Report

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Worcestershire Strategic Housing Market Assessment – Main Report

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Contents

Appendices

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For and on behalf of GVA Grimley Ltd

Executive Summary

Redditch Borough Council commissioned GVA and Edge Analytics on behalf of Worcester City, Malvern Hills District, Bromsgrove District, Wychavon District and Wyre Forest District Councils (hereafter referred to as the Local Authorities) to prepare a Strategic Housing Market Assessment (SHMA) in March 2011.

The turbulent economic climate and housing market context at the point in which this research is undertaken makes it an extremely interesting time to evaluate the extent to which the market has evolved, but also presents significant obstacles in forecasting likely trajectories of change forward.

In order to reflect these issues this SHMA provides the Local Authorities with a detailed analysis of key indicators, using a number of models and approaches and seeking opportunities to triangulate a range of data sources wherever possible to construct scenarios of likely change. The scenarios therefore present a set of evidence based parameters to help inform policy development.

The SHMA report will replace the previously produced 2007 SHMA for the South Housing Market Area for the West Midlands. Where possible the findings have been presented in the context of this previous research and subsequent annual updates.

This report represents the overall Assessment Report for the County of Worcestershire. Data is presented for the County and the individual component authorities. The report is accompanied by six Overview Reports, one for each Local Authority. These Overview Reports focus on key areas of the analysis and present a more detailed individual authority narrative.

SHMA Spatial Geographies

Recognising the importance of developing an evidence base which enables strategic analysis to be undertaken alongside local analysis the SHMA uses a range of geographies. Differing levels of detail are available for the geographies listed below:

- Worcestershire County level – analysis is presented for the whole of Worcestershire based on aggregating the individual local authorities. Analysis at the County level ensures that relationships between component authorities can be identified and the implications understood;

- Worcestershire Local Authorities – this geography represents the fundamental building block of planning policy and is given precedence within the research. A more detailed analysis of the information presented within this report is included within each individual Authority Overview report; and

- Wards – core datasets have been disaggregated down to a ward level to help inform local policy. The majority of the ward datasets are presented within the individual Authority Overview reports.

The decision was taken by the Commissioning Group at the inception of the project to use these spatial geographies rather than the Housing Market Areas used in the original 2007 SHMA report. The functional relationships highlighted through these market areas are still used to analyse the findings of the SHMA for relevant outputs.

Understanding the Stock Profile

The existing housing stock of an area plays an important role in the operation of the housing market. New development will only represent a very small part of the overall stock in an area, even over a fifteen year plan period. Understanding the breakdown of this stock by type and tenure as well as its quality and occupancy all represent important considerations for any analysis of the future requirements of an area.

Worcestershire contains a total of approximately 247,450 dwellings of which approximately 6,690 are vacant, resulting in a total dwelling occupancy level of approximately 240,770 and a vacancy rate of approximately 2.7%, as at 2010/11.

In terms of the individual authorities Wychavon represents almost 21% of total stock, just over 51,550 properties. Worcester and Wyre Forest also both contain over 40,000 properties, 17.5 and 18% of the County total respectively, with Bromsgrove containing just under 40,000 or 16%. Malvern Hills and Redditch are the two smallest authorities in terms of dwelling numbers with Redditch having almost 35,300 (14%) and Malvern Hills almost 33,500 properties (13.5%).

Considering the proportions of properties which are vacant, all of the authorities have notably low levels of empty properties. Only Malvern Hills records a vacancy rate above 3% (a level commonly associated with general churn or turnover of properties), with this being only 3.3%. This suggests that all of the authorities have a limited capacity to absorb further household demand within their existing housing stock.

The authorities of Worcestershire have all witnessed new housing development over recent years. Between 2001 and 2011 a total of approximately 17,580 new units have been delivered (gross). This equates to an average of just over 1,750 per annum. The pace of development has varied considerably over this time. Over recent years the highest net development level was recorded in 2003/04 with a steady fall off in subsequent years.

More recent data suggests that levels have reduced significantly in line with national trends and linked to the onset of the economic downturn and subsequent economic recession.

All of the authorities have contributed to this overall level of completions. Malvern Hills has seen the lowest number of completions over this time period at just under 2,350 dwellings, with Wychavon seeing the highest level at 3,329, closely followed by Bromsgrove, 3,226. More detailed spatial analysis suggests this supply has, in line with planning policies, been directed primarily to the existing larger urban settlements.

Worcestershire's stock profile is heavily dominated by private sector or market housing. In the 2001 Census approximately 15% of stock was classified as social rented, a proportion which is below the national average of almost 20%. Examining more up to date data, as recorded within the HSSA returns, indicates that while absolute numbers have risen, proportionally, there has been almost no change. The tenure profile of stock is not uniform across the authorities with Redditch standing out as having a considerably higher proportion of social rented stock, 22%[1], above even the national average. Bromsgrove by contrast has only 10% of its stock classified in this tenure, with Malvern Hills also below the County average at 13%.

Analysis of the types of dwellings across Worcestershire and the individual authorities, using information from the 2001 Census – which provides the latest definitive breakdown – demonstrates that the majority of dwellings are houses. Across the County the proportion that flatted properties represent of overall stock varies from 4% in Bromsgrove to just over 7% in Worcester. It is important to note that the market consultation exercise and other information sources suggest that this proportion is likely to have risen slightly over recent years as a result of construction activity. Bromsgrove, Malvern Hills and Wychavon all have over 40% of their stock classified as detached, with Worcester in contrast only having 27% of its stock classified under this type. Redditch and Worcester also stand out as distinct in terms of the proportions of terraced properties, 29% and 24% respectively, with the other authorities showing comparatively lower proportions, particularly Malvern Hills and Bromsgrove.

This stock profile has an impact on the distribution of properties by size. The 2001 Census shows that across Worcestershire more than 27% properties have more than 7 rooms (note this is all rooms and not bedrooms). Malvern Hills, Wychavon and Bromsgrove all show higher than County averages of properties of this size.

The quality of the housing stock represents an additional layer of information in understanding the housing offer across Worcestershire. Private sector stock condition

[1] Redditch is the only authority in the County to still own and manage stock

surveys across Worcestershire (2011) show that non-decency remains an issue across the area, with Redditch and Wyre Forest in particular showing non-decency rates of almost 20%. These datasets also highlighted the sustained issue of non-decency for more vulnerable households, which remains an issue across the County.

The Key Drivers underpinning Change in the Housing Market

Official Statistics (released by the ONS) suggest that the population of Worcestershire has risen, since 2001, by approximately 14,600, representing a 2.6% rise up until 2009. This growth across the area is driven by varying levels of population change across each of the individual authorities. Bromsgrove is estimated to have seen the greatest absolute level of population increase, a growth of almost 5,500 and proportional increase, over 6%. Malvern Hills and Wychavon have also seen a notable growth in population over 3% in both authorities. Wyre Forest has seen a more steady rise at just under 2%. By contrast Redditch and Worcester are estimated to have seen relatively low levels of population growth, both below 1%, over this period. Indeed the mid year estimates suggest a stagnating of population in Redditch, although the analysis of the drivers of change in section 7 has highlighted that this is considered to represent an undercount of the impact of international migration into the authority and that in reality the population has grown more in line with other parts of Worcestershire[2].

The population uplift recorded at a County level has been driven by a range of demographic factors. Migration into Worcestershire has represented a key driver behind this growth. Over the first part of the last decade internal migration i.e. people coming into the County from other parts of the UK was a key driver, although estimates suggests this has reduced to some degree over recent years. This reduction in internal migration has been offset by a recent trend of increased net international migration levels into the County. Natural change has consistently over the last decade represented a positive driver of growth, with more births than deaths on an annual basis within the County.

The balance between these components of change varies significantly across the individual authorities. Authorities such as Bromsgrove and Malvern Hills have seen positive net in-migration but negative natural change driving population change. Wychavon has seen positive in-migration, although this has fallen over recent years but has also seen a small positive impact from natural change. Worcester and Redditch demonstrate very different profiles with natural change the driving factor of growth in both authorities and migration actually acting to mitigate this growth with more people leaving than entering on an annual basis. Wyre Forest has a more dynamic set of drivers, particularly over recent years with migration initially showing a positive change but this turning negative over the

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2 Note: Further details are included within Appendix 4

last few years, with natural change also oscillating over the period from negative to positive.

The age of migrants is also important. All of the authorities with the exception of Worcester have seen a net out-migration of people aged 15 – 19. Worcester by contrast has seen a net out-migration of the traditional starting a family / working age population 35 – 64, with all of the authorities except Redditch seeing this age component of the population rising through migration. In terms of older person households all of the authorities except Worcester have seen a growth of households aged over 65 linked to migration. Bromsgrove, Malvern Hills and Wyre Forest in particular have seen net increases in these age groups from migrating households.

The **economy** also represents an important driver of population and household growth. Over recent years the area has benefited from the economic growth of its primary urban centres and their proximity to other drivers of employment growth such as Birmingham. The workforce across Worcestershire has also been consistently productive with high levels of economic activity compared to national averages and low levels of unemployment. Levels of unemployment have risen, in line with national trends from 2008 with levels dropping from a peak in 2009. The workforce also includes a high proportion of professional occupations / managers compared to other regional and national benchmarks.

These economic trends are reflected in the profiling of incomes. Across Worcestershire average (median) incomes are relatively high. These trends however, also mask the fact that there are a significant number of households with considerably lower incomes whose ability to exercise choice in the housing market is considerably more limited. The mapping of incomes suggests that these lower income households are concentrated around the urban areas, such as Redditch, Kidderminster and Worcester, with large areas showing average incomes below £20,000.

While household growth, employment status and the income of households form important drivers in understanding the operation of the housing market, house price transactions and rental activity represent a direct indicator of the health of the market. Across Worcestershire the analysis has shown that house prices now are considerably higher than they were in 2000. In terms of trends the market peaked across Worcestershire, as with the rest of the UK in mid 2007, at which point the average property price was around £180,000. A period of marked decline resulted in prices dropping to below £160,000 in early 2009 prior to rising to the current average of approximately £167,000. Bromsgrove, Malvern Hills and Wychavon stand out as having higher average house prices across the study area with Redditch and Wyre Forest recording notably lower than average prices.

The comparatively high average house prices continue to pose challenges in terms of affordability and the mobility of important parts of the housing market. Analysis of key affordability indicators coupled with a short consultation exercise with active local estate agents across Worcestershire, demonstrate the impact of these problems in the market. The benchmarking of access to different tenures has highlighted that a significant proportion of households are essentially unable to exercise genuine choice within the market as a result of their financial capacity. This is in part driven by a proportion of households having low incomes but also, as a result of tightening mortgage lending regulations, increasingly also including households with higher incomes but low levels of savings or no equity in property (either first time buyers or households that bought at the peak of the market).

The rental market plays an important part in many of the markets across Worcestershire. In areas such as the City of Worcester the development of new apartment schemes have continued to grow this element of the housing offer and represent a dynamic component of the wider market, driven in part in this case by the growing student market linked to the expansion of the University of Worcester. Overall across Worcestershire this tenure caters for a wide range of households including younger households, as well as families and older person households. Looking at the distribution of rents paid by households (sourced from Rightmove) there is a high level of consistency across the authorities. When examined broken down by property type there are some variations with Worcester recording high rental values for one and two bedroom properties. It is important to recognise however, that the available supply of private rented properties is not evenly distributed with many of the more rural parts of Worcestershire thought to have limited quantities of stock of this tenure.

Estimating Future Demand for New Housing

The SHMA research has involved a detailed and robust assessment of the likely future change in the number of households across Worcestershire. A range of population and household scenarios have been developed, taking account of demographic, economic and policy factors. This process has utilised the POPGROUP model (as described in section 6).

Five core scenarios have been presented within the analysis. These have included the ONS 2008-based Sub-National Population Projections and linked DCLG Sub-National Household Projections. The scenarios have been constructed to consider varying impacts of demographic, economic and supply drivers. A further two sensitivity scenarios are presented through the research. These scenarios address potential data inaccuracies identified within the official ONS datasets relating to the treatment of international migration using local data and apply updated assumptions to reflect official policy changes impacting on the operation of the labour market in the future.

The approach of considering a range of potential projected futures and informing datasets follows the advice of the National Planning Policy Framework (Consultation Draft, July 2011) and is therefore intended to provide the authorities of Worcestershire with a sound evidence base to inform emerging strategy and policy development[3].

Each of the scenarios produces a range of estimated levels of household growth across Worcestershire. The outputs of the core scenarios range at the lower end from a projected change in households between 2006 and 2030 of just 21,440 households under a 'Natural Change' Scenario, which removes any migration in or out of the County, to a projected increase in households by just over 58,000 under an employment-constrained scenario which aligns the working age population with employment opportunities and holds the economic context of today into the future.

The evaluation of the different drivers underpinning the core scenarios and the outputs of the sensitivity scenarios suggests that the authorities across Worcestershire should plan for a level of projected household growth over this time period between 37,500 and 47,300. The lower level of growth is built around a projected level of growth which reflects recent demographic trends and therefore is influenced by the challenges which have faced the economy and housing market over the last 3 – 4 years. The upper limit takes into account the need for the area to attract in a greater proportion of working age households to service forecast employment changes across the County. While the economy is not projected to grow substantially across the area, without further in-migration of households the projections show that the gradual ageing of the population will hollow out the available working age population even when factors such as the raising of pension ages are taken into account.

The household projections are translated into hypothetical dwelling requirements. Across Worcestershire this suggests a total dwelling requirement of between 31,400 and 41,500 dwellings between 2011 and 2030. It will be important in the future that the levels of housing delivered in total, market and affordable housing, look to meet levels of future household change in order to ensure a balance between supply and demand. This needs to be considered with reference to the supply of land available and considered deliverable (as evidenced through each authority's SHLAA document and set out within land allocation policies).

[3] Wyre Forest adopted its Core Strategy in 2010

The analysis of population and household projections has included a detailed breakdown by age and household type. This clearly illustrates that under all of the scenarios, but in particular the demographic trend-based scenarios, the population will age significantly across Worcestershire. This ageing is particularly pronounced in a number of authorities. For example, in Malvern Hills the population classified as older than working age[4] will constitute almost 39% of the total population in 2030, this is a rise of over 13% from 2006. Worcester by contrast has only 24% of its population in this age group and this is only projected to grow by just over 6%. This takes into account the continued assumed in-migration of younger households into Worcester to access employment and educational opportunities and the out-migration of older persons to other parts of the County and elsewhere.

A rising demand for smaller properties based on the projected increase in couple and single person households, many of which are older persons, is likely. In addition the uplift in older family households suggests a sustained demand for larger family stock. The profile of housing across Worcestershire currently suggests that there is a relatively strong supply of this type of housing, noting the current under-occupancy issues highlighted in section 3. Despite this existing stock profile in order to accommodate demand and the aspirations of households new supply of this type and size of housing will be required over the plan period.

Understanding the Requirements in the Future for Affordable Housing

Tightening mortgage lending criteria, coupled with job losses and reductions in household, have created a significant pressure in terms of demand for non-market housing. The analysis around affordability benchmarking clearly illustrates this issue when comparing household income levels against the price of entry into different tenures.

The SHMA research has included a calculation of housing need using the methodology set out in the DCLG SHMA guidance. The calculation of housing needs indicates that the authorities of Worcestershire will be required to provide for a net annual affordable housing need of approximately 1,355 dwellings per annum over the next five years, in order both to clear the existing backlog of households in need and meet future arising household need.

This requirement for affordable housing is distributed across the individual authorities. In absolute terms Worcester and Wychavon have the highest levels of need for new affordable properties, 358 and 268 per annum respectively. Malvern Hills has a notably

[4] Females over 60, males over 65

lower level of need at 131 dwellings per annum, although this is still high when contrasted against historical rates of provision.

While affordability issues are common across the majority of Worcestershire, Wychavon and Worcester record the highest numbers of households classified as in 'significant need[5]'. Contrasting the numbers of households classified in significant need against the estimated total number of households shows that Redditch has the highest proportion in need (1.8% of total households). Across the other authorities less than 1.8% of households are classified as in need, with this falling to below 1% in Bromsgrove and Malvern Hills.

A more localised contrasting of house prices against incomes also illustrates the geographical variation of affordability challenges facing households across the County. The more urban areas, such as the towns of Redditch, Bromsgrove and Kidderminster have lower affordability ratios, reflecting the strength of the markets in these areas but also the type and size of properties available. In contrast the rural parts of the County, particularly to the West and South have notably higher affordability ratios. Significantly large parts of Malvern Hills and Wychavon in particular record affordability ratios of 8.5 and above.

Addressing this need for affordable housing requires an understanding of the sizes of property required. Analysis of waiting list data illustrates that a mixture of sizes of properties are needed across each of the local authorities in Worcestershire. Evidence shows a high demand for 1 and 2 bedroom properties, based on the application of the bedroom standard, with this constituting around or over 80% of demand across all authorities. Bromsgrove and Wychavon show the highest demand for larger 3 and 4 bedroom properties, 21% and 18% respectively

In terms of specific needs, the review of existing research and data analysed through the SHMA has highlighted that across the County there are significant requirements for new purpose built properties to accommodate the ageing population as well as adaptations to existing stock. Other specific needs were identified for other cultural and demographic groups including Gypsy and Travellers.

Looking forward in the longer-term (i.e. beyond the next five years) it is difficult to accurately assess how house prices, and the financial requirements of households to obtain mortgage credit, will change. Arguably the low levels of supply of new housing, both market and affordable, are likely to result in sustained elevated house prices suggesting that over the short-term at least the demand for non-market housing is unlikely to abate. Clearly these are important informing influences on the future split of market and affordable housing required. It is, however, possible to look at the forecast change in the profile of the economy and in particular the projected increase and decrease in

[5] Note: a definition of the term significant need used within this SHMA is included within Section 5

employment in different occupations. This, when coupled with incomes associated with these occupations set against current benchmarks for accessing different tenures, allows for a longer-term projection of the likely split of tenures required. A long-term estimate is made that affordable housing will need to constitute between at least 12% and 27% across Worcestershire, with Redditch in particular showing a strong future demand for non-market housing. This proportion of demand for non-market housing will need to be carefully monitored and does not replace the detailed short-term assessment identifying a need for 1,355 affordable dwellings per annum over the next 5 years.

Considering in more detail Household Groups with Specific Housing Requirements

The SHMA analysis has identified that the demographic and economic profile of the County and the component authorities is likely to change over the plan period, with the active housing market reacting, and in part feeding back, into these changes. Different parts of the wider housing market will be affected by these changes in different ways.

The research has focussed additional attention on the housing needs of a number of groups either considered to have specific housing requirements which need to be carefully considered now and in the future, or considered to represent groups which are likely to represent a particularly dynamic part of the changing profile. These include:

- Older person households;
- Black and Minority Ethnic Groups and Migrant Workers;
- Students, younger households and the private rental market;
- Groups with Specific Housing Needs; and
- Gypsy, Travellers and Show people.

Future Monitoring

In order for the findings of the assessment to continue to inform and help shape policy, it will be necessary for the individual authorities to monitor changes in the housing market and the underlying drivers considered in this assessment. Changes to the assumptions will have an impact on the short and long-term projections of household demand and the requirements for different tenures and sizes of housing.

The figures presented within this report are based upon up-to-date data and information as of summer / autumn 2011. Evidence of market deviation from the future trends and assumptions presented will need to be taken into account in the development of policy. This approach is part of the plan, monitor and manage approach required for the LDF evidence base.

This SHMA research has utilised a range of secondary data sources. This information will continue to be refined and updated by data providers such as the ONS, DCLG, CACI, Rightmove and Land Registry. The use of secondary data sources makes monitoring a simpler process and will enable the authorities to continue to produce annual updates building on the series produced by the County following the original 2007 SHMA.

