is known)		218	0	0	0	218
Total Supply: Existing Stock	3411	1109	0	0	2949	7469
Shortfall or (Surplus)	(876)	(549)	651³	1282	926	1434
Annual Need: Subsidised Affordable Housing					2208	
Annual New Supply 2006/11 (Table 26)	2877				640	3517
Annual New Supply post 2011 (Table 26)	1673				1115 (at 40%)	2788

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and 1/3 could purchase at 50% – this may well understate the need for social rent.

² Tenure split is based on the assumption that 1/3 will be coming from owner occupation and 2/3 from private rent

³ May be under-estimate - makes no allowance for any of the backlog or falling into need

⁴ Total new households, less the number unable to buy = number able to buy at 100%

Key Findings for the South Housing Market from Table 32

Overall there is more than sufficient open market sale housing, provided from within the existing housing stock at or below the lower quartile figure (3,411), to meet the needs of those households who can afford that cost (2,535).

There should also seem to be sufficient supply for private rent – and although the total supply of private rented housing cannot be quantified, the amount that would be released by meeting the needs of existing households (1,109) would be more than sufficient for those who can afford it (560) without taking account of any other re-lets.

The supply of social rented housing at 2,949 is well below the amount required for the 3,875 who could not even afford to buy at 50% of lower quartile. Adding the extra 1,282 who could only afford to purchase at up to 50% of lower quartile increases the total requirement for subsidised affordable housing to 5,157, and the total shortfall to 2,208 (1,282 plus 926).

Up to 2011, the annual supply of new affordable housing at 640 is well under one third (29%) of the amount required, while post 2011, even if affordable housing was 40% of total new housing supply, this would amount to just 1,155, which is still only just over half (52%) of the amount required to meet that shortfall in full.

(It should be noted that there is an assumption that each district will deliver the whole of its new housing supply – both market and affordable - within the boundaries of the combined Local Housing Market Areas. This will almost certainly not be the case, as some of the supply for Bromsgrove, Wyre Forest and Stratford districts will be in parts of the districts that lie within the adjacent Dudley and Birmingham LHMA, while a quite significant part of Stratford on Avon District lies within the Warwick LHMA.)

As private rented housing is the main repository of unmet need (apart from living with family or friends) there will in reality be a substantial additional demand for this tenure from households who cannot afford the full cost without the assistance of housing benefit.

Although the proportion of housing need that is likely to be met is slightly higher than shown in Table 31, this assumes that all of the housing supply for each district is provided within one or other of the Local Housing Markets – which cannot be guaranteed.

The amount of additional affordable housing required each year for social rent exceeds the total amount of new affordable housing in the short term, but the amount required for households that could afford to purchase at 50% of lower quartile represents about two-thirds of those for whom social rent is the only current option. In the longer term the projected new supply, assuming it was an ambitious 40% of all new housing, while still meeting only just over half the total need, could make a significant contribution to those able to purchase at 50% of lower quartile – subject to the introduction of new models of much lower cost home ownership.

14. Affordable Housing Requirements by District

This chapter takes the previous chapter's sub-regional overview of the type of affordable housing required, and considers this in more detail for each district. Appendix 9 contains comparable tables for each Local Housing Market Area.

N.B. References to households being able to buy at 100%, 75% and 50% relate to Lower Quartile price, not Open Market Value. (See Paras. 10.2.6 and 10.2.8).

14.1 Bromsgrove District

Table 33 – Annual Housing Need & Supply by Tenure – Bromsgrove District

Source	Buy 100% LQ	Private Rent	Buy 75% LQ	Buy 50% LQ	Social Rent	Total
Backlog Reduction (Table 23) ¹	0	0	0	36	71	107
Newly Forming (Table 19)	393	74	79	66	298	910
Falling Into Need (Table 21) ¹	0	0	0	42	84	126
Annual Gross Need	393	74	79	144	453	1143
Re-sales at Lower Quartile (Table 5)	398	0	0	0	0	398
Social Re-lets (Table 24)	0	0	0	0	231	231
From Falling into Need (Table 21) ²	Included	84	0	0	0	84
From B/log Reduction (Total of 103 from waiting list x 10%)	In re-sales	10	0	0	0	10
Total Supply: Existing Stock	398	94	0	0	231	723
Annual Shortfall or (Surplus)	(5)	(20)	79³	144	222	420
Annual Need: Subsidised Affordable Housing				366		
Annual New Supply 2006/11 (Table 25)	195			80		275
Annual New Supply post 2011 (Table 25)	113			75 (at 40%)		188

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and the 1/3 could purchase at 50% – this may well understate the need for social rent.

² Tenure split is based on the assumption that 1/3 will be coming from owner occupation and 2/3 from private rent

³ May be under-estimate - makes no allowance for any of the backlog or falling into forming need

Key Findings for Bromsgrove District

The total amount of housing supply, from existing stock as well as new supply (740 plus 275 = 1,015), is currently slightly **less** than the amount required to meet the total need for affordable and lower quartile market housing (1,143). The reduction in total new housing supply proposed for post 2011 will substantially increase this shortfall.

The amount of open market sale housing from within the existing housing stock, at or below the lower quartile figure, (398) closely matches the amount required to meet the needs of newly forming households who can afford that cost (393), but of course this assumes that none of it is acquired by in-migrants, who are not accounted for.

The table shows that there could theoretically be a small surplus of private rented housing, but much of the potential availability will be dependent on the other tenure requirements being met – which will clearly not be the case.

The level of need for any potential supply of new housing at not more than 75% of lower quartile cost (79) amounts to 70% of the total amount of market housing that is being proposed post 2011 (113). So, even if such new forms of truly low cost market housing were to be developed, there is no prospect of more than a small part of this need being met.

Table 7 showed that the lower quartile cost is £131,000 for a 2 bedroom property and £94,000 for 1 bedroom, so 75% of these figures would be £98,250 and £70,500 as the target costs for low cost market housing.

Appendix 5 sets out the income requirements and monthly costs for 1 and 2 bedroom properties at 100%, 75% and 50% of lower quartile, to make it quite clear what will be required from new supply that is intended to meet this need.

It would appear that all recent and proposed examples of shared ownership, even when sold on the basis of a 50% share, involve total costs that exceed the costs of outright purchase at 75% lower quartile. As such, they are therefore not meeting the needs of households who have been identified as being unable to afford to either rent or buy in the open market.

Even if 40% of new housing supply were to be affordable (in addition to the low cost market housing) this would contribute no more than 75 towards a shortfall of 366 subsidised dwellings (222 social rent plus 144 at 50% of lower quartile). That means new supply will meet just under one quarter of the shortfall, so a very large proportion of housing need will be either displaced or unmet.

With the shortfall for social rented alone (222) being three times the optimistic projection of new supply (75), there may be a temptation to suggest that a high proportion should be for that tenure. However, it is important to recognise that all of unmet requirement for purchase at 50% of lower quartile will add to the requirement for social rent, so a balance has to be achieved between meeting the most acute needs and maximising the number of affordable dwellings. The size of the shortfall will clearly focus attention on ways of allocating sites exclusively for affordable housing, as well as on proportions of market sites, and in these cases tenure split may well be dictated by the availability of funding.

The amount of additional affordable housing required each year will have to be split between social rent, and sale at 50% of lower quartile, on the basis of pragmatic funding and viability decisions. A further quantity of low cost market housing is required, at £70,500 for 1 bedroom and £98,250 for 2 bedrooms - as high a proportion as possible of market housing.

14.2 Malvern Hills District

Table 34 – Annual Housing Need & Supply by Tenure – Malvern Hills District

Source	Buy 100% L.Q.	Private Rent	Buy 75% L.Q.	Buy 50% L.Q.	Social Rent	Total
Backlog Reduction (Table 23) ¹	0	0	0	12	25	37
Newly Forming (Table 19)	166	107	55	6	246	580
Falling Into Need (Table 21) ¹	0	0	0	24	48	72
Annual Gross Need	166	107	55	42	319	689
Re-sales at Lower Quartile (Table 5)	297	0	0	0	0	297
Social Re-lets (Table 24)	0	0	0	0	280	280
From Falling into Need (Table 21) ²	Included in re sales	48	0	0	0	48
From B/log Reduction (Total of 66 from waiting list x 10%)		7	0	0	0	7
Total Supply: Existing Stock	297	55	0	0	280	632
Annual Shortfall or (Surplus)	(131)	52	55³	42	39	57
Annual Need: Subsidised Affordable Housing					81	
Annual New Supply 2006/11 (Table 25)	210			80	290	
Annual New Supply post 2011 (Table 25)	151			101 (at 40%)	252	

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and the 1/3 could purchase at 50% – this may well understate the need for social rent.

² Tenure split is based on the assumption that 1/3 will be coming from owner occupation and 2/3 from private rent

³ May be under-estimate - makes no allowance for any of the backlog or falling into need

Key Findings for Malvern Hills District

There is more than sufficient open market sale housing from within the existing housing stock, at or below the lower quartile figure (297), to meet the needs of newly forming households who can afford that cost (166). Although the total supply of private rented housing cannot be quantified, the amount that would be released by meeting the needs of existing households (55) would meet only half of the needs of those who can afford it. In all the other districts, the supply from this source would be more than sufficient, so this shows there to be a severe shortage of low cost private rented accommodation.

The supply of social rented housing at 280 is only slightly below the level required for those who can afford nothing else (319). Adding in the extra 42 who could afford to purchase at up to 50% of lower quartile increases the total requirement for subsidised affordable housing to 361, which after the supply of 280 leaves a shortfall of 81 p.a., closely matching the short term level of supply.

However, this takes no account of the 55 who can afford to purchase at no more than 75% of lower quartile, and the 52 who could afford to rent privately but for whom the supply would seem to be inadequate. Realistically, very few, if any, of these two groups will have any alternative to some form of subsidised affordable housing:

While in theory the private sector might be capable of meeting this need, in reality the very limited supply of the lower priced rented stock, and the very low returns that would be available to potential investors and developers, means that the true requirement for subsidised affordable housing is probably nearer double the amount shown in Table 34.

A 40% proportion of new housing supply post 2011 would amount to 101, enabling small proportion of these additional groups to be accommodated, but the majority would be reliant on market provision at not more than 75% of lower quartile cost.

Table 7 showed a lower quartile cost of £158,000 for a 2 bedroom property and £114,000 for a 1 bedroom property, so 75% of these figures would be £118,500 and £85,500 as the target costs (and rental equivalents) for low cost market housing. Any shortfall in that provision, and any inadequacy in supply at the lower end of the private rented market, will increase the need for subsidised affordable housing from that shown in Table 34.

Appendix 5 sets out the income requirements and monthly costs for 1 and 2 bedroom properties at 100%, 75% and 50% of lower quartile, to make it quite clear what will be required from new supply that is intended to meet this need.

It would appear that all recent and proposed examples of shared ownership, even when sold on the basis of a 50% share, involve total costs that exceed the costs of outright purchase at 75% lower quartile. As such, they are therefore not meeting the needs of households who have been identified as being unable to afford to either rent or buy in the open market.

Assuming that the supply from social re-lets is maintained at its present level, there will be a considerable emphasis on increasing the supply of all forms of intermediate housing, both for sale and for rent, in addition to ensuring that not less than half of all new supply is for social rent

The amount of additional affordable housing required each year would need to be split roughly equally between social rent and sale at 50% of lower quartile, with a further supply of low cost market housing, both for sale and for rent, at the prices indicated. In order to ensure that a fairly high proportion of need could be met from the RSS proposals, the amount of open market housing for sale would need to be no more than a quarter of the total.

14.3 Redditch Borough

Table 35 – Annual Housing Need & Supply by Tenure – Redditch Borough

Source	Buy 100% L.Q.	Private Rent	Buy 75% L.Q.	Buy 50% L.Q.	Social Rent	Total
Backlog Reduction (Table 23) ¹	0	0	0	39	77	116
Newly Forming (Table 19)	315	28	55	75	228	701
Falling Into Need (Table 21) ¹	0	0	0	98	196	294
Annual Gross Need	315	28	55	212	501	1111
Re-sales at Lower Quartile (Table 5)	377	0	0	0	0	377
Social Re-lets (Table 24)	0	0	0	0	572	572
From Falling into Need (Table 21) ²	Included in re sales	196	0	0	0	196
From B/log Reduction (Total of 120 from waiting list x 10%)		12	0	0	0	12
Total Supply: Existing Stock	377	208	0	0	572	1157
Annual Shortfall or (Surplus)	(62)	(180)	55³	212	(71)	(46)
Annual Need: Subsidised Affordable Housing				141		
Annual New Supply 2006/11 (Table 25)	228		80		308	
Annual New Supply post 2011 (Table 25)	197		131 (at 40%)		328	

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and the 1/3 could purchase at 50% – this may well understate the need for social rent.