1. Introduction

1.1 Redditch Borough Council commissioned GVA and Edge Analytics on behalf of Worcester City, Malvern Hills District, Bromsgrove District, Wychavon District and Wyre Forest District Councils (hereafter referred to as the Local Authorities) to prepare a Strategic Housing Market Assessment (SHMA) in March 2011.

Purpose of the Assessment

1.2 The purpose of the commission as defined within the brief set by the Local Authorities is to provide a strategic view of housing supply and demand in all housing sectors up to 2030 and to provide the Local Authorities with a comprehensive understanding of the dynamics and segments of the functional housing markets operating within the County of Worcestershire.

1.3 It will form part of the evidence base informing emerging planning and housing policies and strategies for those authorities bringing forward their Development Plan Documents for examination.

1.4 It will assess future housing numbers and tenure requirements and assist the Local Authorities in negotiations for the provision of new affordable housing.

1.5 The SHMA report will replace the previously produced 2007 SHMA for the South Housing Market Area for the West Midlands. Where possible the findings have been presented in the context of this previous research and subsequent annual updates.

1.6 This report represents the overall Assessment Report for the County of Worcestershire. Data is presented for the County and the individual constituent local authorities. The report is accompanied by six Overview Reports for each Local Authority. These Overview Reports focus on key areas of the analysis and present a more detailed narrative including analysis down to a ward level geography.

1.7 In order for the findings of the assessment to continue to inform and help shape policy, it will be necessary to continually monitor changes in the housing market and the underlying drivers examined in this assessment.

SHMA Requirements: The emerging NPPF, DCLG SHMA Guidance (2007) and National Planning Policy Statements PPS12 and PPS3

1.8 The Government has made a commitment to reforming the planning system. The publication of the Draft National Planning Policy Framework (NPPF) in July 2011 sets out the direction of policy change and forms an important consideration for this SHMA research even though it remains in draft form.

1.9 At the heart of the Draft Framework is the presumption in favour of sustainable development. This includes ensuring a positive planning system which does everything it can to support sustainable economic growth.

1.10 Importantly the NPPF states: Local planning authorities should have a clear understanding of housing requirements in their area. They should:

- Prepare a Strategic Housing Market Assessment to assess their full housing requirements, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to require over the plan period which:
  - meets household and population projections, taking account of migration and demographic change
  - addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as families with children, older people, disabled people, service families and people wishing to build their own homes); and
  - caters for housing demand and the scale of housing supply necessary to meet this demand.

1.11 In advance of the NPPF being formally adopted the existing PPS documents remain statutory guidance. PPS12 clearly sets out the important role that spatial planning can make in the context of place making and delivering housing. In particular it emphasizes the importance of spatial plans in:

- Setting an appropriate supply and timing of development land for housing;
- Setting a clear framework for infrastructure provision that is essential for “sustainable communities”; and
- Facilitating delivery of affordable housing through the private sector

1.12 There is consistent emphasis throughout the PPS, as well as advice given by Planning Inspectors, on the importance of a robust evidence base upon which appropriate local policy responses can be devised. Undertaking SHMAs, housing need assessments and tests of economic viability can all contribute to a robust evidence base for policy.

1.13 The importance of the evidence base in the formulation of policy is emphasised throughout PPS3. The latest iteration of the national policy document sets a significant challenge for SHMAs, SHLAAs and other housing evidence to provide clear quantifiable steers regarding the balancing of housing demand and land supply to ensure that policies are predicated on a robust and transparent rationale. Paragraph 22 in particular clearly states the role of the SHMA in providing the following outputs to inform Local Development Documents (LDDs):

- The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing;
- The likely profile of household types requiring market housing e.g. multi-person, including families and children (x%), single persons (y%), couples (z%); and
- The size and type of affordable housing required.

1.14 The DCLG released in August 2007 its final guidance 'Strategic Housing Market Assessments – Practice Guidance'. This Guidance sets out a framework that local authorities and regional bodies can follow to develop a good understanding of how housing markets operate. It remains the most up-to-date Guidance for undertaking research of this kind.

1.15 The Guidance recognises that housing markets are dynamic and complex and as a result strategic housing market assessments are not intended to provide definitive estimates of household need, demand and market conditions. SHMA's can, however, provide valuable insights into how housing markets operate both now and in the future. They should also provide a fit for purpose basis upon which to develop planning and housing policies by considering the characteristics of the housing market, how key factors work together and the probable scale of change in future housing need and demand.

1.16 The approach taken within this SHMA follows this guidance and addresses each of the core outputs set out in Table 1.1 and the process checklist set out in Table 1.2. Table 1.1 from the Guidance is replicated below with an additional column outlining within which section the core output is addressed within this report. Appendix 1 sets out compliance with the process checklist outlined within the Guidance and PPS3 key requirements.

Figure 1.1: Compliance with DCLG Guidance Core Outputs and PPS 3 requirements

SHMA Guidance – Core Outputs Table 2.1	PPS 3 – Paras 22 & 29	Report Section in which Key Outputs are presented and analysed
Output 1 - Estimates of current dwellings in terms of size, type, condition, tenure		Section 3
Output 2 - Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market.		Sections 4 and 5
Output 3 – Estimate of total future number of households, broken down by age and type where possible	The likely profile of household types requiring market housing e.g. multi-person, including families and children (x%), single persons (y%), couples (z%).	Section 6
Output 4 – Estimate of current number of households in housing need		Section 7
Output 5 – Estimate of future households that will require affordable housing	Set an overall (i.e. plan-wide) target for the amount of affordable housing to be provided. The target should reflect the new PPS definition of affordable housing.	Section 7
Output 6 – Estimate of future households requiring market housing	The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing	Sections 6 and 7
Output 7 – Estimate of the size of affordable housing required	The size and type of affordable housing required / Specify the size and type of affordable housing that, in their judgement, is likely to be needed in particular locations and, where appropriate, on specific sites.	Section 7
Output 8 – Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc…		Section 8

Source: GVA, 2011

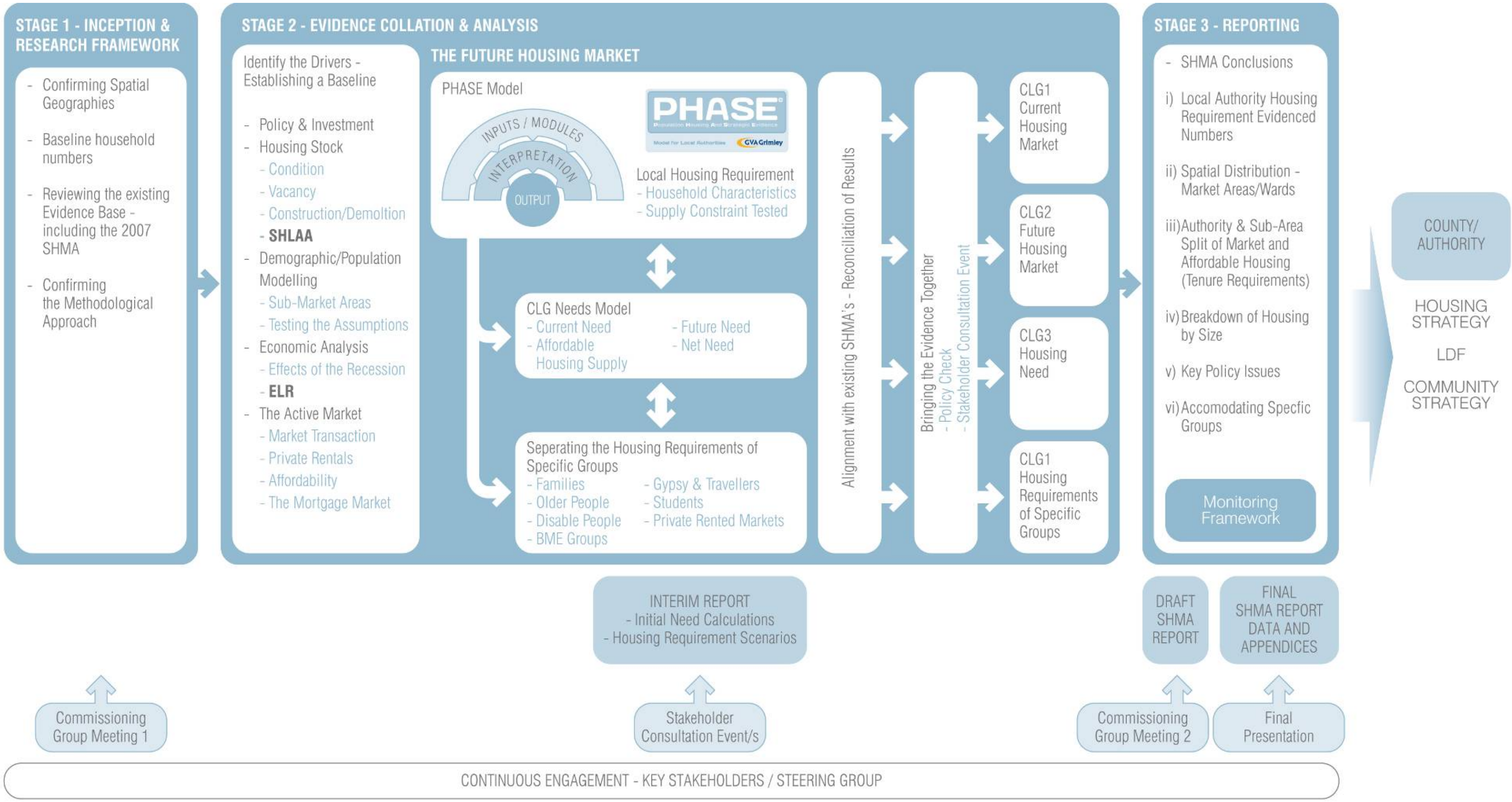
Methodological Approach

1.17 The turbulent economic climate and housing market context at the point in which this research is undertaken (2011) makes it an extremely interesting time to evaluate the extent to which the market has evolved, but also presents significant obstacles in forecasting likely trajectories of change.

1.18 In order to reflect these issues this SHMA provides the Local Authorities with a detailed analysis of key indicators, using a number of models and approaches and seeking opportunities to triangulate a range of data sources wherever possible to construct scenarios of likely change. The scenarios therefore present a set of evidence based parameters to help inform policy development.

1.19 The approach followed is illustrated over the page.

Figure 1.2: Worcestershire SHMA Methodological Approach



Source: GVA 2011

Data Sources – A secondary data based assessment

1.20 The SHMA update has utilised a range of robust methodological approaches drawing upon secondary data sources. This research has not involved the undertaking of a new household survey. This approach aligns with the DCLG Guidance, which advocates that the SHMA research can draw from a range of primary and/or secondary data sources:

"Whether a strategic housing market assessment is based upon secondary or survey data should not be a factor in determining whether an assessment is robust and credible. No one methodological approach or use of a particular dataset(s) will result in a definitive assessment of housing need and demand. The quality of the data used is the important consideration in determining whether an assessment is robust and credible rather than its nature" (DCLG Strategic Housing Market Assessments Practice Guidance – Version 2, 2007, pg 11).

1.21 The approach undertaken within this research has been to use new and updated secondary data to develop a robust understanding of the operation of the housing market across the authorities.

1.22 Where data is available from a number of sources a process of **triangulation** has been conducted. The purpose of triangulation in qualitative research is to increase the credibility and validity of the results. Triangulation is a technique that facilitates validation of data through cross verification from more than two sources. In particular, it refers to the application and combination of several research methodologies in the study of the same topic.

1.23 Throughout the assessment the application of this technique has involved comparing, contrasting and, where relevant, aligning information from a mixture of sources to ensure, based on the professional judgement of the research team and agreed by the SHMA Commissioning Group, that the most up-to-date and locally reflective information has been utilised. This serves to further ensure that the findings of the SHMA are robust and credible.

The Spatial Housing Geographies of the Research

1.24 Where data is available the research presents spatial analysis using a range of Geographical Information Systems and mapping graphics. This has been undertaken using GIS mapping data obtained directly from Ordnance Survey during the course of the SHMA.

1.25 Recognising the importance of developing an evidence base which enables strategic analysis to be undertaken alongside local analysis the SHMA uses a range of geographies. Differing levels of detail are available for the geographies listed below:

- Worcestershire County level – analysis is presented for the whole of Worcestershire based on aggregating the individual local authorities. Analysis at the County level ensures that relationships between component authorities can be identified and the implications understood;

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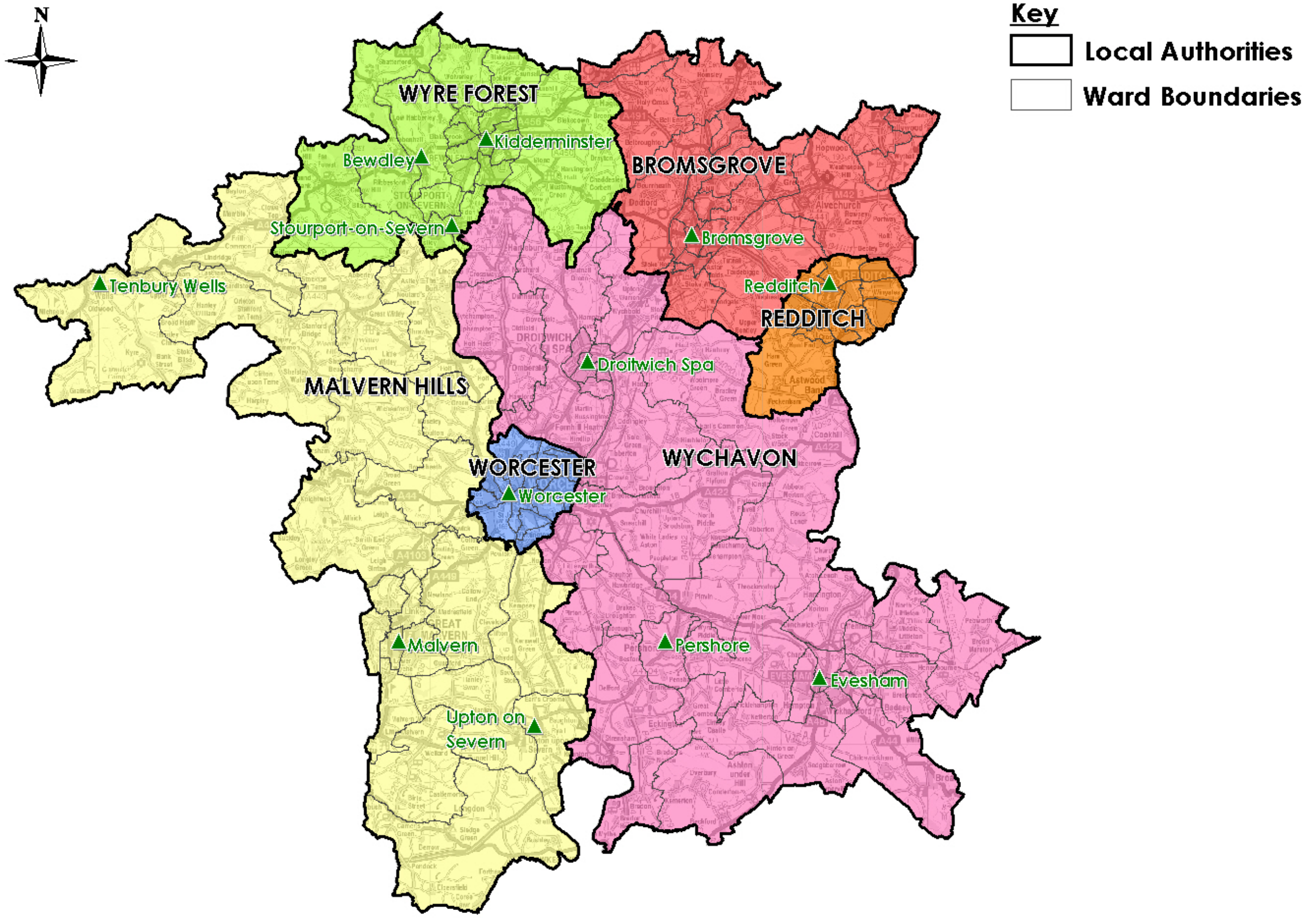
1.26 The decision was taken by the Commissioning Group at the inception of the project to use these spatial geographies rather than the Housing Market Areas used in the original 2007 SHMA report. The functional relationships highlighted through these market areas are still used to analyse the findings of the SHMA for relevant outputs.

1.27 The following plan illustrates the spatial areas of analysis used within the research.

Figure 1.3: Spatial Areas of Analysis for the SHMA



Source: GVA, 2011

Report Structure

1.28 This report is structured around the following sections, where appropriate reflecting the steps set out in the DCLG Guidance to assist in extracting key information from the report:

- **2: Policy and Market Context** – This section considers the complexities, priorities, opportunities and challenges across Worcestershire as articulated through current and emerging national, regional and local strategy and policy which are considered likely to have an impact on the future housing market;

Part 1: The Current Housing Market

- **3: The Housing Stock** – This section provides an assessment of the current profile of the housing stock across Worcestershire and each of the Local Authorities. This includes estimates of the current 'housing offer' in terms of the number of current dwellings broken down by size, type, condition and tenure;

- **4**: **Demographic and Economic Drivers of the Market –** While the dynamics of the housing market are complex the demographic and economic context represents a fundamental foundation upon which to understand supply and demand currently and in the future. This section presents an assessment of key demographic and economic drivers concluding with analysis of the functional relationships which define the spatial geographies of the housing market across Worcestershire;

- **5: The Active Market –** The relationship between supply and demand manifests itself in the operation of the active market. House prices, rental levels and key measures of demand including the number of households on waiting lists are all symptoms of market behaviour which are clear indicators of the current health of the market and the future direction of travel. A comprehensive assessment of the active market is undertaken, with key issues around affordability examined in detail;

Part 2: Future Housing Market and Need

- **6: Future Housing Market** – Drawing on the evidence assembled in the preceding sections within Part 1 of the SHMA, a range of household projections are presented. These scenarios have been built through an examination of a number of drivers including migration trends and future estimates of employment opportunities. The impact of households change in terms of the future demand for all tenures of housing is considered. The section concludes with an examination of long-term impacts of demographic and household structure changes on the types and sizes of properties required over the next fifteen years;

- **7: Housing Need** – A calculation of the short-term level of housing need for affordable housing has been undertaken following the stepped process set out in the DCLG Guidance. Data to populate the model has been drawn from a range of secondary data sources. Income and housing costs are considered in order to assess the role of different 'affordable' products in meeting need, including intermediate housing and Affordable Rents. The section concludes with an estimation of the breakdown by size of the affordable housing identified as being required over the next five years at local authority level;

- **8: Housing Requirements of Specific Household Groups –** The analysis focuses on the information collected through secondary sources to draw out specific conclusions related to a series of household groups with particular housing requirements. This includes the utilisation of existing evidence that has previously been compiled across the sub-region including the findings of a series of focus groups and workshops used to inform the development of the Worcestershire Housing Strategy; and

- **9: Drawing the Evidence Together – Conclusions** – The research concludes with a section outlining the conclusions and recommendations arrived at through the research. Conclusions are presented to directly respond to the core outputs set out in Figure 1.1 of the DCLG Guidance.

2. Placing the SHMA Research in Context

2.1 Planning to meet housing need and demand is currently high on the national agenda as a result of significant market changes over recent years and a national mis-match between supply and demand. As a result of this there has been a significant amount of policy debate emerging related to increasingly detailed analysis of evidence.

2.2 In recognition of Worcestershire's unique housing market challenges and opportunities this section provides an important wider context to the research. This is important to frame the conclusions reached in relation to the SHMA research objectives through the subsequent sections.