² Tenure split is based on the assumption that 1/3 will be coming from owner occupation and 2/3 from private rent

³ May be under-estimate - makes no allowance for any of the backlog or falling into need

Key Findings for Redditch Borough

The supply of open market sale housing from within the existing housing stock, at or below the lower quartile figure (377), is more than adequate for newly forming households who can afford that cost (315). However, this is a fairly small surplus which will be competed for by both existing households and in-migrants, so it may in reality not be available for all who newly forming households who can afford it.

The number of private rented properties likely to be released if all needs are met would be substantially greater than required.

The supply of social rented housing at 572 might seem at face value to be more than adequate for the 501 who can afford nothing else, but as social rent is the only tenure currently available for those who cannot afford more than 50% of lower quartile, these need to be added to arrive at the minimum level of need social rent, giving a shortfall of 141. This is more than could be provided by the optimistic assumption of a 40% proportion post 2011 – and almost twice the level of 80 p.a. projected for the period up to 2011.

A further consideration is the extent to which Redditch accommodates the housing needs of in-migrants: The 2006 Housing Need Survey suggested that 137 social rented dwellings p.a. were required for meeting this category of need, whereas this Assessment takes no account of it as much of it will arise from other districts and this could amount to double counting. Nevertheless, this is an additional pressure on supply within the Borough.

The level of need for housing at not more than 75% of lower quartile cost (55 p.a.) amounts to about 17% of the total new housing proposed post 2011 (328), and unless this need is met by new initiatives from the private sector it will represent a further shortfall for the social sector.

Table 7 showed a lower quartile cost of £117,000 for a 2 bedroom property and £90,000 for a 1 bedroom property, so 75% of these figures would be £87,750 and £67,500 as the target costs for low cost market housing.

Appendix 5 sets out the income requirements and monthly costs for 1 and 2 bedroom properties at 100%, 75% and 50% of lower quartile, in order to make it quite clear what will be required from new supply that is intended to meet this need.

Assuming that the supply from social re-lets is maintained at its present level, there will need to be a considerable emphasis on increasing the supply of all forms of intermediate and low cost market housing for sale, as well as providing additional social rented housing in the event that housing at 50% of lower quartile cannot be provided in significant numbers.

There is strong evidence to support the RHS proposal for introducing mixed tenure in re-development of existing social stock, but this would need to be at no more than 50% of lower quartile. The lost rented stock would also need to be replaced elsewhere, together with a significant proportion of low cost market housing, at £67,500 for 1 bedroom and £87,750 for 2 bedrooms.

14.4 Worcester City

Table 36 – Annual Housing Need & Supply by Tenure – Worcester City

Source	Buy 100% L.Q.	Private Rent	Buy 75% L.Q.	Buy 50% L.Q.	Social Rent	Total
Backlog Reduction (Table 23) ¹	0	0	0	34	67	101
Newly Forming (Table 19)	303	53	75	71	275	777
Falling Into Need (Table 21) ¹	0	0	0	85	171	256
Annual Gross Need	303	53	75	190	513	1134
Lower Quartile Re-sales (Table 5)	517	0	0	0	0	517
Social Re-lets (Table 24)	0	0	0	0	303	303
From Falling into Need (Table 21) ²	Included in re sales	171	0	0	0	171
From B/log Reduction (Total of 171 from waiting list x 10%)		17	0	0	0	17
Total Supply: Existing Stock	517	188	0	0	303	1008
Annual Shortfall or (Surplus)	(214)	(135)	75³	190	210	126
Annual Need: Subsidised Affordable Housing				400		
Annual New Supply 2006/11 (Table 25)	347		60		407	
Annual New Supply post 2011 (Table 25)	284		188 (at 40%)		472	

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and the 1/3 could purchase at 50% – this may well understate the need for social rent.

² Tenure split is based on the assumption that 1/3 will be coming from owner occupation and 2/3 from private rent

³ May be under-estimate - makes no allowance for any of the backlog or falling into need

Key Findings for Worcester City

The supply of open market sale housing from within the existing housing stock, at or below the lower quartile figure (517), is considerably greater than is required to meet the needs of newly forming households who can afford that cost (303). The number of private rented properties likely to be released if all needs are met would also be much greater than the number required.

The supply of social rented housing at 303 is substantially less than required for the 513 who can afford nothing else. When the 190 who cannot afford more than 50% of lower quartile are added, there is a shortfall of 400 p.a. which is more than 6 times the level of new supply projected up to 2011.

While in theory new supply post 2011 would meet almost half of the requirement, this is dependant on land being released for development outside the City boundary and unlikely to be delivered until well after 2011, by which time the backlog of need will have accumulated substantially.

Quite apart from Worcester being unable to meet its own needs, even in the longer term, the RSS proposals leave it no scope for meeting affordable housing needs from elsewhere in the sub-region, despite its identification as a focus for growth.

The level of need for housing at not more than 75% of lower quartile cost (75) amounts to 16% of the total new housing proposed post 2011 (470), but a much higher proportion of the reduced level of supply that seems likely for the period to 2015 at least.

Table 7 showed a lower quartile cost of £144,000 for a 2 bedroom property and £95,000 for a 1 bedroom property, so 75% of these figures would be £108,000 and £71,250 as the target costs for low cost market housing.

Appendix 5 sets out the income requirements and monthly costs for 1 and 2 bedroom properties at 100%, 75% and 50% of lower quartile, to make it quite clear what will be required from new supply that is intended to meet this need.

While there is substantial unmet need for all forms of intermediate housing for sale, the very large shortfall in social rented supply will mean that this will have to remain the priority while the prospects for total new supply are so constrained. Much of the solution, especially in the short term, will have to be found from within the existing housing stock through improved turnover rates in all tenures.

Paragraph 4.3.2 sets out the reasons for suggesting that not much more than half of the proposed level of new housing can be achieved until 2015 or beyond, by which time there will be a very substantial accumulated deficit in overall housing supply. This will clearly impact on affordable provision, with the result that Worcester will continue to fall well short of meeting its own needs, let alone its intended share of needs from surrounding districts.