2.3 The period since the publication of the 2007 Worcestershire SHMA (and subsequent annual updates the latest being 2009/10) has witnessed a significant amount of upheaval and change both in terms of the evolving policy and strategy framework and the wider economic and financial market. A short summary of the fundamental changes in these areas is therefore provided in this section. The section therefore sets the context in relation to:

- Influencing Policy and Strategy Objectives – A review of key documents sets out the changing context for the development of housing policy and a short summary of the County's current housing strategy context; and
- Market Challenges – In recognition of the recent housing market 'shocks' resulting from the economic downturn and recession key market challenges are examined which need to be considered when using the outputs of the research to develop policy.

2.4 This is not intended to be an exhaustive review, but rather to focus on the key drivers that are likely to influence housing market operation and performance.

Changing Policy & Strategy Priorities

Current National Policy and Strategy

2.5 Until further statutory guidance is adopted the national planning policies for housing are set out in **Planning Policy Statement 3: Housing (PPS3)**. This document establishes the framework for regional and local policy and is one of a number of Planning Policy Statements (PPS) produced by the DCLG. PPS3 draws on **Planning Policy Statement 1: Delivering Sustainable Development** (PPS1) and places emphasis on good design, efficient use of land and helping to deliver sustainable communities.

2.6 **Planning Policy Statement 4**: Planning for Sustainable Economic Growth (PPS4), published in December 2009, sets out the Government's comprehensive policy framework for planning for sustainable economic development in urban and rural areas. It combines previous national policy guidance relating to 'Industrial, Commercial Development and Small Firms', 'Simplified Planning Zones', 'Planning for Town Centres', and economic development sections of 'Sustainable Development of Rural Areas'. PPS4 re-states the Government's overarching objective to ensure sustainable economic growth, defined as: "growth that can be sustained and is within environmental limits, but also enhances environmental and social welfare and avoids greater extremes in future economic cycles".

Emerging National Policy Context

2.7 The Coalition Government is currently in the process of introducing reforms that will significantly alter the planning system. The Localism Act was given Royal Assent on the 15th November 2011. The Act includes measures which are aimed at empowering local communities and underpin the Government's approach to decentralisation.

2.8 The Localism Act provides a legal foundation to the revocation of Regional Spatial Strategies (following a series of legal challenges from CALA Homes on the initial revocation of the regional tier of planning in June 2010). The Act imposes a duty on local planning authorities to co-operate and provide constructive, active and ongoing engagement in decisions relating to sustainable development or strategic infrastructure. Authorities maintain their strategic responsibilities in setting Planning Policy which plans for future growth.

2.9 The Draft National Planning Policy Framework, published in July 2011, represents an important initial part of this reform of the planning system. As noted in the introduction this Framework reinforces and re-affirms the importance of undertaking SHMA's in order for authorities to evidence need and demand for housing over the plan period.

2.10 The principle of a presumption in favour of sustainable development sits at the heart of the document, the rationale being to ensure that the planning system does everything it can to support sustainable economic growth. A number of core planning principles are set out, a couple of which are directly relevant to the production of this SHMA:

- Planning should proactively drive and support the development that this country needs. Every effort should be made to identify and meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth; and

- Planning policies and decisions should take into account local circumstances and market signals such as land prices, commercial rents and housing affordability. Plans should set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business community.

2.11 Under the housing theme the key objective is to increase significantly the delivery of new homes. In order to boost the supply of housing the Framework states that local planning authorities should:

- Use an evidence-base to ensure that their Local Plan meets the full requirements for market and affordable housing in the housing market area, including identifying key sites which are critical to the delivery of the housing strategy over the plan period

- Identify and maintain a rolling supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements. The supply should include an additional allowance of at least 20% to ensure choice and competition in the market for land

2.12 Alongside the emergence of new planning policy and guidance a number of other initiatives and regulatory changes have been introduced which have a potential bearing on this research and the subsequent setting of policy.

The New Homes Bonus

2.13 In addition the DCLG also announced the introduction of the New Homes Bonus in April 2011. This is intended to incentivise Local Authorities to encourage housing development and will match-fund additional Council Tax for each new home and property brought back into use, for each of the six years after a home is built.

Affordable Rent and Local Housing Allowance Changes

2.14 In June 2011 PPS 3 was reissued to include technical definitions changes in Annex B. As noted in section 3 this included a new separate entry under ‘affordable housing’ for ‘affordable rented housing’. This defines this affordable housing product as:

“Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent” (PPS 3, Annex B: Definitions, June 2011)

2.15 In February 2011 the Homes and Communities Agency (HCA) published a Framework setting out the details of the new Affordable Homes Programme of investment, inviting

Registered Providers (RPs) to put forward proposals for £2.2bn of funding (out of the overall £4.5bn funding pot) for affordable housing during the 2011-15 Spending Review period. The Framework outlines the changes in affordable housing provision being introduced for 2011-15, and how this new approach will meet the Government's ambition to deliver up to150,000 new homes over the next four years[6].

2.16 The Affordable Rent model is key to this programme – aiming to provide a more flexible form of social housing that will allow providers to charge up to 80% of market rent on properties, with the potential to increase RP revenues and reduce the level of Government investment in affordable homes. As part of the new funding offer, providers will also have the flexibility to convert a proportion of their social rented homes to Affordable Rent as part of a package agreed by the HCA.

2.17 The final product includes the following parameters:

- The capping of affordable rent at 80% of market rent, overriding the Retail Price Index (RPI) + 0.5% maximum annual rent increase (which is required to rebase the rent every time a new tenancy agreement is completed) ensuring that the rent set at the beginning of a tenancy does not exceed this and remains affordable (Localism Bill and Social Housing, 2010); and
- Move away from every social tenancy being for life, regardless of the households particular circumstances (although these tenancies will still be available). Instead, the Government wishes to encourage affordable rent on fixed term tenancies to contribute to cohesive communities (Localism Bill and Social Housing, 2010).

2.18 In addition to the introduction of a new affordable housing product the Coalition Government announced a series of changes to Local Housing Allowance (LHA) in the Emergency Budget on 22nd June 2010, considered necessary in order to "provide a fairer and more sustainable housing benefit scheme".

2.19 Commencing April 2011 the following changes have been introduced:

- Removal of £15 weekly excess;
- Restriction of the bedroom entitlement from five bedrooms to a maximum of four; and

[6] It is important to note that the overall level of funding available to support the delivery of affordable housing has been reduced

- Introduction of capping of LHA rates so they cannot exceed £250 for a one – bedroom property, £290 for a two bedroom property, £340 for a three bedroom property, and £400 for a four bedroom property.

- LHA rates to be set at the 30th percentile[7] of Private Rented Sector (PRS) rents.

2.20 The Coalition Government are going to triple their contributions over the next three years to local authority funding for Discretionary Housing Payments. They will increase from the current £20 million to £30 million from 2011/12, and to £60 million from 2012/13.

2.21 The following bullet points summarise some key implications of proposed changes to LHA:

- Under the proposed changes to LHA 3 in 10 properties will be affordable in an area for people on housing benefit, rather than the current 5 in 10. These new rates will mean that the housing choice available for housing benefit recipients will align more closely with the choice of housing affordable to low income working households not on benefits[8];

- The removal of the five-bedroom rate will increase alignment between those on housing benefits seeking affordable housing and the choices of larger households who do not claim benefits[9]; and

- Through the increased Central Government funding to local authorities under Discretionary Housing Payments there will be opportunity to support those most negatively impacted following the changes to the LHA.

- Extension of the Shared Room Rate (SRR) to people aged up to 35 – the shared room rate currently applies to under 25s who are single and live alone. Housing Benefit is based upon a single room in a shared house as opposed to a self-contained 1 bedroom property. Evidence has suggested a lack of suitable accommodation and a mis-match between benefits and rental levels[10]. Under current proposals the intention is to extend this rent definition to households aged under 35, affecting 88,000 households nationally[11]. This is likely to result in

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[7] Note: a percentile is the value of a variable below which a certain percent of observations fall. For example, the 20th percentile is the value below which 20 percent of the data falls.

[8] Valuation Office Agency, The Rent Office and Local Housing Allowance fact sheet

[9] Department for Work and Pensions (2010), The Impacts of Housing Benefit Proposals: Changes to the Local Housing Allowance to be introduced in 2011-12

[10] 'Single room rent – the case for abolition' Citizens Advice

[11] http://www.privaterentedsector.org.uk/viewNews.asp?news_id=59

increased demand for shared properties and increase affordability challenges for households where there are limited numbers of low priced smaller properties.

2.22 The Department for Work and Pensions (DWP) estimate that the impact of the measure as set out in the June 2010 Budget includes a total number of people who will see a benefit decrease will be 642,160 with an average loss of £9 a week, with a total of 297,050 not being affected[12].

2.23 The Valuations Office Agency (VOA) will be responsible for calculating LHA. In calculating LHA the VOA use a list of rents that are paid for private sector tenancies across the Broad Rental Market Area (Broad Rental Market Area Local Reference Rent) (BRMALRR) for each category of property including those from high-end and low-end of the market. The LHA is then determined by taking the 30th percentile of these figures for each category[13].

Regional Policy and Strategy

2.24 In June 2010 the regional policy tier was revoked and then reinstated in November 2010 following the CALA decision[14]. The granting of Royal Asset to the Localism Act in November 2011 provides the Secretary of State with the power to revoke the whole or part of any Regional Strategy. At the time that this SHMA has been written the Government are still consulting on the environmental impacts of realising this power, with this process intended to conclude in January 2012.

2.25 The Regional Strategies therefore remain part of the development plan for the purposes of Section 38(6) Town and Country Planning Act 1990. It is evident, however, that the evidence from this SHMA will be likely to be required in a policy environment where the regional tier of planning is no longer part of the development plan.

2.26 The regional tier of policy includes the West Midlands Regional Spatial Strategy (WMRSS), Regional Economic Strategy (RES) and Regional Housing Strategy (RHS 2005-2021). The removal of this tier of planning will mean that previously defined housing

[12] Ibid.

[13] Source: Valuation Office Agency, Local Reference Rent Scheme, http://www.voa.gov.uk/corporate/RentOfficers/LHARates/lhaFeb2012.html

[14] On 6 July 2010, the revocation of Regional Strategies was announced with immediate effect further to section 79(6) of the Local Democracy, Economic Development and Construction Act 2009. The 6 July revocation decision was then subject to challenge in the Cala Homes (South) Ltd case (2010 EWHC 2866). This was decided on 10 November 2010 and the outcome was to quash the 6 July revocation. On 7 February 2011 the High Court dismissed a judicial review challenge by Cala Homes to the effect that the Secretary of State's statement of 10 November 2010 and the letter of the Chief Planner of the same date, referring to the proposed revocation of Regional Strategies were immaterial to the determination of planning applications and appeals before the formal revocation of Regional Strategies. Source - Advice produced by The Planning Inspectorate for use by its Inspectors - 8 February 2011 Regional Strategies – Impact of CALA Homes Litigation

targets set through RSS will no longer form part of the statutory evidence base. Subsequent publications from the DCLG have identified that authorities are able to reach local decisions around suitable housing targets for inclusion in local plans. In recognition of this departure from a statutory regional document this research includes detailed examination of longer-term demand projections of household numbers (section 6).

2.27 Current and emerging planning policy continues to be informed by the work undertaken to inform the production of regional planning policy. The adopted West Midlands Regional Spatial Strategy (WMRSS) only addresses housing requirements up to 2021 and is based on an evidence base which has been superseded by a number of data releases and was based in a very different housing and economic context. The WMRSS Phase 2 presented a Preferred Option in 2007 with this subject to an Examination in Public in 2009. The targets set out within this iteration of the WMRSS are shown below for the period 2006 and 2026.

Figure 2.1: Regional Housing Targets

Local Authority	RSS2 Revision Phase 2 Preferred Option (2007) Target	Annual Average
Bromsgrove	2,100	105
Malvern Hills	4,900	245
Redditch	6,600	330
Worcester	10,500	525
Wychavon	9,100	455
Wyre Forest	3,400	170
Worcestershire	36,600	1,830

Source: RSS 2 Revision, 2007

2.28 It is important to note that the spatial distribution of the numbers included a number of cross boundary distribution points, namely:

- Redditch figure of 6,600 includes 3,300 in Redditch and 3,300 adjacent to Redditch town in Bromsgrove and/or Stratford upon Avon Districts; and

- Of the figure of 10,500 in Worcester; 3,200 will be within Worcester City and 7,300 will be adjacent to the City within the surrounding districts of Malvern Hills and Wychavon.

2.29 Nathaniel Lichfield and Partners (NLP) were commissioned by Government Office for the West Midlands to prepare a study into options for delivering higher housing numbers. The study (2008) identified three potential spatial scenarios that could deliver this additional housing in the West Midlands region. Each of three scenarios impact upon the South Housing Market Area with an increase in dwellings ranging from 17,900 to 27,900, or equivalently a 34% to a 53% increase in the RSS Phase Two Preferred Option figures.

2.30 Following the EIP the Panel Report (September 2009) revised these housing targets with all authorities receiving an uplift. With the exception of Bromsgrove the changes ranged between 100 additional dwellings over the same time period in Malvern Hills to 600 additional units in Wyre Forest. Bromsgrove's requirement rose significantly to 4,000 additional dwellings by 2021 (266 per annum) and a further 2,000 to 3,000 dwellings between 2021 and 2026. The WMRSS Phase Two Revision figures, however, as a result of the coalition government's intentions to abolish regional planning, were not taken forward.

2.31 As noted above the revocation of RSS presents an opportunity for authorities to establish new locally derived targets based on a thorough understanding of local housing need, demand and supply factors. The research and analysis presented within this SHMA will be used as an important contributing factor to the development of evidence and the setting of new housing targets within the Core Strategies for the Worcestershire Local Authorities. It is important to note that Wyre Forest adopted its Core Strategy in 2010 incorporating the recommendations of the WMRS Panel Report (2009).

Worcestershire Sub-Region

2.32 Arguably, with the revocation of the regional tier of policy and strategy the sub-region ascends the agenda in terms of importance in ensuring strategic planning in the future. The County and its component authorities have a strong history of joint working and have continued to advance their knowledge and understanding of the issues and opportunities facing the area in the future.

2.33 The Worcestershire **Sustainable Community Strategy (2011)** sets out the strategic vision for the future of Worcestershire and focuses on the activity required in the short term (2008 – 2013) to make it happen.

"A county with safe, cohesive, healthy and inclusive communities, a strong and diverse economy and a valued and cherished environment."

2.34 In September 2010, the Worcestershire Partnership Management Group approved proposals for a single Sustainable Community Strategy for Worcestershire. The Strategy is currently being revised and will run from 2011/12.

2.35 The Worcestershire **Housing Strategy** (Consultation Draft, March 2011) aims to provide an integrated, countywide approach for the development and delivery if Worcestershire's Housing Services and establishes a vision:

"The right home, at the right time, in the right place"

2.36 This vision is underpinned by four primary goals:

- Better use of existing homes
- Delivering new homes
- Improving the conditions of existing homes
- Providing housing related support

2.37 The Worcestershire **Local Investment Plan** (March 2011) is a partnership document between Worcestershire Local Authorities, Registered Providers and the HCA to identify shared priorities for housing, regeneration, economic development and supporting infrastructure. The Plan has three overarching objectives:

- Creating the conditions to sustain and generate employment
- Providing the right housing for all communities
- Developing Worcestershire's Infrastructure

2.38 Each of the objectives are underpinned by strategic priorities; those of relevance to the SHMA are set out below:

Providing the right housing for all communities

- Developing housing to support high growth employment sites and main employment centres
- Supporting housing markets in Worcestershire towns
- Delivering sustainable rural housing
- Meeting special needs
- Improving existing housing stock

2.39 The strategic aspirations set through emerging policy represent an important context for the research and evidence presented within this SHMA.

Local Policy Context

2.40 In line with Planning Policy Statement 12 (PPS12) Local Spatial Planning, every local planning authority needs to produce a **Core Strategy** which should set out their overall vision for the development of the area, the key issues that need to be addressed with a delivery strategy for their achievement and clear arrangements for managing and monitoring the delivery of the strategy. The Core Strategies for each local authority are considered in turn below.

Redditch Borough Council

2.41 The Redditch Borough Council Core Strategy will provide the framework approach for the growth of the Borough and will be the primary DPD in the Local Development Framework (LDF).

2.42 The Core Strategy is currently at the Revised Preferred Draft stage, with a process of consultation undertaken between January and March 2011, prior to working up the document for publication, submission and independent Examination. Adoption is scheduled for December 2012.

2.43 The **Revised Preferred Draft Core Strategy,** published in January 2011, recognises that national and regional population projections indicate significant new demand for housing over the plan period. Policy 8 states that provision will be made for **2,200 new dwellings** within Redditch Borough between 2011 and 2026 (or 147 per annum). This target is set in the context of the authority's delivery to date which means that a total of approximately 3,200 houses are intended to be delivered between 2006 and 2026. The Core Strategy seeks to achieve a mix of housing types in terms of size, scale, density, tenure and cost which reflects the Borough's housing needs.

2.44 In distributing growth spatially, the Core Strategy's approach is to focus most growth in the Redditch urban area, followed by Astwood Bank, a Sustainable Rural Settlement, and Feckenham, a small rural settlement. Development in Astwood Bank and Feckenham will meet the requirements of local need only.

Bromsgrove District Council

2.45 The Bromsgrove District Council Core Strategy will set out the spatial visions and objectives for the future growth and development of the District until 2026. It will be the central document in the LDF. It will include core policies to achieve the vision and will present the Local Authority's approach to managing change and development in Bromsgrove.

2.46 The Core Strategy is currently at the **Draft Core Strategy** stage, with the most recent period of consultation ending on 15th April 2011. A further period of consultation is expected to take place later in 2012.

2.47 The Core Strategy recognises that an adequate supply of housing is necessary to meet demand. Table 1 (Core Policy 1) indicates that approximately **4,000 dwellings** will be completed in the District between 2006 and 2021.

2.48 The overall approach to the distribution of development will be four-fold:

- Development of previously developed land or buildings within existing settlement boundaries which are not in the Green Belt
- Expansion sites around Bromsgrove town
- Development sites in large settlements
- Rural exception schemes in small settlements where it is of an appropriate scale and supported by robust evidence proving a local need

Wyre Forest District Council

2.49 The Wyre Forest Core Strategy was adopted in December 2010. It is a key strategic level document within the LDF and sets out the broad strategy and vision for development within the District up until 2026. Given the recent adoption of the Core Strategy it is not anticipated that any review of the recommendations are required in the near future.

2.50 Policy DS01 (Development Locations) indicates that 4,000 net additional dwellings are required between 2006 and 2026, reflecting the WMRSS Panel Report (2009) requirement.

2.51 In locating new housing development, the following sequential approach will be adopted:

- Key regeneration sites within the Kidderminster Central Area Action Plan boundary
- Other major (> 1hectare (ha)) brownfield sites within Kidderminster and Stourport-on-Severn urban areas
- Smaller infill brownfield sites within Kidderminster, Stourport-on-Severn and Bewdley
- Brownfield sites within rural settlements

South Worcestershire Joint Core Strategy

2.52 The three local authorities of Worcester City, Malvern Hills and Wychavon have been collaborating on the preparation of the South Worcestershire Joint Core Strategy (SWJCS) As a result of the Coalition Government's intentions for the planning system, the three South Worcestershire authorities have decided to revise their approach and combine the Joint Core Strategy and Site Allocations DPD into one document – the South Worcestershire Development Plan.

2.53 The South Worcestershire authorities (Worcester City, Wychavon and Malvern Hills) published a Draft Preferred Option Document in 2011. This set out a target of almost 20,400 dwellings across the three districts between 2006 and 2030. This assumes the following net requirements per annum on an authority basis:

- Worcester City – 350
- Wychavon – 325
- Malvern Hills - 173

2.54 The Draft Preferred Option Document proposes that development should be located in accordance with the following settlement hierarchy:

- City: Worcester
- Main towns: Malvern, Droitwich Spa, Evesham
- Other towns: Tenbury Wells, Upton-on-Severn, Pershore
- Category 1 villages
- Category 2 villages
- Category 3 villages

Housing Market Challenges

2.55 As the review of strategy has illustrated, sustainable growth is a key aspect of Worcestershire's vision and strategic direction. While nationally demographic projections continue to forecast growth in household numbers, driven by both falling household size but also an expanding population, the distribution of this growth is dependent on a number of elements, namely the ability to accommodate supply and the generation of economic opportunities.

2.56 While this sub-section provides a short overview of these market challenges the other sections of the SHMA examine them in more detail to explore the impact on the successful delivery of policy and strategy aspirations.

2.57 Nationally, the Government remains **committed to delivering levels of new housing to match demand**. This however sits within a context where national house building has hit record low levels, clearly posing a significant challenge in light of the ambitions for growth set through national policy.

2.58 This commitment to work towards re-balancing the housing market also includes a target of delivering 150,000 affordable new homes over the current spending review period. Delivering this level of affordable housing will clearly remain a challenge while the wider market remains suppressed with the levels of planning gain likely to be obtained directly affected. In addition the halving of the capital budget for affordable housing will mean that alternative sources of funding will need to be obtained for development, with the uplifting of rents to new social tenants (80% of the market rent) one source identified by the Government.

2.59 The new emerging planning framework is also based upon the premise of incentivising development. The most high profile of these incentives being the 'New Homes Bonus'. As of April 2011, the New Homes Bonus will match fund the additional council tax raised for new homes and properties brought back into use, with an additional amount for affordable homes, for the following six years.

2.60 At the point of the publication of this research however, it is very difficult to forecast exactly how these measures will impact on overall delivery and the re-balancing of markets in terms of supply and demand.

2.61 As the **Housing Strategy** recognises, the housing sector in Worcestershire has been particularly hard hit by the recession. Sales have fallen dramatically and the completion of new homes has decreased, as evidenced within the analysis of the current market in section 5 of this report. The recession has further exacerbated the impact of affordability problems, especially for young families and expanding families, on Worcestershire's economy. Furthermore, local housing market areas have been constrained in their ability to develop new housing as a consequence of policy and market forces. When considering the supply component of the assessment, the current housing market presents new challenges. The scale of the market change is likely to have a long-term impact on both private sector and public sector approaches to the delivery of housing, in both strong and more vulnerable market areas. The availability of finance for both developers and households seeking a mortgage represents a challenge in the current market, with this unlikely to abate in the short-medium term with lenders required to start paying back the £300 billion lent to them by the Bank of England and the Government from 2011.

2.62 **Delivery challenges** are however not a new phenomenon. New and innovative solutions to delivery, which think beyond the traditional approaches witnessed in stronger market areas, will be required. This reinforces the importance of applying a delivery focussed assessment of demand and supply throughout the SHMA.

2.63 Linked to the above is the need to place employment and housing within the wider context of **Quality of Place**. In a period of tighter public funding it will be increasingly important to prioritise investment to ensure that neighbourhoods contribute positively to growth ambitions. The more urban parts of the County have all got areas where investment in the existing stock is required to reinforce housing markets. Focus will need to continue to be placed on investing in the existing built fabric as well as delivering new housing to elevate the overall ‘offer’.

Previous SHMA Research

2.64 The South Housing Market Area Partnership commissioned a full SHMA in 2006. The purpose of which was to facilitate an informed and co-ordinated sub-regional engagement with the RSS review process and to provide the required technical evidence base to inform emerging LDF documents.

2.65 The sub-region included the 8 authorities in the partnership, which included the six authorities in Worcestershire, for which this SHMA is being prepared, as well as Stratford-on-Avon District Council and Warwick District Council in South Warwickshire.

2.66 The full SHMA report was published in 2007. The research used secondary data sources which were able to be monitored and updated. Indeed annual monitoring reports were undertaken for the four following years, the latest being published in 2010 covering 2009/10.

2.67 Efforts have been made to provide a consistency between this research and the research approaches used in the 2007 SHMA and subsequent updates. This will enable authorities to understand and monitor how different parts of the housing market have changed. In a number of cases, however, in particular in relation to the sections looking at the future housing market, changes to the calculations have been implemented to ensure the research reflects the latest market conditions. These changes are highlighted throughout the report at relevant points.

Bringing the Evidence Together

2.68 The purpose of this section has been to provide a context for the SHMA research by establishing Worcestershire’s policy and strategy priorities, as well as considering the market challenges that will require consideration in developing future policy. The key elements are as follows:

- Nationally there has been increasing emphasis placed on the need to have a detailed understanding of housing markets in order for local authorities to plan effectively and this is reflected in the Draft NPPF and the latest iteration of the statutory PPS3. The latest DCLG guidance, released in August 2007, provides clear instructions to guide local authorities in assessing housing need and demand and understanding the characteristics of their housing market and how they function. This strategic housing market assessment follows the latest DCLG guidance.

- At the regional scale, WMRSS Phase Two Revision Preferred Option sets a target for the South Housing Market Area (which the six local authorities fall within) to provide 53,000 new homes over the period 2006 – 2026, which equates to an annual average rate of 2,650 dwellings. The granting of Royal Assent to the Localism Act in November 2011 heralds the eventual revocation of the regional planning tier. This SHMA is therefore intended to provide an evidence base to support the development of policies within the development plan in the absence of this tier of planning. This includes analysis to underpin locally evidenced housing targets and tenure requirements.

- There are strong functional links between the Worcestershire local authorities. This sub-regional geography is arguably of greater importance going forward with the removal of the regional tier of planning. Balanced and sustainable growth is an aspiration for all six local authorities and this is reflected in the Sustainable Community Strategy vision.

- At the local scale, Planning Policy Statement 12 (PPS12) Local Spatial Planning advises that every local planning authority needs to produce a **Core Strategy** which should set out their overall vision for the development of the area, the key issues that need to be addressed with a delivery strategy for their achievement and clear arrangements for managing and monitoring the delivery of the strategy. All of the Core Strategies look ahead to at least 2026 with some looking forward to 2030. These Core Strategies are currently at different stages in the preparation process.

3. The Housing Stock

In order to identify areas where change is required it is important to understand the position from which you are starting. An understanding of the current 'Housing offer' is fundamental to arriving at conclusions and recommendations regarding future requirements.

This section uses the latest information available to create a concise update of the current housing stock across Worcestershire. The intention is not to replicate the comprehensive analysis included in the 2007 SHMA (or subsequent updates) but to provide an updated picture of key indicators. This includes an estimation of the total number of dwellings across the County and in each of the authorities. The mix of housing in terms of tenure and type is then considered, benchmarked against a range of comparators. Quality of the housing stock as well as quantity is assessed.

In addition to the existing housing stock the section concludes with a review of the potential future capacity of residential land, drawing on the latest publication of the various SHLAAs, to provide a steer on where new development could be delivered to evolve the current housing stock picture.

Research findings relate directly to:

Core Output 1: Estimates of Current Dwellings in Terms of Size, Type, Condition, Tenure

3.1 It is important to recognise when reading this review of the housing stock across Worcestershire that a substantial amount of analysis of the housing profile of the area has already been undertaken. The wealth and depth of information included within these research baselines, including the 2007 SHMA and subsequent updates is not replicated here. The intention being to present an overview of the key defining elements of the stock profile as set out in the DCLG Guidance.

The Housing Stock – Current Dwelling Position and Vacancy

3.2 Worcestershire contains a total of 247,454 dwellings of which 6,686 are classified as vacant. This equates to a vacancy rate of approximately 2.7%, across the County, as at October 2010. The following table presents this assessment of vacancy, showing the different levels across each of the local authorities

Figure 3.1: Vacancy rates across the County

	All Properties	Vacant Properties	% Vacancy
Bromsgrove	39,164	992	2.5%
Malvern Hills	33,494	1,122	3.3%
Redditch	35,281	885	2.5%
Worcester	43,179	1,274	3.0%
Wychavon	51,559	1,326	2.6%
Wyre Forest	44,777	1,087	2.4%
Worcestershire	247,454	6,686	2.7%

Source: DCLG Live Tables, 2011

3.3 With the exception of Malvern Hills the rest of the local authorities all show a vacancy rate of 3% or less. These are relatively healthy levels with the standard assumption being that a market should expect 3% vacancy to enable turnover.

3.4 A review of Council Tax data was undertaken as of April 2011 which showed that across Worcestershire there were 237,905 occupied properties. This broadly aligns with the data above and suggests that vacancy rates have remained relatively constant over the last year. This information is used within section 6 in the rescaling of headship rates to calculate household projections.

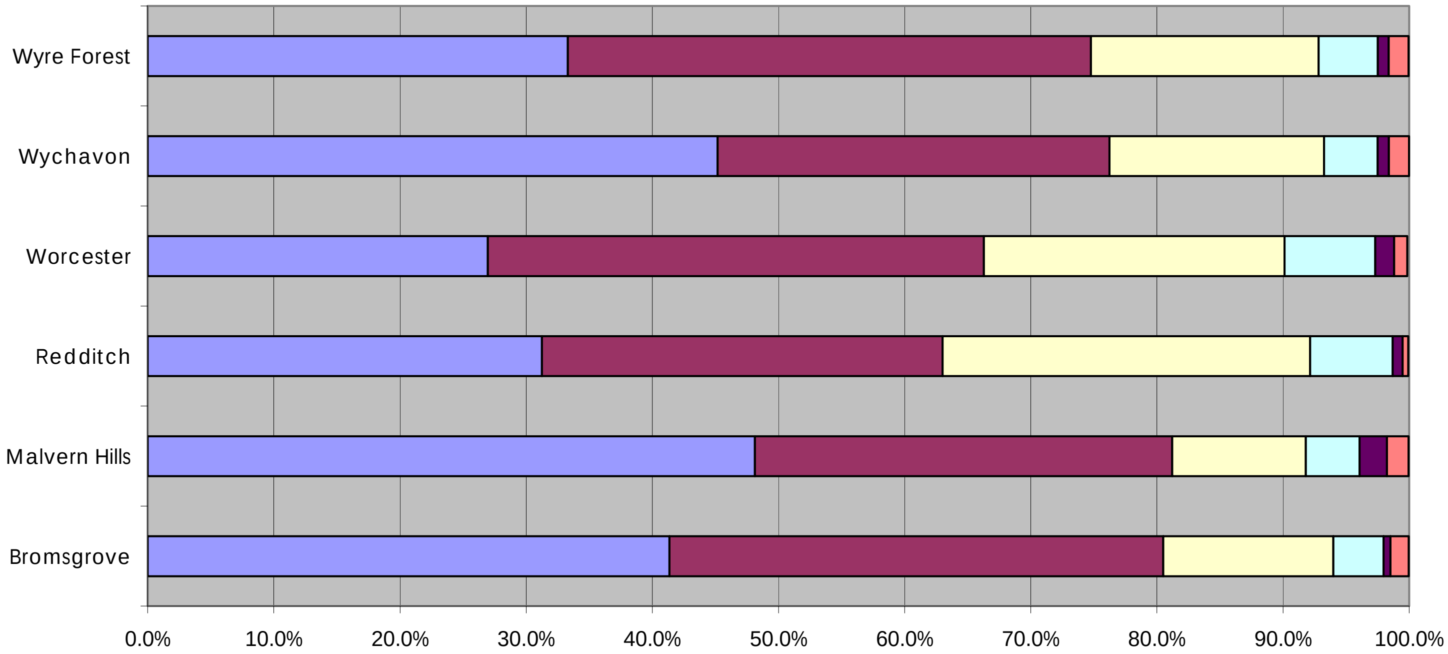
Property Type & Size

3.5 In understanding the relationship between the supply of housing and demand it is important to understand the mix of the housing offer by both size and type.

3.6 The 2007 SHMA analysed in detail the type and size profile of the South Housing Market Area. A summary is provided here for Worcestershire alone, with no further detailed update of the key datasets used available. In the future careful monitoring of the size of properties development across each authority will be important in updating the profile of stock between Census years.

3.7 The Census (2001) shows that the largest proportions of dwellings in the County are either detached (37.7%) or semi-detached (36%). Terraced housing only accounts for a significant proportion of the total stock in Redditch and Worcester, in the latter reflecting the urban nature of much of the city and the historical evolution of development across the city linked to a sustained legacy of industrial growth, particularly through the 19th and 20th Century. This industrial growth also served to alter the stock profile of other industrial areas such as Bromsgrove and Kidderminster. In Redditch the new town development between 1964 and 1985 also involved a significant amount of terrace style properties which served to increase the proportion of this stock type. A full breakdown of the housing stock by type across the County is provided over the page.

Figure 3.2 – Housing Stock by Type in Worcestershire



	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest
Other	1.5%	1.7%	0.4%	1.0%	1.6%	1.6%
Converted flats	0.6%	2.2%	0.8%	1.5%	0.9%	0.9%
Purpose built flats	4.0%	4.3%	6.5%	7.2%	4.2%	4.7%
Terrace	13.5%	10.6%	29.1%	23.8%	17.0%	18.1%
Semi-detached	39.1%	33.1%	31.8%	39.3%	31.1%	41.5%
Detached	41.4%	48.1%	31.2%	27.0%	45.2%	33.3%

Source: Census, 2001

Tenure

3.8 Obtaining a full, and robust, up to date measure of the tenure profile of dwelling stock at the local authority level is difficult to achieve especially in a housing market the size of Worcestershire. The balance of tenures is dependant upon a number of factors, including new development, properties purchased under right to buy and properties converted to the private rental market, all of which are hard to robustly quantify using the range of data sources readily available. Despite these limitations these are considered in more detail throughout this section.

3.9 The 2007 SHMA drew upon the 2001 Census, in providing an overall quantified profile and spatial picture of mix of tenures in the South Housing Market area. This source remains a statistically valid reference point upon which more recent data can be built.

Tenure Overview

3.10 The split of tenures within the local authorities of Worcestershire is shown in the table below, with further analysis of each sector beyond.

Figure 3.3 – Split of Tenures across Worcestershire

Local Authority	Private Ownership	Private Rented	Social Rented	Rent Free[15]	Total
Bromsgrove	83.4%	4.3%	10.6%	1.7%	100.0%
Malvern Hills	75.5%	8.6%	13.8%	2.1%	100.0%
Redditch	70.9%	4.3%	22.7%	2.1%	100.0%
Worcester	73.6%	9.3%	15.4%	1.8%	100.0%
Wychavon	76.4%	6.5%	14.9%	2.2%	100.0%
Wyre Forest	76.1%	6.8%	14.8%	2.2%	100.0%
Worcestershire	76.0%	6.7%	15.3%	2.0%	100.0%

Source: Census, 2001

Affordable Housing Stock

3.11 In terms of **social rented stock** the 2001 Census showed that this tenure constituted 15.3% of all households across the County, with this varying between 10.6% in Bromsgrove and 22.7% in Redditch. It is important to note that Redditch is the only authority within Worcestershire which still owns and manages social rented stock with this making up a notable proportion of this tenure in the authority.

[15] All households in the area at the time of the 2001 Census, who lived rent free in their accommodation. Could include households that are living in accommodation other than private rented.

3.12 The following table provides an updated split in terms of affordable and private housing based upon HSSA submissions for 2010.

Figure 3.4 – Affordable / Private Housing split

Authority	Affordable Housing (LA / Housing Association) No.	%	Private No.	%	Total
Bromsgrove	3,892	10%	35,190	90%	39,082
Malvern Hills	4,452	13%	28,950	87%	33,402
Redditch	7,753	22%	27,410	78%	35,163
Worcester	6,763	16%	35,710	84%	42,473
Wychavon	7,480	15%	43,710	85%	51,190
Wyre Forest	6,417	15%	37,570	85%	43,987
Worcestershire	36,757	15%	208,540	85%	245,297

Source: HSSA, 2010 (note, 2011 HSSA data on Housing Association stock was unavailable)

3.13 Right to buy activity has continued to reduce this proportion with approximately 31,000 properties being sold from 1994 to 2010. New properties have, however, also been brought forward. The HSSA data above suggests that social rented housing still constitutes around 15% of overall stock across the County. There are notable variations between the authorities with Redditch recording 22% of stock being social housing, contrasting with Bromsgrove at 10% and Malvern Hills at 13%. The other authorities are relatively consistent with the Worcestershire average.

Private Rented Sector

3.14 The 2001 Census showed the **private rented sector** representing 6.7% of households across Worcestershire. The introduction of buy-to-let mortgages and affordability issues are likely to have led to a substantial uplift in the number of properties classified in this tenure across all of the authorities, particularly prior to the economic downturn.

3.15 The private rented sector across Worcestershire is relatively complex. For example, Worcester has seen significant growth in the number of apartments built in the City centre since 2001, which has created a new private rental market attracting a range of different occupiers. In addition to the City centre, demand in the St Johns area is driven by demand from student households which again has led to an increase in the number of properties in this tenure. This means in Worcester in particular that the proportion of private rental properties is likely to have risen above 9.3% identified through the Census 2001.

3.16 The operation of the private rented sector is explored in greater detail in market terms in section 5.

Spatial Trends

3.17 The 2001 Census remains the best source of data for low level analysis of tenure. Reviewing mapping of key indicators the following trends can be drawn out:

- High proportions of owner occupation surrounding Worcester City Centre and spreading outwards to the hinterlands of Malvern Hills and Wychavon, together with the commuter belts of Bromsgrove around Hagley, Barnt Green and Alvechurch;
- Pockets of low proportions of owner occupation focussed on the key urban areas namely Redditch, Kidderminster, Worcester, Droitwich, Evesham, Pershore and Malvern. These areas include higher proportion of private rented properties as well as in some cases social rented properties; and
- A clear band of low owner occupation along the fringes of Bromsgrove where it meets the West Midlands metropolitan area, with this area including concentration of social rented stock.