Policy decisions on thresholds and proportions will need to balance the conflicting priorities of maximising both overall supply and the proportion that is affordable. This will require a site by site appraisal to ensure that the highest proportion can be achieved without inhibiting development.

Similarly, decisions on allocating land for new developments will need to take account of the prospects for delivering significant proportions of affordable housing at an early date, to seek to reduce the impact of a substantial and accumulating under-provision.

14.5 Wychavon District

Table 37 –Annual Housing Need & Supply by Tenure – Wychavon District

Source	Buy 100% L.Q.	Private Rent	Buy 75% L.Q.	Buy 50% L.Q.	Social Rent	Total
Backlog Reduction (Table 23) ¹	0	0	0	76	152	228
Newly Forming (Table 19)	365	102	94	60	346	967
Falling Into Need (Table 21) ¹	0	0	0	43	87	130
Annual Gross Need	365	102	94	179	585	1325
Lower Quartile Re-sales (Table 5)	506	0	0	0	0	506
Social Re-lets (Table 24)	0	0	0	0	401	401
From Falling into Need (Table 21) ²	Included in re sales	87	0	0	0	87
From B/log Reduction (Total of 570 from waiting list x 10%)		57	0	0	0	57
Total Supply: Existing Stock	506	144	0	0	401	1051
Annual Shortfall or (Surplus)	(141)	(42)	94³	179	184	274
Annual Need: Subsidised Affordable Housing					363	
Annual New Supply 2006/11 (Table 25)	330			140	470	
Annual New Supply post 2011 (Table 25)	278			186 (at 40%)	464	

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and the 1/3 could purchase at 50% – this may well understate the need for social rent.

² Tenure split is based on the assumption that 1/3 will be from owner occupation and 2/3 private rent

³ May be under-estimate - makes no allowance for any of the backlog or falling into need

Key Findings for Wychavon District

There is more than sufficient open market sale housing from within the existing housing stock, at or below the lower quartile figure, (506) to meet the needs of newly forming households who can afford that cost (365).

Although the total supply of private rented housing cannot be quantified, the amount that would be released by meeting the needs of existing households alone would meet the needs of those who can afford it without taking account of any other re-lets.

The supply of social rented housing at 401 is just over two thirds of the amount required for those who can afford nothing else (585). Adding in the 179 who could afford up to 50% of lower quartile increases the shortfall of subsidised affordable housing to 363.

A 40% proportion of new housing supply post 2011 would amount to 186, or just over half of the shortfall. However, the level of supply up to 2011, at 140 p.a. would represent only 38% of the shortfall.

The annual level of need for housing at not more than 75% of lower quartile cost (94) amounts to 20% of the total new housing proposed post 2011 (464).

Table 7 showed a lower quartile cost of £141,000 for a 2 bedroom property and £100,000 for a 1 bedroom property, so 75% of these figures would be £105,750 and £75,000 as the target costs for low cost market housing.

Appendix 5 sets out the income requirements and monthly costs for 1 and 2 bedroom properties at 100%, 75% and 50% of lower quartile, to make it quite clear what will be required from new supply that is intended to meet this need.

It would appear that all recent and proposed examples of shared ownership, even when sold on the basis of a 50% share, involve total costs that exceed the costs of outright purchase at 75% lower quartile. As such, they are therefore not meeting the needs of households who have been identified as being unable to afford to either rent or buy in the open market.

Assuming that the supply from social re-lets is maintained at its present level, there will be some scope for increasing the supply of all forms of intermediate and low cost market housing for sale, as well as providing additional social rented housing, but the challenge will be to both develop the appropriate models, and then seek to ensure that as large a proportion of total new housing supply as possible is made available to the whole range of categories of newly forming households and households in need.

The amount of additional affordable housing provided each year will have to be split between social rent, and sale at 50% of lower quartile, on the basis of pragmatic funding and viability decisions, as the total supply will be less than the amount required for either tenure.

A further 20% of low cost market housing is required, at £75,000 for 1 bedroom and £105,750 for 2 bedrooms.

14.6 Wyre Forest District

Table 38 – Annual Housing Need & Supply by Tenure – Wyre Forest District

Source	Buy 100% L.Q.	Private Rent	Buy 75% L.Q.	Buy 50% L.Q.	Social Rent	Total
Backlog Reduction (Table 23) ¹	0	0	0	49	97	146
Newly Forming (Table 19)	401	74	77	64	299	915
Falling Into Need (Table 21) ¹	0	0	0	57	114	171
Annual Gross Need	401	74	77	170	510	1232
Lower Quartile Re-sales (Table 5)	439	0	0	0	0	439
Social Re-lets (Table 24)	0	0	0	0	505	505
From Falling into Need (Table 21) ²	Included in re sales	114	0	0	0	114
From B/log Reduction (Total of 146 x 21% - the average where previous tenure is known)		31	0	0	0	31
Total Supply: Existing Stock	439	145	0	0	505	1089
Annual Shortfall or (Surplus)	(38)	(71)	77³	170	5	143
Annual Need: Subsidised Affordable Housing				175		
Annual New Supply 2006/11 (Table 25)	247		40		287	
Annual New Supply post 2011 (Table 25)	113		75 (at 40%)		188	

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and the 1/3 could purchase at 50% – this may well understate the need for social rent.

² Tenure split is based on the assumption that 1/3 will be coming from owner occupation and 2/3 from private rent

³ May be under-estimate - makes no allowance for any of the backlog or falling into need

Key Findings for Wyre Forest District

The supply of open market sale housing from within the existing housing stock, at or below the lower quartile figure (439), is only slightly more than enough to meet the needs of newly forming households who can afford that cost (401). However, this is a fairly small surplus which will be competed for by both existing households and in-migrants, so it may in reality not be available for all who newly forming households who can afford it.

The number of private rented properties released through meeting newly arising need will also be much greater than the number required, even without accounting for other re-lets.

The supply of social rented housing (505) is almost exactly equal to the number who can afford nothing else, but adding in those who can afford to buy only at 50% of lower quartile, for whom no such alternatives exist at present, increases the shortfall of subsidised affordable housing to 175 p.a. This is well over twice the level of new supply from an optimistic assumption of a 40% proportion post 2011 – and over 4 times the level of 40 p.a. projected for the period up to 2011.

The level of need for housing at not more than 75% of lower quartile cost (77) amounts to just over 40% of the total new housing proposed post 2011 (188).

Table 7 showed a lower quartile cost of £121,000 for a 2 bedroom property and £84,000 for a 1 bedroom property, so 75% of these figures would be £90,750 and £63,000 as the target costs for low cost market housing.

Appendix 5 sets out the income requirements and monthly costs for 1 and 2 bedroom properties at 100%, 75% and 50% of lower quartile, to make it quite clear what will be required from new supply that is intended to meet this need.

It would appear that all recent and proposed examples of shared ownership, even when sold on the basis of a 50% share, involve total costs that exceed the costs of outright purchase at 75% lower quartile. As such, they are therefore not meeting the needs of households who have been identified as being unable to afford to either rent or buy in the open market.

There is some doubt that existing levels of re-lets will be maintained, but if they are there will need to be a considerable emphasis on increasing the supply of all forms of intermediate housing for sale, in addition to ensuring that a substantial proportion of new supply is for social rent unless and until it is possible to deliver significant numbers at 50% of lower quartile.

As long as the supply of social re-lets is maintained at its present level, a large proportion of new affordable housing should be made available for sale at 50% of lower quartile. There is also a requirement for as high a proportion as possible of market housing to be provided as low cost market housing, at £67,500 for 1 bedroom and £87,750 for 2 bedrooms.

14.7 Stratford on Avon District

Table 39 – Annual Housing Need & Supply by Tenure – Stratford District

Source	Buy 100% L.Q.	Private Rent	Buy 75% L.Q.	Buy 50% L.Q.	Social Rent	Total
Backlog Reduction (Table 23) ¹	0	0	0	88	175	263
Newly Forming (Table 19)	381	96	150	95	402	1124
Falling Into Need (Table 21) ¹	0	0	0	68	136	204
Annual Gross Need	381	96	150	251	713	1591
Lower Quartile Re-sales (Table 5)	548	0	0	0	0	548
Social Re-lets (Table 24)	0	0	0	0	313	313
From Falling into Need (Table 21) ²	Included in re sales	136	0	0	0	136
From B/log Reduction (Total of 263 x 21% - the average where previous tenure is known)		55	0	0	0	55
Total Supply: Existing Stock	548	191	0	0	313	1052
Annual Shortfall or (Surplus)	(167)	(95)	150³	251	400	539
Annual Need: Subsidised Affordable Housing					651	
Annual New Supply 2006/11 (Table 25)	555		85		640	
Annual New Supply post 2011 (Table 25)	223		149 (at 40%)		372	

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and the 1/3 could purchase at 50% – this may well understate the need for social rent.

² Tenure split is based on the assumption that 1/3 will be coming from owner occupation and 2/3 from private rent

³ May be under-estimate - makes no allowance for any of the backlog or falling into need

Key Findings for Stratford District

The amount of open market sale housing from within the existing housing stock, at or below the lower quartile figure, (548) is well above the amount required to meet the needs of newly forming households who can afford that cost (381). However, the total supply of housing from all tenures, at 1,052 is substantially less than the total of 1,591 required, even without any competition from existing or in-migrant households.

Although the table shows that there could theoretically be a surplus of private rented housing, it must be recognised that the private rented sector tends to be the repository of unmet need from all forms of market and social housing, so availability will be dependent on the other tenure requirements being met – which will clearly not be the case. In so far as that might in turn lead to a shortage, it would only be by default and to a large extent dependent on subsidy from housing benefit.

The supply of social rented housing at 313 is substantially lower than the figure of 436 contained in the recent report from Outside Research and Development. This is partly due to the latest figures available to Outside being for 2004/5, which was higher than earlier years, and higher than the 404 on the 2005/6 HIP returns.

As 135 social rented dwellings were completed in 2005/6, the inclusion of the first lettings of these in a projection of turnover from within the existing stock would amount to double counting. The actual figure for re-lets from within the existing stock would have been $404 - 135 = 269$. This is well below the figures for the previous 3 years, which have fluctuated between 308 and 353, so an average of the most recent 3 years has been taken (see Appendix 7).

This level of on-going supply of 313 re-lets amounts to well under half of the amount required for those who can afford nothing else (713). Adding in the extra 251, who could afford to purchase at up to 50% of lower quartile, increases the shortfall of subsidised affordable housing to 651.

A 40% proportion of new housing supply post 2011 would amount to 149, or just 23% of the amount required, while the projected level of 85 p.a. to 2011 is only 13%.

With the requirement for social rented alone being three times the optimistic projection of new affordable supply, there may be a temptation to suggest that a high proportion should be for that tenure. However, it is important to recognise that all of the unmet requirement for purchase at 50% of lower quartile will add to the requirement for social rent, so a balance has to be achieved between meeting the most acute needs and maximising the number of affordable dwellings.

The size of the shortfall will clearly focus attention on Exceptions Sites as well as on proportions of market sites, and in these cases tenure split may well be dictated by the availability of funding.

The level of need for housing that is supplied at not more than 75% of lower quartile cost (150) amounts to two thirds of the total amount of market housing that is being proposed post 2011 (223).

Table 7 showed that the lower quartile cost is £151,000 for a 2 bedroom property and £106,000 for a 1 bedroom property, so 75% of these figures would be £113,250 and £79,500 as the price of low cost market housing.

Appendix 5 sets out the income requirements and monthly costs for 1 and 2 bedroom properties at 100%, 75% and 50% of lower quartile, in order to make it clear what will be required from new supply that is intended to meet this need.

While there is substantial unmet need for all forms of intermediate housing for sale, the very large shortfall in social rented supply will mean that this will have to remain the priority while the prospects for total new supply are so constrained. Much of the solution will have to be found from increased supply within larger settlements as there is no prospect for these shortfalls being met within the district.

The amount of additional affordable housing required each year will have to be split between social rent, and sale at 50% of lower quartile, on the basis of pragmatic funding and viability decisions. A further substantial proportion of low cost market housing is required, at £79,500 for 1 bedroom and £113,250 for 2 bedrooms.