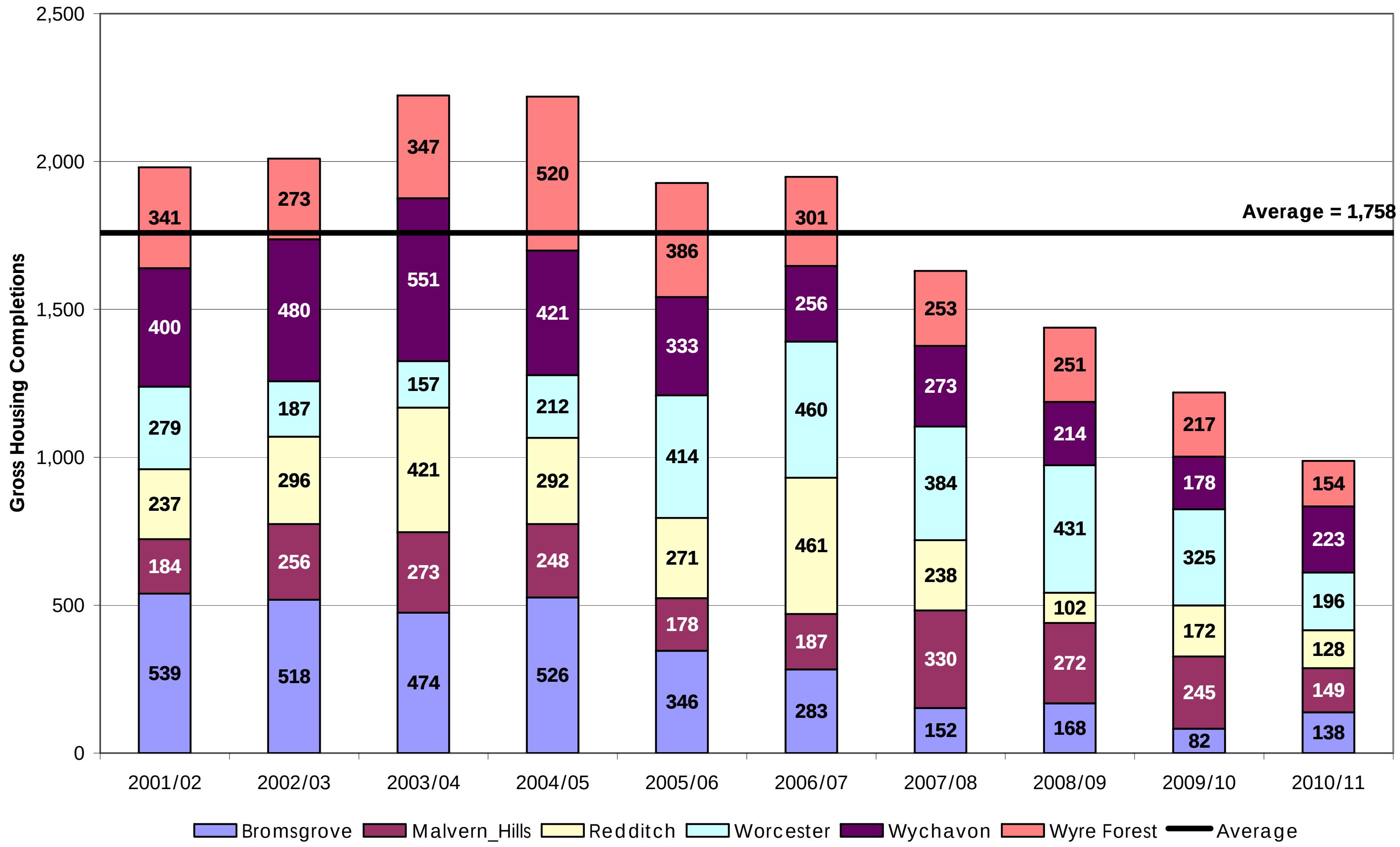
3.18 Overall despite the trends noted above this geographical distribution of tenure is unlikely to have been affected to a significant extent and continue to shape the operation of markets.

3.19 The following sections draw on a range of sources to provide a further indication of the manner in which the stock profile has changed over recent years.

Assessing the changing housing offer – Overall Recent Housing Supply

3.20 Planning monitoring data provided by the Worcestershire local authorities illustrates that gross housing completions have declined considerably within the authorities between April 2001 and March 2011. In 2003/04, a total of 2,223 units were completed within the County. This has since dropped to just 988 units in 20010/11, a fall of around 56%. This is reflective of the slump in house building as a result of the economic recession.

Figure 3.5: Gross Housing Completions in Worcestershire (April 2001 – March 2011)



Source: Worcestershire County Council, 2011

3.21 Up until 2006/07 from 2001/02 Worcestershire delivered strongly, delivering over 1,900 units per annum (gross). Since then, the rate of development has dropped significantly, particularly in Wychavon, Wyre Forest and Bromsgrove, where completions have fallen by between 60% - 85%. In the case of Bromsgrove, this can be explained in part by the fact that there was a moratorium in place from 2003 – 2009. In Redditch, completions rose significantly between 2001/02 to 2006/07 to a peak of 461 units, but have delivered just 640 units in the following four years in total with the wider economic downturn a significant driver of this reduction. Similarly, Worcester experienced a significant rise in completion rates during the boom years between 2004/05 to 2006/07, and has since declined but not to the level seen in Redditch. In part this sustained pace of development in Worcester can be linked to the ongoing completion of a number of apartment schemes which started prior to 2007.

3.22 The distribution of new completions by local authority areas demonstrates the variance in development levels across the County over recent years.

Figure 3.6: Gross Housing Completions by Local Authority Area (2001 – 2011)

Local Authority	Completions	%
Bromsgrove	3,226	18.3%
Malvern	2,322	13.2%
Redditch	2,618	14.9%
Worcester City	3,045	17.3%
Wychavon	3,329	18.9%
Wyre Forest	3,043	17.3%
Worcestershire	17,583	100.0%

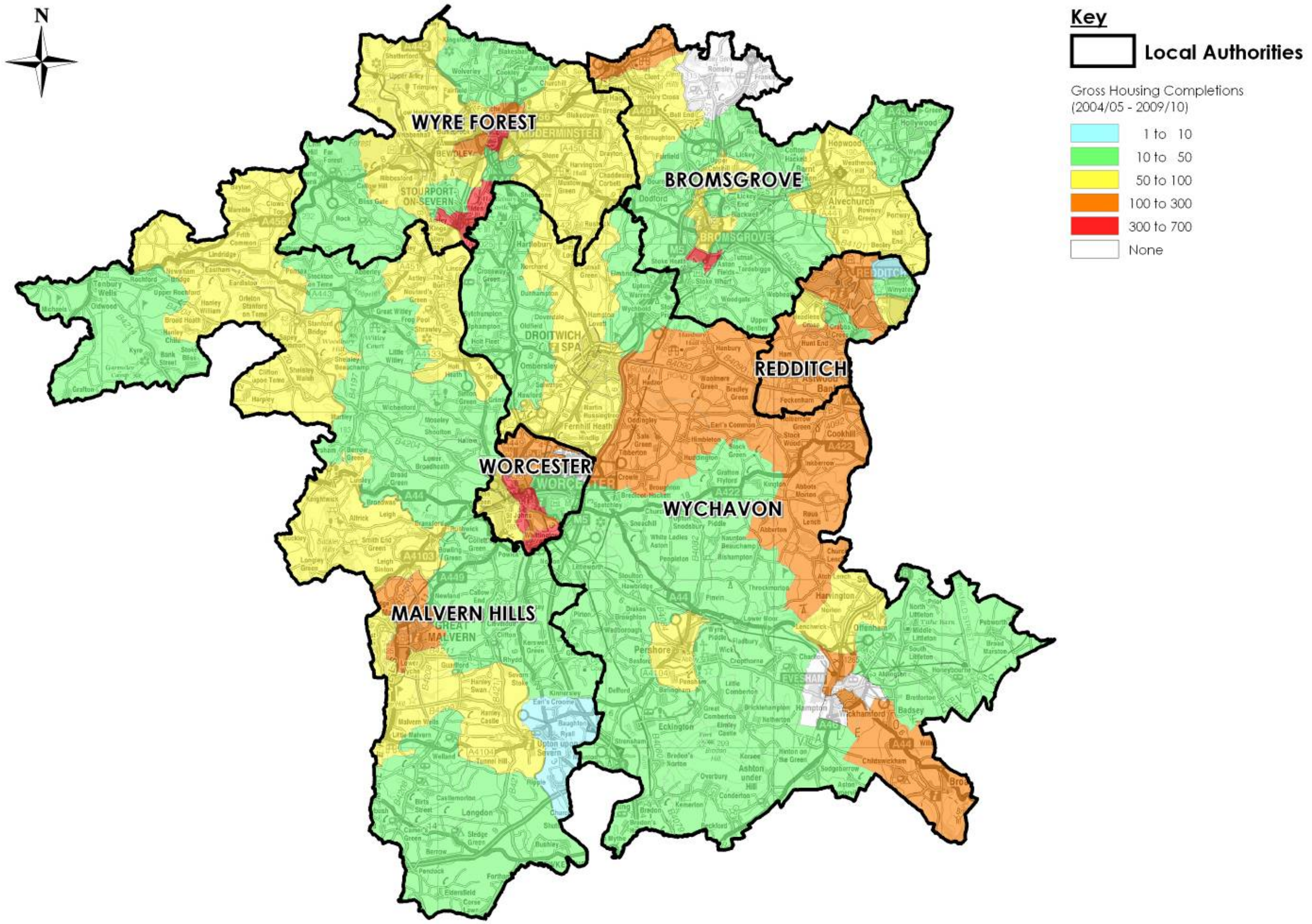
Source: Worcestershire County Council, 2011

3.23 Bromsgrove and Wychavon stand out as having the greatest proportion of development, with between 3,200 to 3,300 units developed in each local authority over this period (totalling 37% of the total supply).Worcester City and Wyre Forest have delivered broadly similar amounts of housing, with around 3,000 units per district. Redditch and Malvern have witnessed the lowest level of housing completions, with the latter having delivered fewer than 2,350 units from 2001 to 2011, equivalent to around 232 units per annum.

3.24 The plan over the page illustrates in more detail the geographical distribution of completions across the County, clearly highlighting the concentration of development within the urban areas (i.e. Worcester, Kidderminster, Redditch, Malvern and Bromsgrove). This reflects the policy direction of recent years where new supply has been focussed towards brownfield sites within the existing urban areas and constraints applied to greenfield and edge of settlement sites.

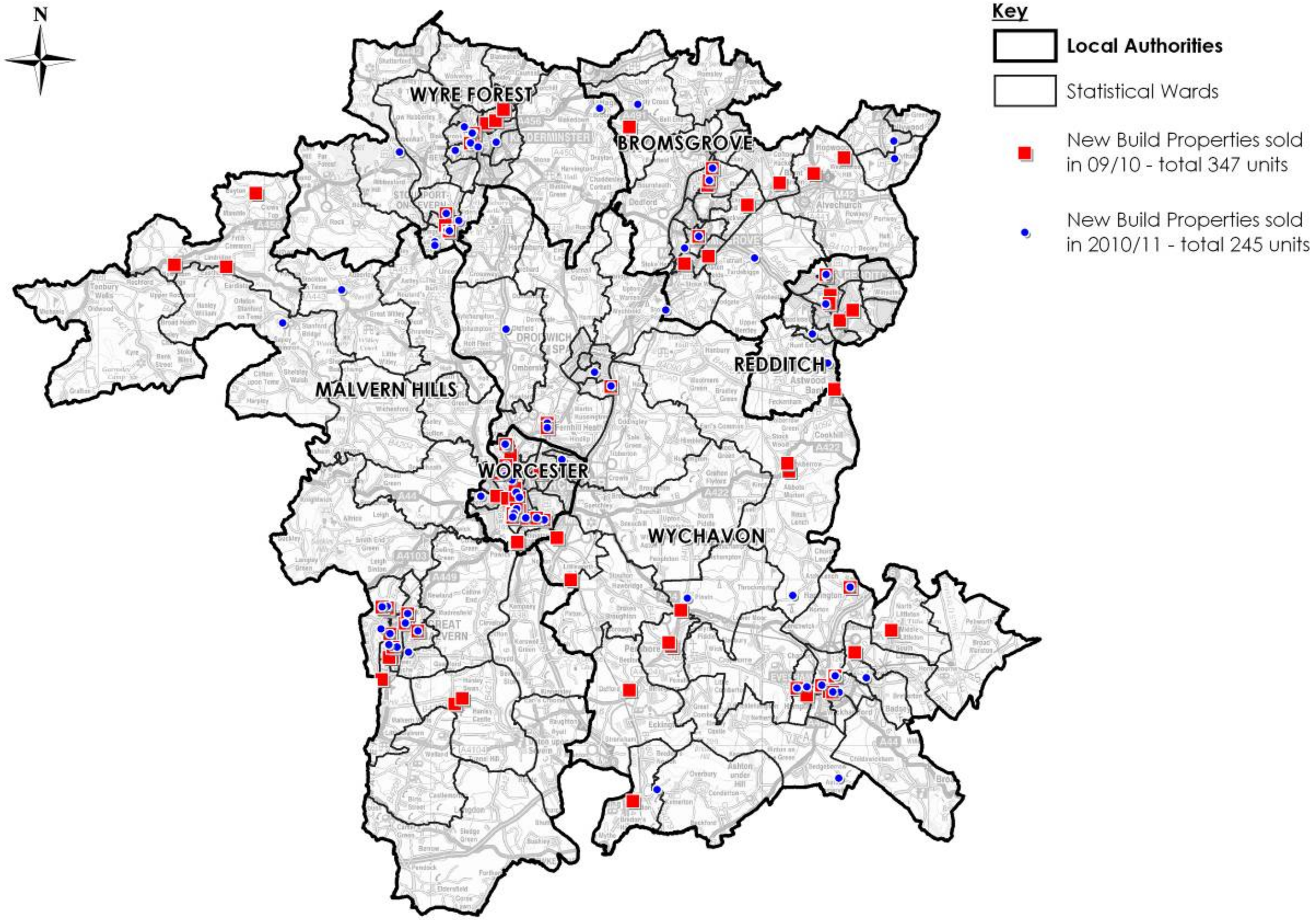
3.25 A further map is provided which illustrates, based upon Land Registry data (2009-2011) where new-build sales have been recorded. This data is address specific and provides an even greater level of detail around the distribution of completed and sold new-build properties.

Figure 3.7: Completions across Worcestershire 2004 – 2010



Source: Worcestershire local authorities, 2011

Figure 3.8: New Build Sales 2009/10 & 2010/11



Source: Land Registry Data, 2011

3.26 HSSA data provides an indication of the numbers of affordable housing units delivered within authorities over recent years. The following table presents the cumulative levels of affordable housing, split into social rented and intermediate units, completed between 2004/05 and 2010/11. In order to illustrate the impact this is likely to have had on tenure the proportion this constitutes of all construction over the same period is included.

Figure 3.9: Delivery of Affordable Housing Units 2004/05 – 2010/11

Local Authority	Affordable Housing Completions 2004/05 - 2010/11			Proportion of all Housing Completions 2004/05 - 2010/11
	Social Rented	Intermediate	Total	
Bromsgrove	256	170	426	25%
Malvern Hills[16]	170	298	468	29%
Redditch	306	274	580	35%
Worcester City	484	422	906	37%
Wychavon	358	172	530	28%
Wyre Forest	261	175	436	21%
Worcestershire	1,853	1,493	3,346	29%

Source: HSSA, 2010/11, Local Authority Completion data, 2011

3.27 The data suggests, as noted above, that the authorities have been successful in delivering relatively high proportions of affordable housing. Worcester in particular stands out as delivering around 37% of all stock as affordable, with Redditch delivering over 30% as well. The split between social rented and intermediate tenures is also relatively even, although over the five year period there have been more social rented properties delivered than intermediate properties across the County as a whole. In part this has been driven by policy aims to deliver a greater mix of affordable products.

Overcrowding and Under-Occupation

3.28 An understanding of relative levels of overcrowding and under-occupation are important factors in presenting a full understanding of the current capacity of the dwelling stock and the complex relationship between supply and demand.

[16] Note local authority data supplied by Malvern Hill suggests that a total of 92 affordable units were delivered in 2010/11 increasing the overall provision to 482, however this has not been split into intermediate and social rented products

3.29 The 2001 Census remains the best available source of information to indicate levels of under-occupation and overcrowding. This showed that 81% of households in Worcestershire in 2001 were under-occupied and only 4% were overcrowded.

Figure 3.10: Overcrowding & Under-occupation (2001)

District	Overcrowding & Under-occupation (2001)		
	Households (2001)	Under-occupation	Overcrowding
Bromsgrove	35,168	85%	3%
Malvern Hills	30,069	84%	3%
Redditch	31,652	75%	6%
Worcester	39,060	78%	5%
Wychavon	46,819	84%	3%
Wyre Forest	40,281	81%	4%
Worcestershire	223,049	81%	4%

Source: 2001 Census

3.30 While overcrowding represents a fundamental challenge to households and clearly presents an indication of a mis-match between supply and demand, levels of under-occupation while not representing a necessary issue for households provides an indication of the additional un-used capacity which exists within the existing housing stock.

3.31 An examination of waiting list data held by the Local Authorities provides an indication of the level of overcrowding experienced by those households nominating themselves as requiring social rented stock. The following table illustrates the proportion of all households on the waiting list as of July 2011who are classified as overcrowded.

Figure 3.11: Proportion of Households on the Waiting List who are classified as overcrowded

District	Households on the Waiting List – Overcrowding		
	Overcrowded Households (total)	Overcrowded Households (as proportion of total waiting list)	Overcrowded Households (as proportion of Total Households) DCLG 2011
Bromsgrove	140	4.2%	0.4%
Malvern Hills	200	8.8%	0.6%
Redditch	471	13.1%	1.4%
Worcester	314	7.0%	0.8%
Wychavon	403	8.4%	0.8%
Wyre Forest	136	2.6%	0.3%

Source: Local Authority Waiting List data, 2011

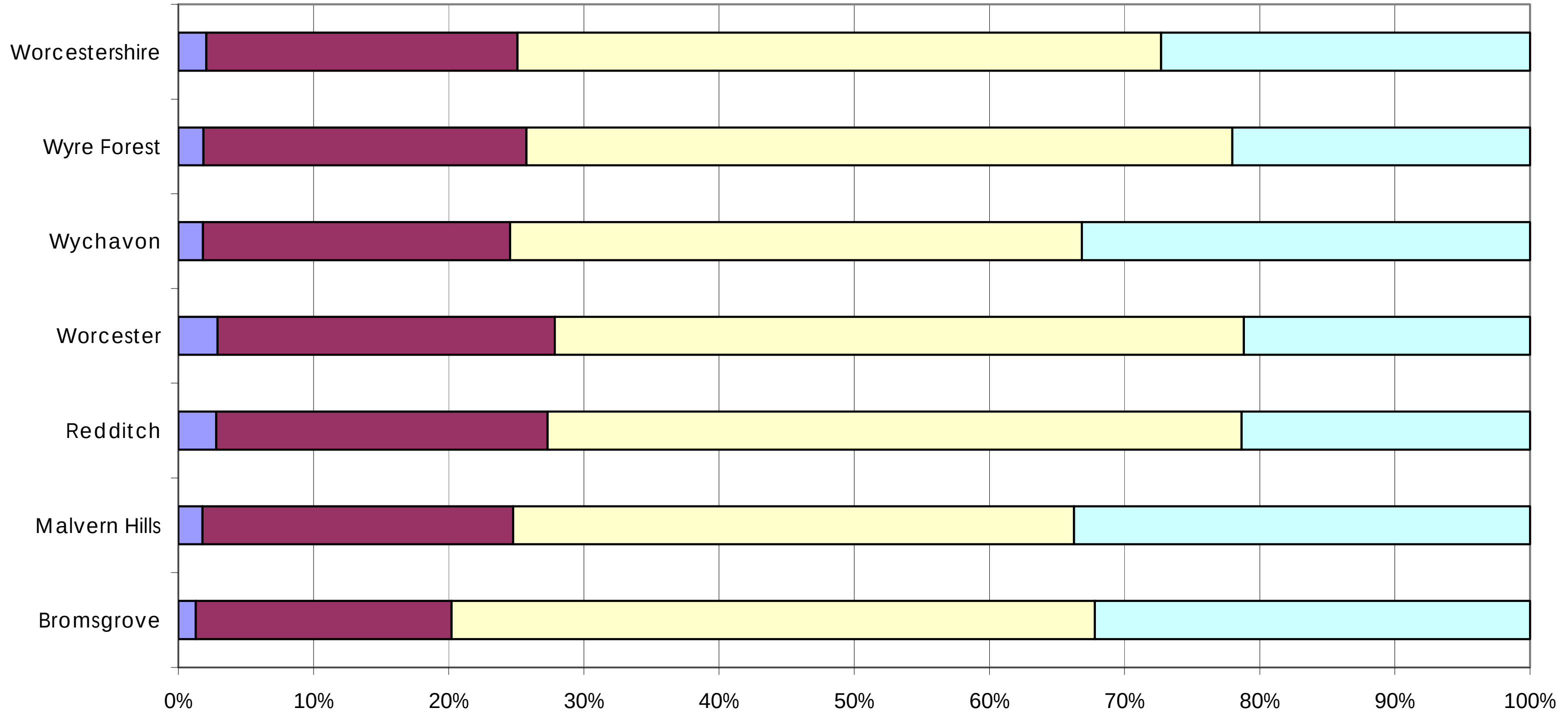
3.32 The table clearly shows that overcrowding represents an important issue within the current social housing stock, particularly in Redditch, Malvern Hills and Wychavon.

Property Size

3.33 As with the analysis of type above the 2001 Census provides the most robust recent secondary source of data to ascertain the breakdown of properties by size (number of rooms). These evidently have an important link with the overcrowding, under-occupation issues highlighted above.

3.34 The following table shows the split of properties by the number of rooms by authority across Worcestershire. It is important to note that the Census did not record the number of bedrooms in a property but the total number of rooms.

Figure 3.12: Breakdown of housing stock by number of rooms



	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
7+ rooms	32.2%	33.7%	21.4%	21.2%	33.2%	22.0%	27.3%
5-6 rooms	47.6%	41.5%	51.3%	51.0%	42.3%	52.2%	47.6%
3-4 rooms	18.9%	23.0%	24.5%	24.9%	22.7%	23.9%	23.0%
1-2 rooms	1.3%	1.8%	2.8%	2.9%	1.8%	1.9%	2.1%

Source: 2001 Census

3.35 The analysis shown above demonstrates a split between the districts in terms of house size by number of rooms. The districts of Wychavon, Malvern Hills and Bromsgrove have a larger proportion of larger homes (7+ rooms) than do Wyre Forest, Worcester and Redditch. This reflects the patterns seen in the analysis of house price data, where property prices were considerably higher in Wychavon, Malvern Hills and Bromsgrove than the other three districts. The proportion of smaller homes (1-2 rooms) is consistently the smallest category across the County, although Worcester and Redditch have slightly higher proportions than the other districts, which reflects higher than average numbers of apartments/flats in these districts as shown in Figure 3.2. Homes with 5-6 rooms are the most common across all districts in the County and, on average, account for around 48% of all properties.

Property Condition and Quality

3.36 The quality of the housing stock represents an additional layer of information in understanding its capacity to match demand.

3.37 Across the authorities social rented stock has been improved through the delivery of Decent Homes investment. This has led to a significant improvement in the quality of stock.

3.38 The quality of privately owned or rented stock is more difficult to assess in detail, with investment and improvements dependant upon investment by owners or landlords.

3.39 In April 2011 BRE prepared a desktop update to their stock condition models for the West Midlands Kick Start Partnership[17]. This update provided estimates of local private sector housing conditions at the level of the authority, statistical ward and census output area. The information is provided below at an authority level with the model outputs available only as Excel spreadsheets and mapping.

[17] 'Housing Stock models update West Midlands Kick Start Partnership', BRE, 2011. Wyre Forest had a separate update assessment conducted.

Figure 3.13: Stock Condition Overview – Key LA Statistics

Authority	% of Dwellings classified as Non Decent	% of households in private accommodation classified as Vulnerable	% of households classified as vulnerable and living in a non-decent property
Bromsgrove	33.3%	14.5%	5.1%
Malvern Hills	44.0%	15.1%	6.9%
Redditch	26.6%	19.6%	5.9%
Worcester	32.8%	18.5%	7.0%
Wychavon	38.0%	15.5%	6.1%
Wyre Forest	37.9%	19.7%	8.1%
England	35.8%	20.3%	7.9%

Source: BRE 2011 Update

3.40 Malvern Hills, Wychavon and Wyre Forest indicate a proportion of dwellings which are classified as non-decent above the national average. Redditch in contrast has a notably low proportion of non-decent properties.

3.41 The survey also apportions non-decency to households classified as vulnerable[18]. Redditch and Wyre Forest record the highest proportion of households classified as vulnerable. In terms of decency issues in properties occupied by vulnerable households, Worcester, Malvern Hills and Wyre Forest all record the highest proportions, although Wyre Forest is the only one above the national average.

Future Supply Capacity

3.42 GVA have analysed the latest SHLAA reports produced by each of the Worcestershire authorities in order to gain an understanding of the capacity within each authority. We have only included sites that were considered available by the local authority panel deliberations and, where possible, we have aligned the delivery of housing to one of the following timescales:

- Available now;
- Within five years;
- Five to 10 years; and
- More than 10 years.

[18] Note: the BRE 2009 study states 'the definition of a vulnerable household is the same as that used by the EHCS i.e. any household in receipt of means tested (also referred to as income related) or disability benefits.

3.43 A summary of the theoretical capacity of SHLAA sites across Worcestershire is shown in Figure 3.13.

3.44 It is important to note that the SHLAA identifies the availability of sites in sustainable locations, but does not analyse the full planning merits of sites. The supply identified through the most recent SHLAA's will therefore change and evolve as new sites are identified or sites are removed as policy is formulated and or market challenges are unable to be overcome.

Figure 3.14: Theoretical Housing Capacity within Worcestershire

Local Authority	Delivery Timescales (# of units)				
	Available Now	0-5 years	5-10 years	10 years+	Total
Bromsgrove	452	235	2,837	5,228[19]	**3,524[20]**
Redditch	573[21]	684	1,103	782	**3,142**
Wyre Forest	225	1,750	1,200	575	**3,750**
South Worcestershire	638	11,184	2,825	3,737	**18,384**
Worcestershire	**1,888**	**13,853**	**7,965**	**5,094[22]**	**28,800**

Source: Local Authority SHLAA datasets and GVA analysis, 2011

3.45 The analysis presented above demonstrates a theoretical capacity for housing growth across the County of approximately 28,800 units, with over half of these being deliverable in the first five years of the study period. In addition to sites identified at present, it is likely that additional windfall sites will come forward during the various plan periods, in particular once the housing market improves.

Bringing the Evidence Together

3.46 The purpose of this section has been to provide an up-to-date assessment of the current housing stock and offer across Worcestershire and within each of the component Local Authorities. This has included analysis of recent development trends and the impact these are likely to have had on the overall stock offer.

[19] Subject to Green Belt review
[20] Excludes Green Belt sites
[21] Includes the following sites: LP02; LP05; LPX02; LPX06; LPX07; CS01; WYG03; WYG04; WYG06; RB03; L4L02; UCS2.14; UCS8.38; and 2010/05
[22] Excludes Green Belt sites

3.47 In order to present a full understanding of the capacity of the existing stock, analysis has been undertaken of vacancy levels and the under and over-occupation circumstances of households.

3.48 Additional layers of analysis have considered the make-up of this stock including a breakdown by size, type and tenure, as well as an overview of the quality of stock. The section finally presents a headline overview of the theoretical supply of land across each of the authorities considered as suitable and deliverable on the basis of information collected through respective SHLAA studies. The key issues emerging from the analysis are summarised below.

- **Recent Housing Supply** – Each of the authorities have seen an uplift in the total stock over the last ten years. Across Worcestershire there have been almost 17,600 units delivered since 2001, with approximately 11,370 delivered since 2004/05. Development rates across most authorities peaked around 2007, with later years showing notable decreases in outputs. This reduction in development outputs reflects national trends, with the house building industry significantly affected by the onset of the economic downturn and subsequently recessionary economic climate. Within this overall delivery, almost 3,350 units have been classified as affordable units (just under 30% of all stock), with Worcester and Redditch in particular delivering high proportions. Changes to the availability of housing grant and the introduction of the new affordable rent product are likely to impact on the number of affordable houses brought forward in the short-term.

- **Tenure and Type Balance** – Across Worcestershire the latest HSSA data suggests that 15% of stock is classified as social or affordable housing. This has remained relatively constant back to the more detailed datasets recorded in the 2001 Census. Redditch and Worcester stand out as having slightly higher proportions of their total stock made up of affordable properties. Importantly Redditch is also the only authority which has retained ownership of social rented properties with the others undertaking Large Scale Voluntary Transfers (LSVTs). While completions of affordable stock have represented more than 15% of overall housing delivered this has been offset by the removal of non-decent properties and right to buy sales. Market evidence, examined in more detail in section 5, suggests that the proportion of private rental properties is likely to have increased from 2001 where they constituted almost 7% of properties across the County. Worcester in particular has seen an increase in the number of private rented apartments and student houses across the city over recent years. In terms of types of property the Census (2001) shows that the largest proportions of dwellings in the County are either detached (37.7%) or semi-detached (36%). Terraced housing only accounts for a significant proportion of the total stock in Redditch and Worcester, in the latter reflecting the urban nature of much of the city and in both cases the historical evolution of development across the urban areas linked to a sustained legacy of industrial growth, particularly through the 19th and 20th Century. In Redditch's case the terraced stock was also increased through the New Town developments between 1964 and 1985. These profiles are reflected in the analysis of the size of properties with Wychavon, Malvern Hills and Bromsgrove having higher proportions of large properties (7+ rooms) and Redditch and Worcester showing comparably higher levels of smaller properties.

- **Vacancy** – Analysis of HSSA data and Council Tax data suggests that across Worcestershire less than 3% of properties are vacant (vacancy is approximately 2.7%). This appears to be relatively consistent across the authorities with only Malvern Hills recording slightly above average levels of vacancy. Overall however, with vacancy rates below 3% the existing stock represents a limited capacity to absorb future demand and a relatively healthy balance between supply and demand.

- **Stock Condition** – The private sector stock condition surveys reviewed in the SHMA for individual authorities suggest that between 30% and 40% of private stock is classified as potentially non-decent.

- **Considering the impact of Capacity** – The assessment of future supply suggests that a healthy supply of suitable and deliverable residential land exists across the County. Careful consideration will, however, be required around the potential phasing of this land and how this is balanced across the County based on viability and infrastructure.

4. Demographic and Economic Drivers of the Market

The relationship between the economy, household composition and the housing stock represents a key driver in determining the balance between supply (section 3) and demand.

This section examines the two principle long-term drivers of demand, the demography of an area and the health of the economy to present clearly how the housing market across the County and in the individual Local Authorities has evolved in response.

The changing demography (population, household size, age structure etc…) of an area impacts strongly on the housing market and the type and quantity of housing required.

The role of the economy in shaping demand is also important with, for example, the level and type of employment available in an area playing an important role in determining the levels of disposable income available to households, and therefore their ability to exercise choice in the market - an issue which is considered in greater detail within section 7. The linkage between employment opportunities and the housing offer also manifests itself in the relationship between work and home. The section concludes with analysis of commuting patterns to demonstrate current levels of containment within and between the authorities in Worcestershire and the relationships with surrounding authorities.

4.1 The Institute for Public Policy Research (IPPR) identifies the complex range of drivers which influence the overall demand for housing in any market[23]:

"The overall volume of housing demand is influenced by demographic and behavioural factors, such as migration, increased life expectancy, a greater propensity for people to live alone, and young adults delaying forming their own household. How this demand translates into tenure choices is affected by factors such as employment rates and real household incomes, the affordability of rents and owner occupation, interest rates, the availability of mortgages, and levels of confidence in the economy and housing market" (IPPR, 2011).

[23] IPPR (2011) 'The good, the bad and the ugly: Housing demand 2025'

4.2 This section and the following section examine in detail these key drivers in turn, in order to build up a full understanding of how the housing market operates across the County and within the individual authorities. The analysis considers the historical factors which have led to this position and then, in terms of the analysis in section 6, how it will change in the future as a result.

Demographic Drivers of Change

4.3 Traditionally demographics have been a key component of determining both the current shape of housing markets and their future trajectory. Since the 1950s planning for housing policy has combined demographic projections with supply side information and spatial policy bias. This approach has recognised that changing demographic conditions strongly influence the housing market, including the overall housing stock required and the requirements of the stock to meet the needs of specific groups, for example the elderly.

Current Demography and the Components of Change

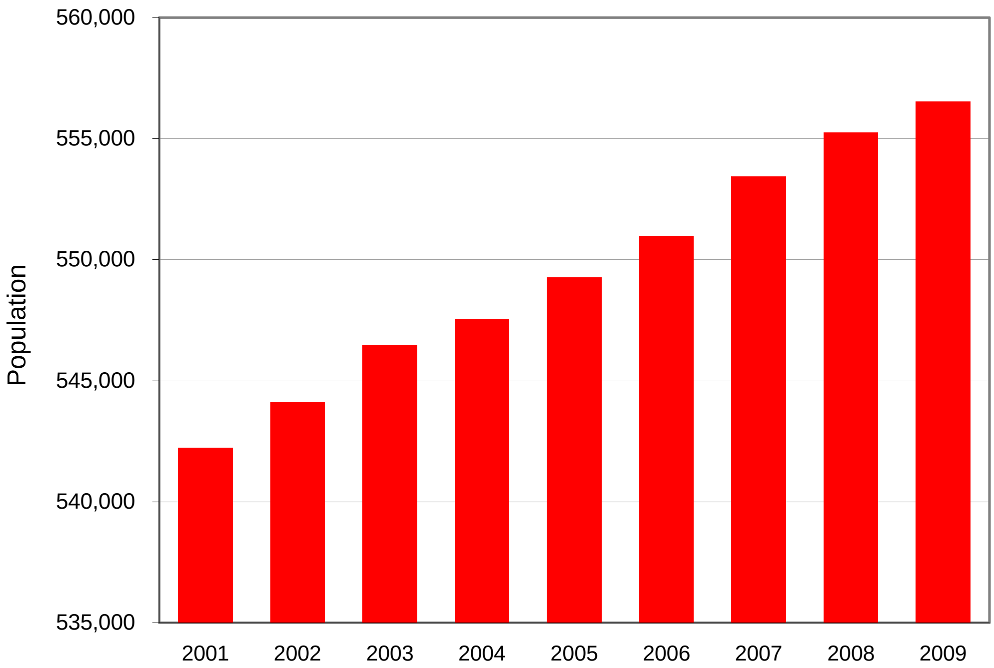
4.4 The 2001 Census provided the most recent, definitive count of the resident population of Worcestershire. This identified that the County had a total population of 542,233 people.

4.5 Since 2001, the Office for National Statistics (ONS) has produced ‘mid-year estimates’ (MYE) of local authority populations, taking account of the annual impact of births and deaths (natural change), internal migration and international migration (the components-of-change).

4.6 The latest[24], 2009, MYE for Worcestershire suggests that its population has increased by approximately 14,600 since 2001, a 2.6% rise.

[24] Note: 2009/10 Mid-Year Estimates were released partway through the research process and have not been integrated into the analysis. The 2010 release shows a population across Worcestershire of approximately 557,400, Note this does not include the updated historical estimates of population change in Redditch considered in Section 6 and Appendix 4 in more detail

Figure 4.1: Worcestershire population change estimates, 2001-2009



Source: Edge Analytics, 2011, ONS, 2010

4.7 This growth across Worcestershire is driven by varying levels of population change across each of the individual authorities. Using the latest mid-year estimates released by ONS the following table shows the uplift in population with each authority between 2001 and 2009.

Figure 4.2: Historic Population Change 2001 – 2009 by Authority

Authority	2008 Sub-National Population Projections - Population			
	2001	2009	Change in Population 2001 - 2009 (8 Years)	Annual Growth 2001 - 2009
Bromsgrove	87,904	93,378	5,474	684
Malvern Hills	72,171	74,931	2,760	345
Redditch	78,779	78,935	156	20
Worcester City	93,369	94,216	847	106
Wychavon	113,081	116,901	3,820	478
Wyre Forest	96,929	98,485	1,556	195
Worcestershire	542,233	556,846	14,613	1,827

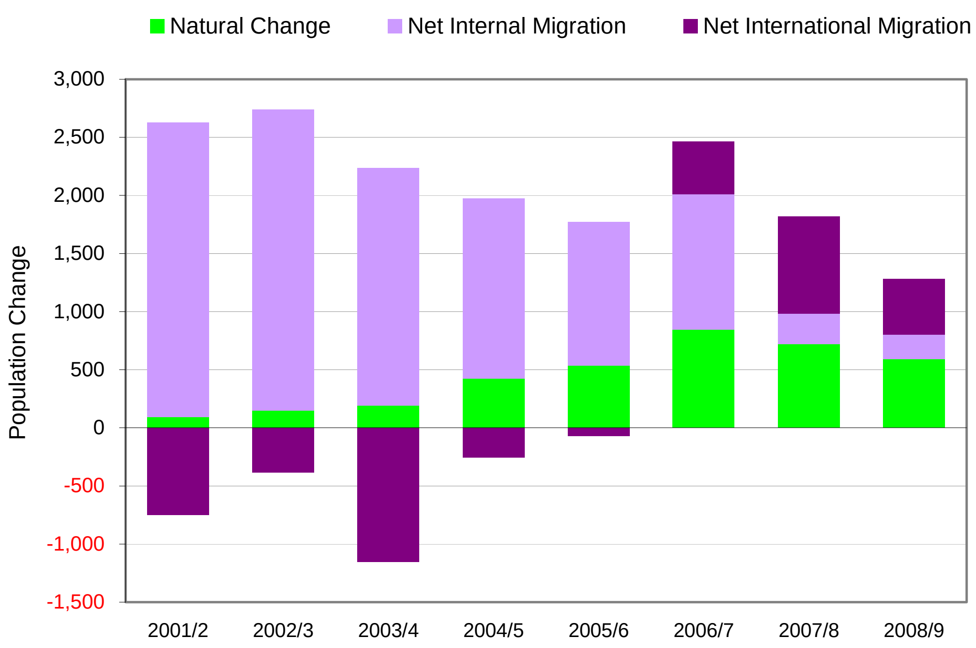
Source: Edge Analytics, 2011, ONS-mid year estimates, 2010

4.8 At an authority level it is clear that almost a third of the growth across the County has come forward in Bromsgrove, with Malvern Hills and Wychavon also showing high levels of growth. According to the ONS Official estimates Redditch's population has seen very little change over this time period despite the delivery of new housing. This is an issue explored in greater detail in section 6 and Appendix 4.

4.9 A separation of this population change into it's 'components' of change reveals the relative importance of natural change, net internal migration and net international migration[25] since 2001. Of the total population growth of 14,600 to 2009, net internal UK migration contributes the majority of growth with 11,606 (81%). There is also a positive contribution throughout by Natural Change, with a contribution in total of 3,450 (25%). International migration, however, shows a net loss of -831 (-6%), although the last three years have seen a positive contribution year-on-year.

4.10 This is displayed through the following chart.

Figure 4.3: Worcestershire components of change estimates, 2001-2009



Source: ONS, 2010, Edge Analytics, 2011

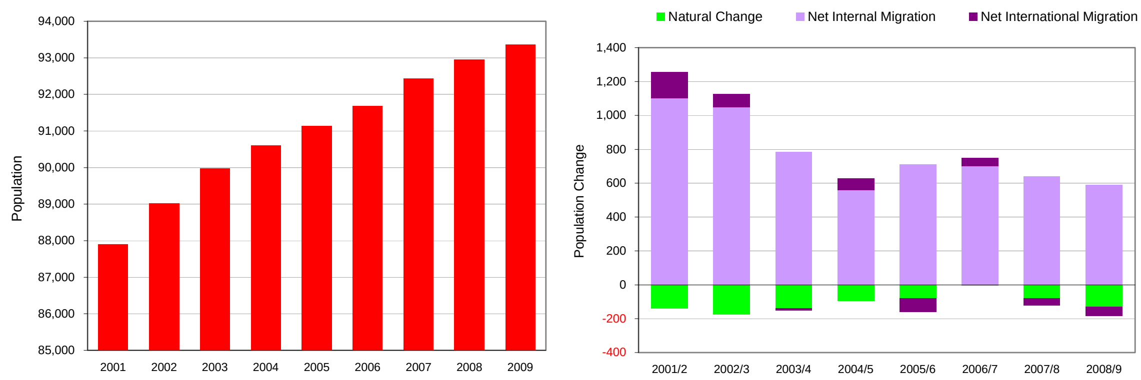
4.11 The disaggregation of the components of change for Worcestershire's six districts is important as there are considerable differences in each authority. Additional analysis is provided within the individual authority reports. The following charts show the

[25] Natural change represents the numbers of births minus deaths recorded in any given year. Internal migration relates to movements within the UK with the net figure calculated by deducting the movement of persons into each authority from those leaving for other parts of the UK. International migration net flows are calculated by deducting those persons leaving the authority to areas outside of the UK from those relocating into the authority.