14.8 Warwick District

Table 40 – Annual Housing Need & Supply by Tenure – Warwick District

Source	Buy 100% L.Q.	Private Rent	Buy 75% L.Q.	Buy 50% L.Q.	Social Rent	Total
Backlog Reduction (Table 23) ¹	0	0	0	69	139	208
Newly Forming (Table 19)	532	94	145	112	474	1357
Falling Into Need (Table 21) ¹	0	0	0	75	150	225
Annual Gross Need	532	94	145	256	763	1790
Lower Quartile Re-sales (Table 5)	669	0	0	0	0	669
Social Re-lets (Table 24)	0	0	0	0	394	394
From Falling into Need (Table 21) ²	Included in re sales	150	0	0	0	150
From B/log Reduction (Total of 208 x 21% - the average where previous tenure is known)		44	0	0	0	44
Total Supply: Existing Stock	669	194	0	0	394	1257
Annual Shortfall or (Surplus)	(137)	(100)	145³	256	369	533
Annual Need: Subsidised Affordable Housing				625		
Annual New Supply 2006/11 (Table 25)	765		75		840	
Annual New Supply post 2011 (Table 25)	314		210 (at 40%)		524	

¹ Tenure split is based on the assumption that 2/3 can only afford social rent, and the 1/3 could purchase at 50% – this may well understate the need for social rent.

² Tenure split is based on the assumption that 1/3 will be coming from owner occupation and 2/3 from private rent

³ May be under-estimate - makes no allowance for any of the backlog or falling into need

Key Findings for Warwick District

The amount of open market sale housing from within the existing housing stock, at or below the lower quartile figure, (669) is well above the amount required to meet the needs of newly forming households who can afford that cost (532). The table shows that there could theoretically be a substantial surplus of private rented housing, but much of the potential availability will be dependent on the other tenure requirements being met – which will clearly not be the case.

The supply of social rented housing at 456 is substantially lower than the figure of 545 contained in the recent report from Outside Research and Development. The report did not provide the source, or method of calculation, for that figure, and an examination of the annual HIP returns (see Appendix 7) shows that there were 456 re-lets in 2005/6, and lower figures in each of the preceding 3 years.

The figure of 456 is therefore an un-typically high figure, so an average of the last three years has been used to project the future level of re-lets at 394 p.a.

This level of on-going supply of 394 re-lets amounts to just under a half of the amount required for those who can afford nothing else (798). Adding in the extra 256, who could afford to purchase at up to 50% of lower quartile, increases the total shortfall of subsidised affordable housing to 625 p.a.

A 40% proportion of new housing supply post 2011 would amount to 210 p.a., or just 1/3 of the amount required, while the 75 p.a. projected up to 2011 is only 12%.

With the additional requirement for social rented alone being so much more than the optimistic projection of new affordable supply, there may be a temptation to suggest that a high proportion should be for that tenure. However, it is important to recognise that all of the unmet requirement for purchase at 50% of lower quartile will add to the requirement for social rent, so a balance has to be achieved between meeting the most acute needs and maximising the number of affordable dwellings.

The size of the shortfall will clearly focus attention on Exceptions Sites as well as on proportions of market sites, and in these cases tenure split may well be dictated by the availability of funding.

The level of need for housing that is supplied at not more than 75% of lower quartile cost (145) amounts to just over 20% of the total amount of market housing that is being proposed post 2011 (624).

Table 7 showed that the lower quartile cost is £152,000 for a 2 bedroom property and £112,000 for a 1 bedroom property, so 75% of these figures would be £114,000 and £84,000 as the price of low cost market housing.

Appendix 5 sets out the income requirements and monthly costs for 1 and 2 bedroom properties at 100%, 75% and 50% of lower quartile, to make it quite clear what will be required from new supply that is intended to meet this need.

While there is substantial unmet need for all forms of intermediate housing for sale, the very large shortfall in social rented supply will mean that this will have to remain the priority while the prospects for total new supply are so constrained. Much of the solution will have to be found from increased supply from within the conurbations as there is no prospect for these shortfalls being met within the district.

The amount of additional affordable housing required each year will have to be split between social rent, and sale at 50% of lower quartile, on the basis of pragmatic funding and viability decisions. A further substantial proportion of low cost market housing is required, at £84,000 for 1 bedroom and £114,000 for 2 bedrooms.

14.9 South Housing Market Area - Summary

Table 41 – Summary: Affordable Shortfalls & Supply - All Districts

District	Need: Buy at 50% Lower Quartile	Need: Social Rent	Annual Affordable Shortfall	Affordable Supply: 2006/11 (current policy)		Supply: Post 2011 (40% of total)	
Bromsgrove	144	222	366	80	22%	75	20%
Malvern Hills	42	39	81	80	100%	101	125%
Redditch	212	(71)	141	80	57%	131	93%
Worcester City	190	210	400	60	15%	188	47%
Wychavon	179	184	363	140	39%	186	51%
Wyre Forest	170	5	175	40	23%	75	43%
Stratford on Avon	251	400	651	85	13%	149	23%
Warwick	256	369	625	75	8%	210	34%
Total	1,444	1,358	2,802	640	23%	1115	40%

14.10 Local Housing Market Areas

Appendix 9 contains comparable tables for each of the Local Housing Market Areas.

15. Housing Needs of Minority Groups

One of the objectives of the Assessment has been to identify the accommodation needs of a number of particular groups. However, without undertaking specific primary research that is outside the scope of the Assessment, this has of necessity been based on the very limited literature and research already carried out and on qualitative methods such as the stakeholder seminar and conference held during the course of the Assessment.

15.1 Keyworkers

There has been considerable debate as to both the nature of keyworkers, and whether they should be treated in any different way to other households who are excluded from the market.

In some parts of the country different definitions have been developed to reflect local priorities, but the principle seems to be that in order to justify treating a keyworker (however defined) as a special case there has to be clear evidence of significant recruitment and retention problems in essential public services or (possibly) in key aspects of the local economy.

No such evidence has yet been produced in any part of the South Housing Market Area: While there is ample anecdotal evidence of the need for people working in the highest priced areas having to travel further than they might wish (and further than might be considered desirable) this has not been presented as a significant obstacle to recruitment and retention or a threat to the economy in any specific area that would merit special treatment.

There seems to be a consensus among housing stakeholders that there is at present no justification for giving priority to any particular group of keyworkers, although there is a similar consensus that the polarised nature of open market and social rented housing is failing an increasing number of people with average and below average earnings.

The solution to this problem would therefore seem to be to focus a much larger proportion of new housing supply on two areas that will be most likely to assist those currently being excluded from the market:

Affordable housing for sale that is within the reach of workplace based earnings, and

Market housing that is within the reach of existing households who will in turn release lower priced properties for sale within the sub-region.

15.2 Homeless Households

There is no doubt that the scope for providing suitable accommodation for homeless households has been severely reduced by the reduction in the level of vacancies that occur within the existing social housing stock, and the limited supply of private rented accommodation at the lower end of the prices range. This has in turn reduced the scope for housing applicants from the housing waiting lists, leading to increases in waiting times and in the length of the lists.

There is a contradiction in the need to create more stable and sustainable communities, and the need to create sufficient vacancies for homeless households, which can only be resolved through greater levels of supply. Some of that supply will be created through increased levels of new affordable housing, but the Assessment has shown that the increase will be both limited and delayed.

There is therefore a need to identify ways of making better use of the existing social stock through improving access into market housing and providing more suitable alternatives for those under-occupying family houses. There may also be a need to consider the appropriateness of maintaining designations that reserve certain units of accommodation exclusively for elderly persons even when they are 'hard to let' and offered to applicants from outside the district, when there are priority homeless applicants for whom that accommodation would be suitable.

15.3 Older People

There is a further contradiction in the rapidly increasing number of older people, especially in the 80+ age group, and the fact that some designated older person housing schemes are 'hard to let'.

There seems to be no doubt that people's aspirations, and the availability of services, have combined to considerably reduce the appeal of some designated schemes, and thereby reduced the supply of family housing in both the public and private sectors.

There is also no doubt that there has been very little provision of new housing that is designed to meet these aspirations, and facilitate the delivery of services, although there is certainly a greater recognition of the need to address the issue.

The Assessment has shown that there is evidence of significant unmet housing need from older people in both the private and the public sectors, and that this need is unlikely to be met within the existing housing stock. There are a number of models of mixed and flexible tenure Continuing Care and Extra Care housing that are being developed around the country, but only small and isolated examples seem to have been achieved in the South Housing Market Area apart from those that are aimed exclusively at the upper end of the market.

The opportunity exists to meet a whole range of unmet needs through a more concerted approach to the needs of older people:

- Releasing family homes for rent for homeless households

- Releasing family homes for first time buyers and for growing families

- Allowing the re-designation of some small units of accommodation for single persons, particularly those who are vulnerable or disabled.

15.4 People with Disabilities

It has not been possible to quantify the overall scale and distribution of the accommodation needs of this group, for whom Supporting People services are provided. There seems to be no clear distinction made between those who need

support services only, and those who need specialist forms of accommodation in order to receive the appropriate services. There would therefore seem to be a need to establish a means of quantifying the accommodation shortages as a separate issue.

15.5 Black and Minority Ethnic Groups

There is a similar problem with these groups: Research into black and ethnic minority housing needs tends to be focussed on equality of opportunity, access and treatment, rather than on specific housing needs. Indeed, there seems to be a lack of distinction between the equality aspect and the need aspect, and a tendency to treat one as a proxy for the other.

In terms of a housing market assessment, the key issue would seem to be whether these groups are in any way disadvantaged by inadequate provision of types and locations of accommodation for which there is a greater need than in the population as a whole.

Neither in the examination of evidence, nor in the consultation process, has it been suggested that such problems of specific provision exist, or that there is a need to make any distinction between the housing needs of black and minority ethnic groups and the population as a whole.

15.6 Students

There are two locations within the sub-region with a significant number of students, and both are identified as sub-regional growth foci: Worcester and Warwick.

Warwick is by far the larger and longer established of the two, and this is reflected in the high proportion of the housing stock that is in the private rented sector. The large number of vacancies in the rented stock suggests that this is not creating any particular supply problems.

Worcester, however, is in the process of expanding its student population quite significantly, and given the acute shortages in both existing and proposed supply this would seem likely to exacerbate the problem. Some specialist provision has been made for students, but not on a large scale, and unless the expansion is largely through attracting existing residents who will not require additional accommodation, there will be a need to make forms of provision that prevent additional pressure being put on an already inadequate supply of housing.

15.7 Gypsies and Travellers

Government circular 01/2006 describes the form that a separate Gypsy and Traveller Accommodation Assessment should be carried out in order that local authorities are able to meet their obligations under the Housing Act 2004 in this respect.

Unlike other accommodation requirements, there is no adequate alternative to primary research in the form of an interview based survey, and given the small, dispersed and varied nature of the community, this needs to be as near to a comprehensive census rather than a sampled approach.

15.7.1 Required Outputs from a Gypsy and Traveller Accommodation Assessment

- The number of Gypsy and Traveller households that have or are likely to have accommodation needs to be addressed either immediately or in the foreseeable future.
- A broad indication of where additional pitches are needed
- The level and types of accommodation required for this need to be suitably addressed
- The level of unauthorised development which, if planning permission is not approved, is likely to increase the scale of need
- The intentions of those households planning to move which may free up spare pitch or bricks and mortar capacity
- The likely rate of household formation and annual population increase over the next 5-10 years.

15.7.2 Preparatory Work completed towards the Assessment

During the course of preparing this report, the preparatory stage of the separate Assessment has been achieved, through the following:

- A baseline study of all existing sites and pitches, by status and ownership, which has identified approximately 330 caravans on 177 pitches on County Council owner and managed sites, and around 150 on privately owned sites of which about two thirds are authorised. There are currently 88 applications for County Council pitches, a third of which represent overcrowding of publicly owner sites, a further third travelling or on the roadside, and the remainder split between housing and private sites.
- A schedule of activity in terms of planning applications, enforcement actions and records of unauthorised encampments
- A questionnaire developed and piloted for use in a census to be carried out during the spring and summer of 2007
- A team of interviewers with direct experience of working with the local community briefed in the interview process
- Arrangements for collating and analysing the results of the interviews
- Funding for the interview and analysis obtained from all the parties involved

The completed Gypsy and Traveller Accommodation Assessment will be added to this report as a further appendix when it has been completed.

16. Housing Needs of Rural Areas

16.1 Background

There are a number of reasons why the housing needs of rural areas should be considered as a separate issue:

Both Housing and Planning policy, at national, regional and local levels, require that rural needs are not overlooked within the context of a general presumption that most development should take place on brownfield land, close to public transport networks and other facilities, and assist in regeneration of urban areas and provision of services in a more concentrated and economic scale. All these presumptions would place the needs of rural communities at the bottom of the list unless given separate consideration.