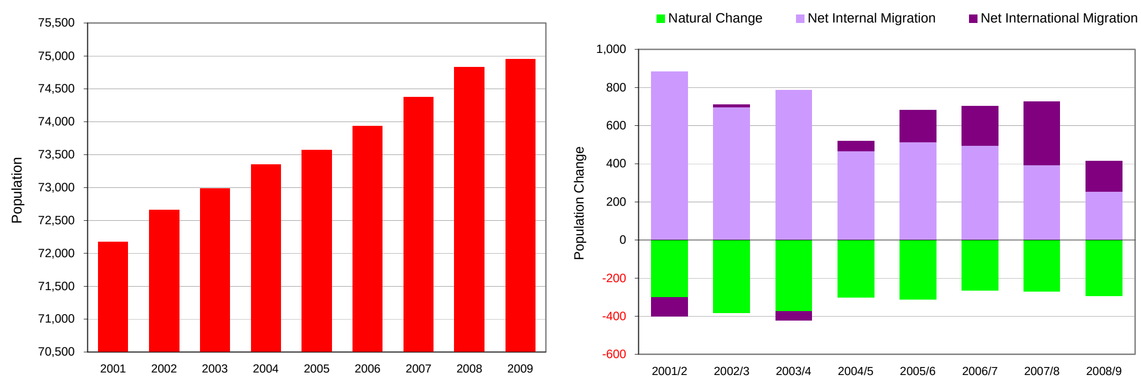
individual analysis of the Mid-Year Estimates released by the ONS and the role of the different components of change in driving population growth or decline.

Figure 4.4: ONS Mid Year Estimates Components of Change 2001 - 2009

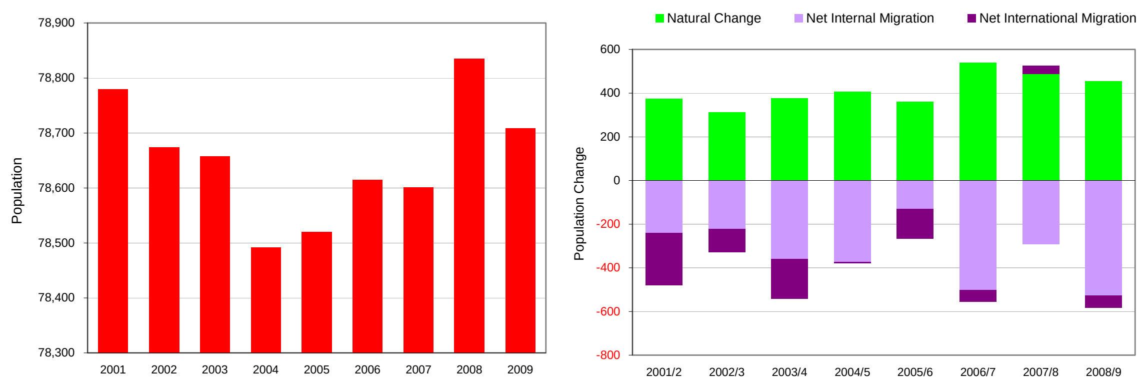
Bromsgrove



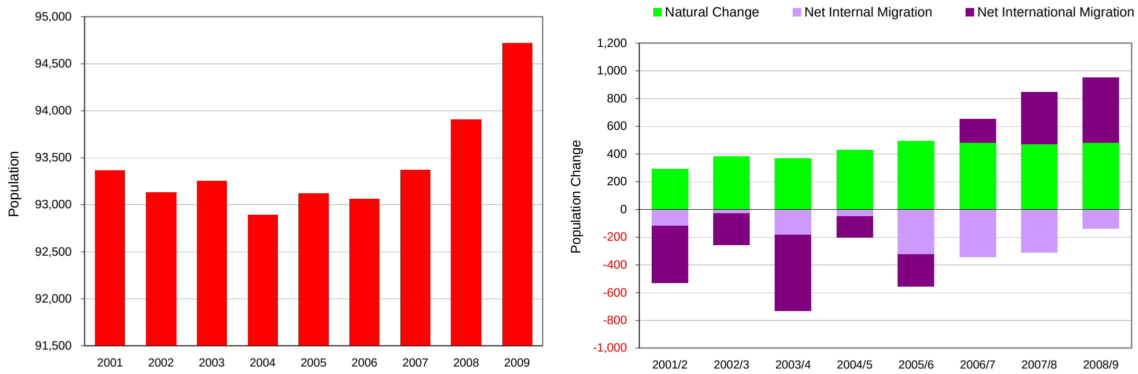
Malvern Hills



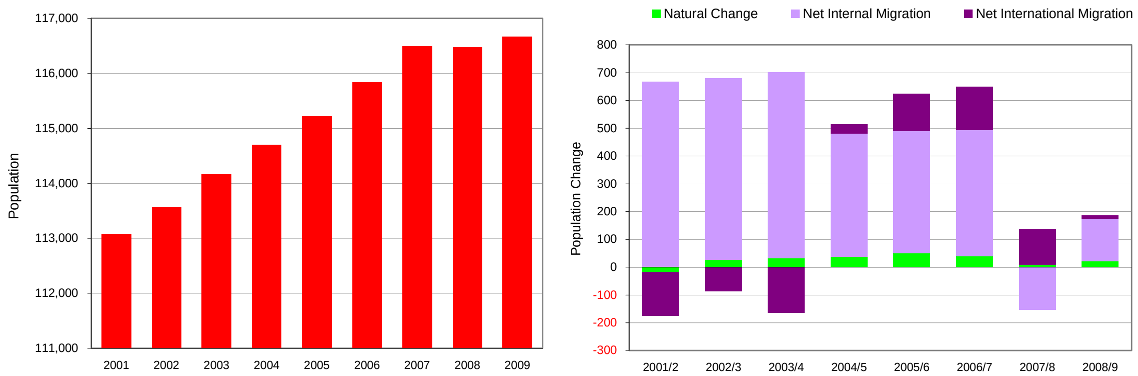
Redditch



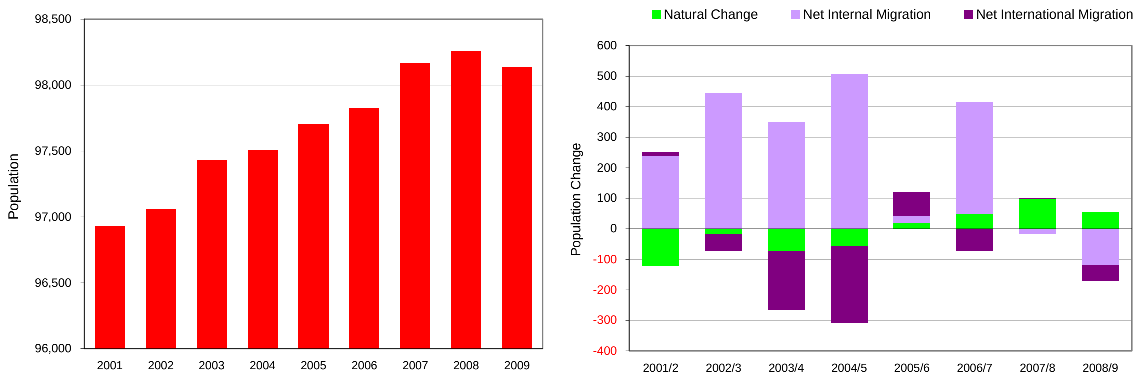
Worcester



Wychavon



Wyre Forest



Source: ONS, 2010, Edge Analytics, 2011

4.12 In summarising these trends there are clear distinctions between various parts of the County. In Bromsgrove, Malvern Hills, Wychavon, and Wyre Forest net internal migration is the main driver of population growth, while in Redditch and Worcester it has been natural change. International migration is the least important component of change and in some districts, such as Redditch, Worcester, and Wyre Forest the ONS datasets suggest that there has been a net loss.

4.13 It is important to recognise that historical population trends are closely linked to the supply of new housing. Whilst the population of an area can grow or shrink without changes to the number of properties, with this impacting on household sizes, increasing the number of available properties serves to potentially increase the population, both as a result of in migration and the accommodation of existing new concealed households who then themselves have families. Within Worcestershire the impact of the supply of properties is most obviously illustrated in Redditch where the significant expansion of the housing stock between 1964 and 1985 as part of the New Town programme significantly altered both the amount of people in the authority but also the demographic profile.

4.14 The rapid in-migration of new households, many of which were of a similar age or family circumstance as a result of the types of property constructed, continues to create an important context for considering demographic trends today. This population, many of which have remained in the authority, are slowly reaching retirement age creating a very different population age profile today than was the case 40 years ago, impacting in turn on the balance of the working-age / non-working-age population. This has an important bearing on both the analysis in this section but also the population and household projections presented in section 6. An overview of the New Town programme in Redditch is included within Appendix 4.

Considering Internal Migration

4.15 The migration of people into the authorities of Worcestershire has clearly been an important driver in the changing population profiles of the area since 2001.

4.16 Using Patient Registration statistics, published annually by the ONS and used as the basis for estimating internal migration flows in the ONS mid-year population estimates, it is possible to explore in more detail the directional nature of the in and out migrations that make up these net flows.

4.17 The authority overview reports explore in more detail for each authority the most significant ten inflows and outflows from authorities. The following trends for each authority are particularly significant and present an important context for considering how areas have evolved and how they are likely to evolve in the future:

- Bromsgrove has experienced an overall net inflow due to internal migration during 2002-2008, with major net inflows (inflow exceeding outflow) from Birmingham, Dudley, Sandwell and Solihull. Its highest net outflow has been to Wychavon district. Bromsgrove has experienced a strong net inflow in the 'family' age groups (0-14, 30-44) and also in the 'retirement' (75+) age range. The only significant net outflow is evident for 15-19 year olds associated with moves to higher education;

- Malvern Hills has also experienced significant net in-migration since 2002, with the largest net inflows from Worcester, Wychavon and Birmingham. The relatively large inflow and outflow total from and to Herefordshire balance themselves to a small net outflow. Net outflows are less concentrated with a series of smaller net flows to a dispersed set of geographical areas. The age pattern of net migration shows net out migration for 15-29 year olds but net inflows for all other age-groups, particularly young families and the retired;

- The dominant feature of internal migration to and from Redditch is the large net inflow from Birmingham. The highest net outflows are evident between Redditch and Stratford-upon-Avon and Wychavon. The overall balance of migration has been negative, with only the 20-34 age-range displaying a positive net immigration during 2002-2008. Redditch has been losing population due to internal migration since 2002;

- Worcester has also experienced a negative net balance of migration since 2002, with a higher outflow than inflow to the district. Net inflows have been evident from Birmingham, Sandwell and Herefordshire but these have been offset by larger net outflows to Malvern Hills and Wychavon. The age-profile of net flows for Worcester is different to all other areas in the county, with relatively high net inflows for ages 15-29 but net outflows for all other age-groups, particularly amongst young families;

- Wychavon has seen an overall net inflow since 2002, with 15-19 year olds experiencing the only major net outflow. The largest exchange of flows was experienced with Worcester, with the largest net inflows from Birmingham, Bromsgrove, Worcester and Redditch. The largest net outflow is recorded with Malvern Hills; and

- Wyre Forest has an internal migration profile similar to Malvern Hills. Largest net inflows are experienced from Dudley, Birmingham and Sandwell. Smaller net outflows are evident to Malvern Hills and South Shropshire. The age profile is again one of net outflows for 15-19 year olds and net inflows for the majority of other age-groups.

4.18 The migration of people across the County and to and from surrounding areas clearly represents a complex mix of inflows and outflows. Important drivers include factors such as student moves, moves due to housing affordability and economic linkages i.e. decisions around commuting. In net terms, with the exception of Redditch and Worcester all of the authorities have seen a net gain in population as a result of this factor.

4.19 Importantly Wychavon and Wyre Forest have both seen a notable drop in net migration over recent years with Wyre Forest actually seeing a net decrease linked to this component over the last couple of years.

4.20 Looking at the age of migrants Worcester and Redditch both stand out as outliers compared to the other authorities. Worcester in particular stands out as a destination for younger age groups 15 – 30, with the attraction of the University of Worcester a clear driver. Bromsgrove and Redditch have also seen a notable average positive net migration of people aged 20 – 34 but as with the other authorities a net decrease in those aged 15 – 19.

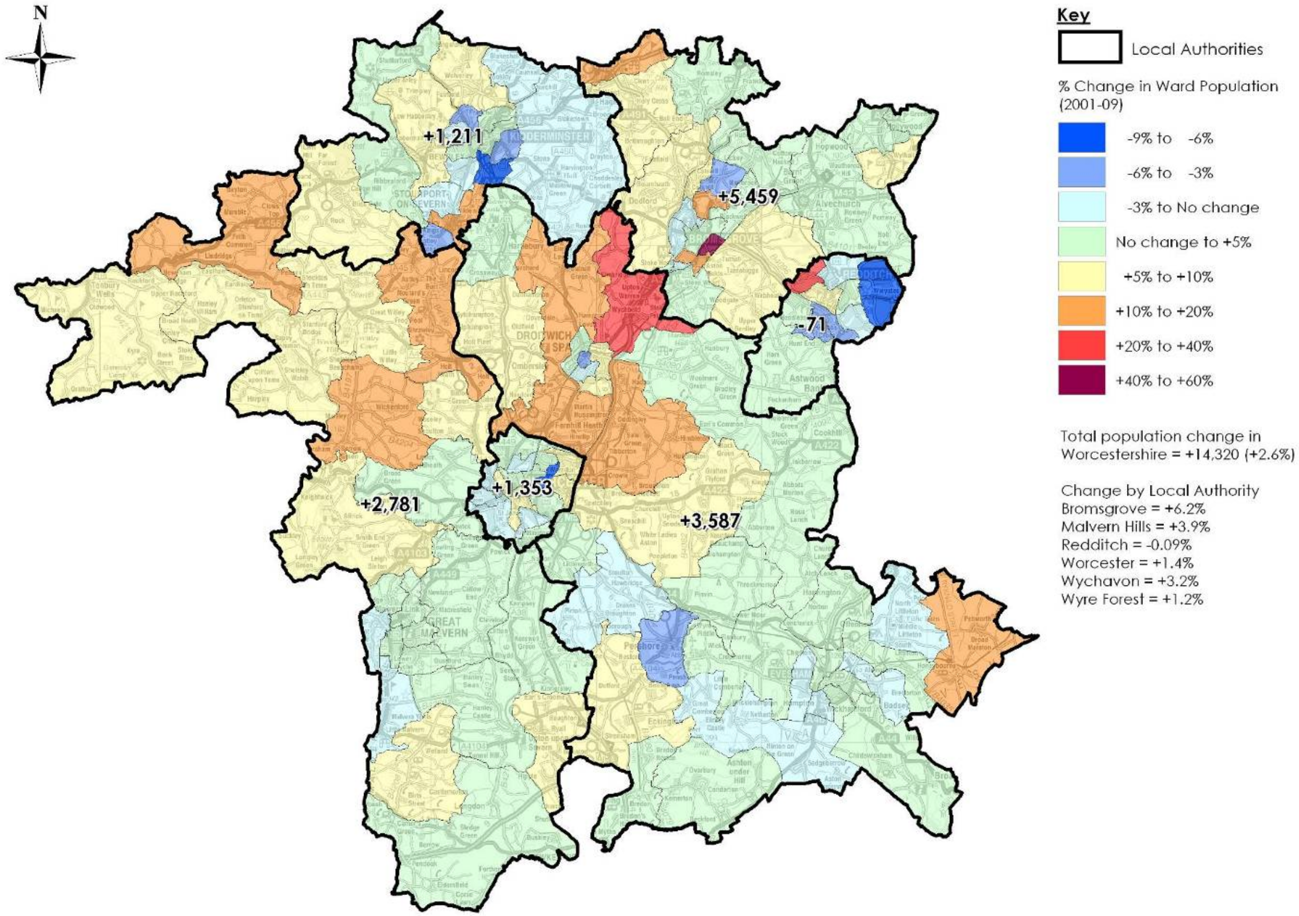
4.21 Malvern, Wychavon and Wyre Forest have all attracted net in-migration of late working age and older persons. This is likely to reflect the high quality of place of many of the more rural settlements and the aspirational nature of their markets.

Lower Spatial Analysis

4.22 The components of population change have been built up from ward level geographies within the analysis. The individual Authority Overview Reports included additional detail around this geographical level however within this main report, a series of maps are presented which illustrate the scale of population change in each ward and the relative role of migration and natural change at a ward level in contributing to change over this time period[26].

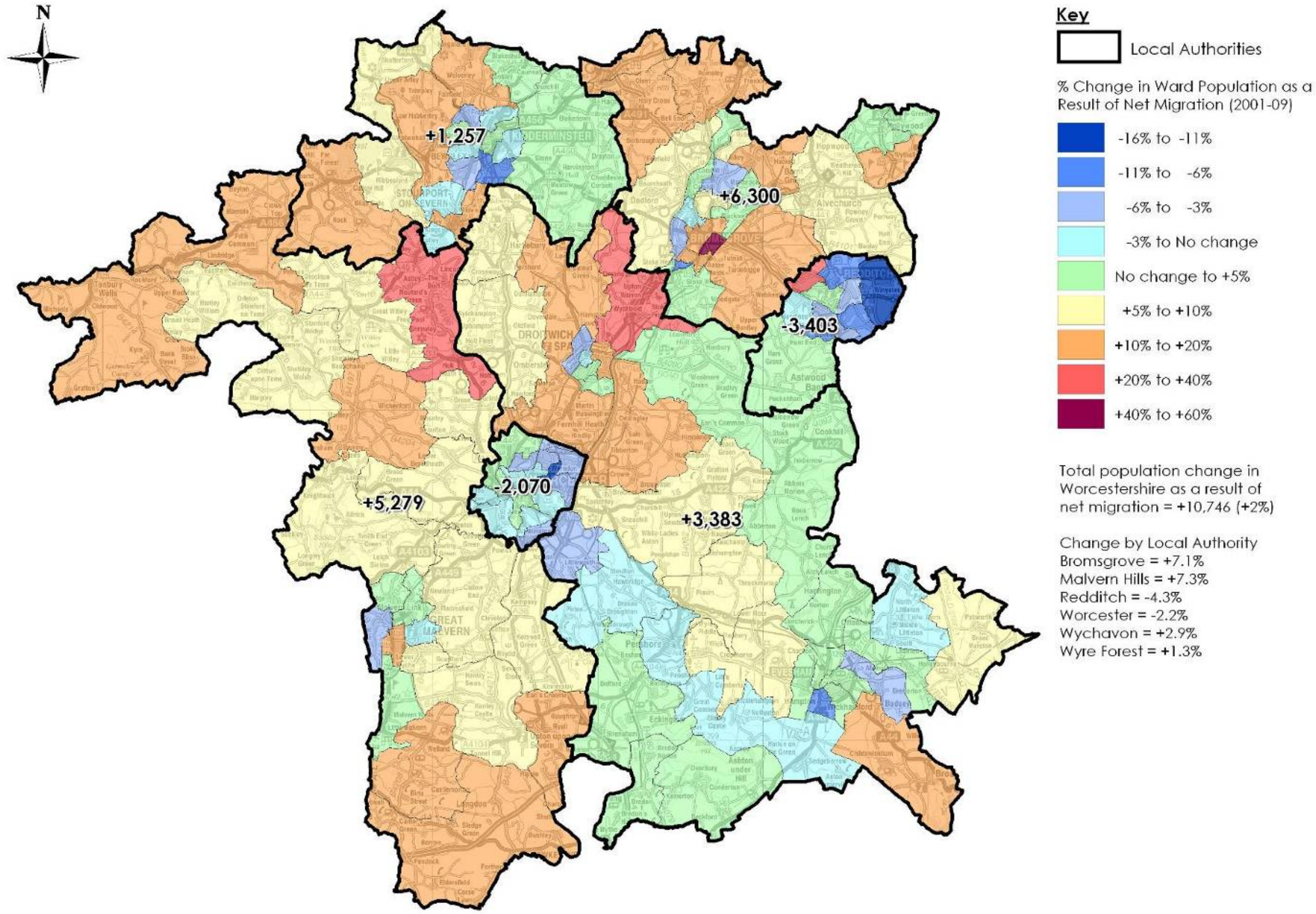
[26] Note: Wyre Forest had a number of boundary changes to wards during 2004. This has a significant impact on the levels of change shown in Figures 4.5 and 4.6. Analysis in Appendix 7 models change between 2004 and 2009 to correct this issue although the figures in the main report maintain the 2001 – 2009 period for consistency across the County.