Nevertheless, to avoid a direct conflict with these main strands of housing and planning policy, there has to be a clear distinction made between the aspirations of many people to live in a rural environment and the needs of rural communities to achieve a balanced population and a sustainable level of services and employment. Successive reports from the Countryside Commission and its predecessor agencies have highlighted the changes that have taken place in rural areas, with the loss of traditional agricultural employment and many services and facilities, and the increase in long distance commuters, the retired and second home owners. In particular, affordability problems have been created by high house prices in areas where most local employment is at well below average earnings.

For some 15 years there has been a provision within planning policy for Exceptions Sites that allows affordable housing to be provided in areas where housing development would not otherwise be permitted. There are strict conditions to ensure that there is both clear evidence of need and secure arrangements for the properties to be occupied in perpetuity only by households with strong local connections.

In order to comply with the evidence requirement it has been the general practice to carry out a postal survey of all households in a single parish, or group of parishes, before attempting to identify a suitable site and agree purchase terms, and then seeking planning consent and grant funding. The whole process can often take several years, with a high failure rate and a considerable amount of effort in relation to the outcomes.

16.2 The Current Policy Situation

Recent changes to that policy means that local authorities are now able to allocate sites for this purpose, rather than having to respond to initiatives taken by individual parishes assisted by the Rural Housing Enabler in each county. Potentially, this could simplify and accelerate the process, but it brings its own problem of how to prioritise locations on the basis of a more comprehensive assessment of need.

This new opportunity for allocating Exceptions Sites brings with it the need for local authorities to obtain an overall assessment of rural housing needs and priorities, to allow them to take a pro-active, rather than re-active position.

16.3 Recent Survey Evidence

Ideally, this report would provide an overall framework of rural needs evidence that would assist local authorities in this process. There have been at least 40 Parish Needs Surveys carried out over the last 5 years in Worcestershire, and a further 35 in Stratford and Warwick districts, covering most of the larger villages and a number of smaller ones. Unfortunately, this has not been possible, as quite apart from some variations in the survey approach (which makes it impossible to aggregate the results), each one has quite understandably been focussed on the individual parish in isolation, rather than as part of an attempt to build up a comprehensive and comparative picture of need.

However, following analysis of the reports published on all of the 75 Parishes that have been surveyed across the sub-region, and from discussions with the Rural Housing Enabler in each county, there are a number of features that emerge which should inform rural policy:

- In every parish surveyed, there was an indication of unmet local housing need, and a clear majority support for an affordable housing scheme: The proportion of respondents indicating a housing need either now or in the near future was never less than 10% and often 15% or more, while the level of support was often 75% or more of the numbers responding.
- The number of respondents seeking, and apparently able to afford, some form of low cost or subsidised home ownership was slightly greater than the number for whom social renting seemed to be the appropriate tenure. Overall, this amounted to 50:50, but with considerable variations.
- Within the numbers seeking home ownership there is a wide range of incomes – for some households the current forms of shared ownership provision are too expensive, while for others a relatively small discount to market value, (say 20%) combined with a local occupancy restriction, would be appropriate.
- Less than 1 in 5 of those indicating a housing need were registered on a local authority or housing association waiting list, and even for those seeking social rented accommodation only about half were registered. (This is not particularly surprising in view of the very few properties becoming available for re-let, and the general policy of allocating them according to need rather than strength of local connection.)
- A quarter of those indicating a housing need were seeking bungalow or sheltered accommodation, with no difference between tenures.
- Over half indicated a need for 1 or 2 bedroom accommodation, with very small numbers having a need for 3 or 4 bedroom accommodation – but that could

change over time, and in this type of situation it is important to take a long term view as the scope for moving on to larger accommodation would be very limited.

- There is considerable frustration by all the parties concerned with the present system by which exceptions sites are brought forward: in particular with the length of time and amount of effort required for very small achievements, and with the very limited numbers that are achieved in relation to the amount of housing need that is identified.

It would seem inevitable that, apart from the very smallest settlements, any village will have a need for some form of affordable accommodation for local people – ranging from one or two pairs of semi-detached properties to small estates of a dozen or so properties.

In the larger and better serviced villages, the level of need will probably require a phased development of more than one site, to provide the full range of house types and tenures.

16.4 Conclusion:

There is clearly scope for reviewing the way that rural housing needs are assessed, to ensure a more comprehensive, comparative and consistent picture is obtained. This need not involve surveying every parish, as a mapping exercise would enable parishes to be categorised by population profile, level of services, and distance from urban centres and market towns. Surveys could then be targeted at a small number of examples in each category, and the results for the rest extrapolated from those.

However, even without having to take this approach, there is ample evidence that a substantial amount of the unmet housing need identified in previous chapters could be appropriately met by taking advantage of the opportunity to allocate sites in all villages where there is a certain level of existing facilities – with particular emphasis on those where the retention and improvement of facilities might be assisted by this type of development.

The exact nature of the development to be carried out would still need to be determined by a local survey, but this would be against the background of an agreed investment programme and an identified site, rather than in reverse order as at present. This should ensure a far more efficient delivery outcome, as well as one that was planned rather than haphazard.

At present there is very little planned delivery of affordable housing in rural areas, but using these new powers it is possible for every local authority that includes a rural area to identify the potential capacity of each of its settlements to absorb affordable housing, to prioritise these for investment, and to ensure that the necessary surveys were carried out in a timely and consistent way so as to maximise the proportion of the identified capacity that can be appropriately delivered.

17. Monitoring and Updating

Frequent reference has been made through the report to the need to ensure that the data is updated on an annual basis to enable the projections to be monitored, and adjusted as necessary.

This will not be a complete annual repeat of the whole assessment process, but a means of comparing the findings and conclusions with the more up to date information, and identifying any areas where the projections need to be adjusted.

Arrangements have been put in place to ensure that this monitoring and updating takes place – commencing almost immediately with the availability of data for the year to 31st March 2007 during the course of May 2007.

This will be achieved through the commissioning local authorities providing the same data sets that they provided for the original Assessment, to Worcestershire County Council Research and Intelligence Unit, who will acquire additional data sets from Land Registry, property websites, CACI, Survey of English Housing and information from the review of the Regional Spatial Strategy, and prepare a report that updates the tables in this original report and summarise the main issues and changes.

Although no firm timescale has been agreed for the annual monitoring report, it is intended that it should be completed before the mid point of each financial year, and be carried out simultaneously with the annual returns to central government.

The monitoring reports will be an essential part of the evidence base on which local and regional housing and planning strategies will be developed, and will ensure that these are informed by the most up to date information and by projections that are more robust for being monitored on a consistent and regular basis.