Figure 4.5 : % Population Change at a Ward Level (2001 – 2009)



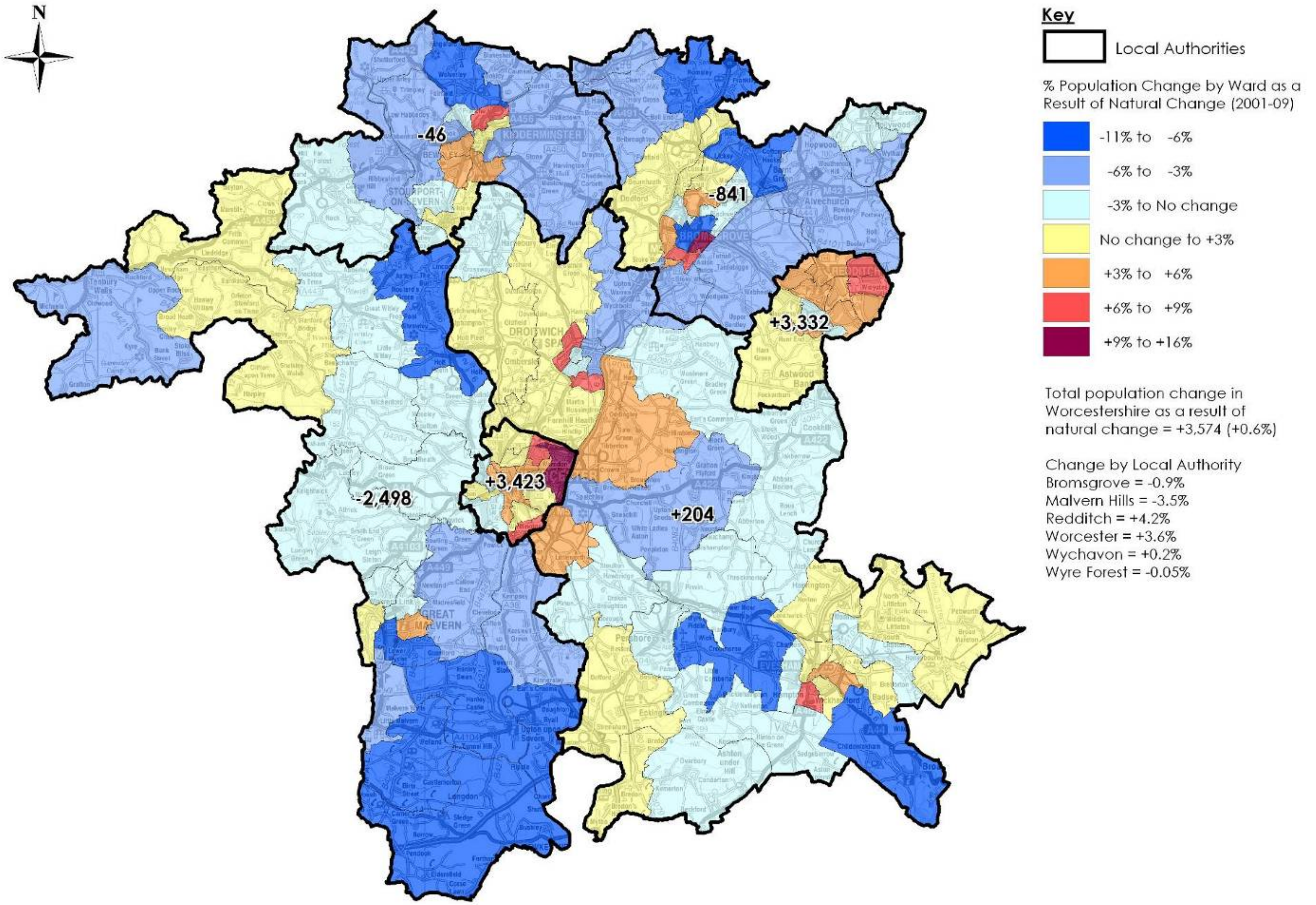
Source: GVA, 2011, Edge Analytics, 2011

Figure 4.6: % Change in Ward Population as a Result of Net Migration (2001 – 2009)



Source: GVA, 2011, Edge Analytics, 2011

Figure 4.7: % Population Change by Ward as a Result of Natural Change (2001 – 2009)



Source: GVA, 2011, Edge Analytics, 2011

4.23 A number of interesting findings can be extracted from these plans:

- An estimated 38% of Bromsgrove's total population growth has been concentrated in the Slideslow ward, almost all of this growth occurred during 2001-2004, with significant net in-migration. Charford, Norton and Hagley have also experienced double-digit growth between 2001-2009. In the case of Charford and Hagley the growth has occurred since 2004-5; in Norton up to 2007. These three wards and Slideslow combined accounted for 75% of Bromsgrove's population growth from 2001-2009.

- Within Malvern Hills growth across the district has been much less concentrated than in Bromsgrove. Three wards have experience double-digit percentage growth: Baldwin, Lindridge and Martley. But this accounts for only 25% of the district total. In all three cases, the majority of growth occurred before 2007. Recent growth has been more significant in Hallow, Teme Valley, Tenbury and Woodbury wards.

- The static picture for Redditch overall disguises the significant population growth that has occurred in the Batchley and Brockhill ward since 2001; a 28% rise 2001-2009. Batchley's growth was largely concentrated in the years 2001-2006, with a significant net immigration flow linked to a large housing development of approximately 1,200 units at Brockhill on Greenfield ex-agricultural land with a further phase of development recently granted permission. The Central ward and, to a lesser extent, the Astwood Bank and Feckenham ward, have also experienced growth since 2001, in contrast to the estimated population decline elsewhere. Again this is linked to high levels of development within the town centre area. These new flatted developments within Central ward have attracted high numbers of single and couple households who commute into Birmingham. This influx of development has also served to reinforce the private rental market in this location.

- Within Worcester the ward picture suggests a mix of population growth and decline across the district. The Warndon Parish wards (North and South) experienced significant growth to 2005 but this has flattened out as a high 'natural change' component has been balanced by net migration outflows. Since 2005, Cathedral ward shows the greatest population growth, through both 'natural change' and net migration, giving a 9% increase since 2001. In contrast, Gorse Hill has declined by 8% due to continued net out-migration.

- Within Wychavon 85% of the population growth recorded between 2001-2009 can be accounted for by the following wards: Bengeworth, Bowbrook, Dodderhill, Droitwich East, Droitwich South East, Honeybourne & Pebworth, Lovett & North Claines and Ombersley.

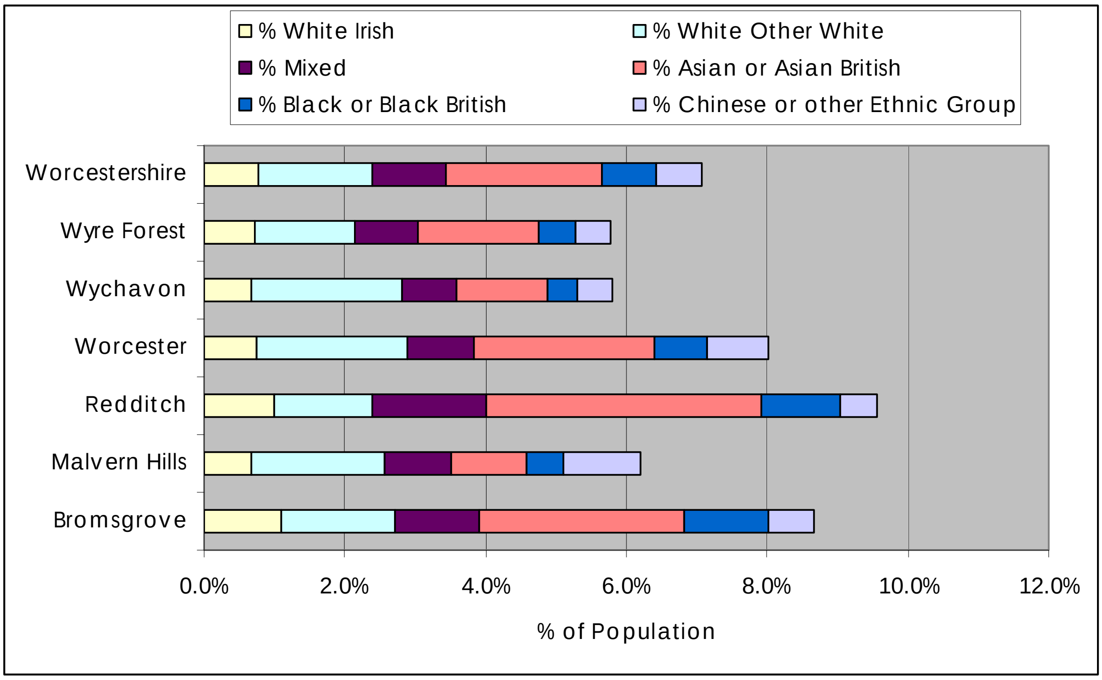
- Within Wyre Forest the wards of Bewdley & Arley, Broadwaters, Mitton, Rock and Wribbenhall have all grown. Mitton has achieved the highest absolute growth, equivalent to a 14% rise, but concentrated in 2001-2007. A number of areas show evidence of population decline. Aggborough & Spennells and Franche wards have lost population through net out-migration. Offmore & Comberton ward has also lost population but primarily as a result of a negative contribution from 'natural change'[27].

Population and Ethnicity

4.24 Worcestershire is not particularly ethnically diverse with less than 5% of its population classified as 'non-white' in the ONS 2007 population estimates, compared with 12% nationally.

4.25 Redditch is estimated to have the largest minority ethnic concentration at just over 7%, with a large resident Asian population. In contrast, Wychavon has just 3% of its population classified as 'non-white'.

Figure 4.8: Ethnic group proportions, 2007 (Source: ONS ethnic population estimates)



Source: DCLG / Edge Analytics

4.26 The chart also illustrates the proportions of non-white British, with Worcester, Wychavon and Bromsgrove recording the highest percentages.

[27] Note: boundary changes to wards have affected population totals over this period. For example the ward of Aggborough and Spennells reduced in area from 502 ha to 203 ha and Bewdley and Arley expanded from 858 ha to 3,215 ha. This is examined in more detail within Section 7.

Households

4.27 Household numbers are directly related to housing stock and the supply of housing. Examining the change in households numbers is therefore a critical element of assessing the dynamics of the housing market.

Current Households

4.28 The 2001 Census provides the most recent, definitive count of household numbers, approximately 222,280 across Worcestershire. The Department of Communities and Local Government (DCLG) has produced estimates for subsequent years through the application of *headship rates* to population mid-year estimates (as examined within the previous sub-section).

4.29 Population estimates are converted to household estimates with the application of 'headship' rates, which model the propensity of a person (by age and sex) to be 'head' of a household. Household populations exclude those individuals living in institutional accommodation.

4.30 Headship rates are defined by household type and vary over time. The latest, 2008-based, household projections from DCLG apply headship rates for 17 household types to the Sub-national Mid-year Population Estimates. The DCLG headship rates have assumed a general reduction in household size nationally over recent years.

4.31 The 2008 based sub-national household projections estimate that there were approximately 232,940 households across Worcestershire in 2008 (the base date of the forecasts). This suggests that the number of households across Worcestershire grew by a total of 10,660 households over the seven year period, a growth of 4.8%. The individual authority growth rates and numbers are shown in the following table.

Figure 4.9: Change in Households 2001 – 2008

Authority	2008 Sub-National Household Projections - Households				
	2001	2008	Change in number of Households 2001 - 2008 (7 Years)	Annual Growth 2001 - 2008	% Change 2001 - 2008
Bromsgrove	34,430	36,941	2,510	359	7.3%
Malvern Hills	29,166	30,697	1,531	219	5.2%
Redditch	32,488	33,789	1,301	186	4.0%
Worcester City	40,400	41,242	842	120	2.1%
Wychavon	45,231	47,784	2,553	365	5.6%
Wyre Forest	40,567	42,490	1,923	275	4.7%
Worcestershire	222,282	232,942	10,660	1,523	4.8%

Source: Edge Analytics, 2011, SNPP, 2011, SNHP, 2011

4.32 At local authority level the largest contributions to this overall growth are shown in Wychavon and Bromsgrove, both of which have seen an increase of over 2,500 households. This links back to the higher levels of completions seen in these authorities over the earlier parts of the last decade.

4.33 In proportionate terms Malvern Hills also recorded a higher level of growth, 5.2% above the County average of 4.8%. Worcester recorded the lowest level of growth, in absolute and proportional terms, although it is important to note that housing completions data suggest that the number of properties has grown at a more rapid rate than implied here. This illustrates the impact of the estimation process which in some cases may 'lag' behind real development trends as a result of the informing datasets.

4.34 The following table shows the assumed household sizes derived from the DCLG headship rates for each authority between 2001 and 2008. These clearly show that the DCLG has projected, over this period (from the actual Census count) that household size has continued to fall over the time period in each authority.

Figure 4.10: Change in Household Size 2001 – 2008

Authority	Household size - DCLG Sub-National Household Projections								
	2001	2002	2003	2004	2005	2006	2007	2008	Change 2001 - 2008
Bromsgrove	2.49	2.49	2.48	2.47	2.47	2.46	2.45	2.45	-0.04
Malvern Hills	2.39	2.38	2.38	2.38	2.37	2.36	2.36	2.35	-0.04
Redditch	2.41	2.39	2.38	2.36	2.35	2.33	2.33	2.32	-0.09
Worcester City	2.28	2.27	2.27	2.26	2.26	2.25	2.25	2.24	-0.03
Wychavon	2.47	2.45	2.44	2.43	2.42	2.42	2.41	2.40	-0.06
Wyre Forest	2.36	2.35	2.34	2.32	2.31	2.29	2.29	2.28	-0.08
Worcestershire	2.40	2.39	2.38	2.37	2.36	2.35	2.35	2.34	-0.06

Source: DCLG Sub-national Household Projections, 2010

4.35 The estimate of headship rates by the DCLG follows a robust estimation process, however, in reality where development activity has resulted in a relatively high volume of new development, potentially including a new mix of properties as the information is estimates it has the potential to deviate from actual counts. In order to investigate this further each of the authorities in the study area supplied the latest housing occupancy data drawing on Council Tax information. The numbers of occupied properties, broken down to a ward level, represents a proxy for actual counts of households in a geographical area. This serves as an important update of the estimate of household numbers.

4.36 The following table shows the counts of occupied properties by authority in 2011as recorded through Council Tax. This dataset again has potential limitations linked to the recording and reporting of data but it provides an alternative source to provide a check against the estimated household numbers published by the DCLG. The two numbers are compared within the table below.

Figure 4.11: Comparing Household Estimates with Occupied Property Data

District	DCLG Households 2011	Council Tax Occupied Dwellings 2010/11	Broad ratio between the two datasets
Bromsgrove	38,692	37,965	98%
Malvern Hills	32,515	31,454	97%
Redditch	33,646	34,325	102%
Worcester	40,997	41,740	102%
Wychavon	50,685	48,955	97%
Wyre Forest	43,321	43,466	100%

Source: Edge Analytics, 2011, Local Authorities, 2011

4.37 The difference between the two figures is relatively minor for the authorities suggesting that the DCLG estimation process has been relatively accurate. There are some minor discrepancies for example in Worcester the evidence suggests a slight undercount in the number of households which would equate to a further reduction in household size if the population is kept constant. This appears to partly correct the gap between the number of properties developed and the estimates of the counts of households. In terms of the projected fall in household size resulting from dividing the population by a larger number of properties this is likely to reflect the relatively large proportion of smaller properties developed over recent years within the city centre market, the majority of which will be occupied by smaller households and 'corrects' potentially the low level of household growth noted above.

4.38 Based on this datasets some slight adjustments are made to projected headship rates within the analysis in section 6 linked to these numbers. This ensures a more robust projection forward of the translation of population into households referencing recent development patterns and therefore the operation of the housing market.

Economic Drivers of Change

4.39 The relative economic performance of an area and the number of jobs available are major factors which influence the operation of the housing market of an area. The types of employment available now and in the future impact on levels of household income and therefore their ability to exercise choice in the housing market and their vulnerability to affordability issues.

4.40 In addition the balance between jobs and the working-age population is an important dynamic affecting levels of commuting and therefore containment within an authority area (i.e. the % of people living and working in the same place) as well as longer-term trends of in or out migration to an area.

4.41 The following sub-section provides a short synopsis of the economic profile of Worcestershire and its component authorities. This provides an important context for the assessment of future household projections and housing need in sections 6 and 7.

Overview of Worcestershire's Economy

4.42 The current economic profile of Worcestershire is distinctive, due largely to the function of the various economic geographies present in the County, namely:

- The City of Worcester as a principal economic focus in the sub-region with a more mixed economy (including significant public sector employment) and the County's key retail, leisure, University and tourist centre;
- Manufacturing / transition towns such as Kidderminster and Redditch, which are impacted upon by longer term contractions in manufacturing employment;

- Commuter areas, for example parts of Bromsgrove and Redditch with a skilled workforce and strong links to - and dependence on – the conurbation; and
- Rural areas and market towns such as those found within large parts of Malvern Hills, Wyre Forest and Wychavon with a strong rural economy.

4.43 Beneath each of these layers, there are more localised influences which vary across the County, which we discuss in more detail later in this section.

4.44 One facet of the economy that is consistently strong throughout the County is the industrial sector which has helped shape the County's economy to date and will continue to do so (albeit to a lesser extent) in the future. While Worcestershire as a whole contains a balance of both high and low technology manufacturing, across the County there are a number of strong – and localised – industrial specialisms that are worthy of note, namely:

- Carpet manufacture in Kidderminster (Wyre Forest);
- Agriculture and food processing in Wychavon and Malvern Hills;
- Research and Development (R&D) in Malvern Hills;
- Tourism in particular in Wyre Forest and Worcester but also across other parts of the County; and
- Manufacturing of metals, rubber & plastics, electrical machinery and furniture in Redditch.

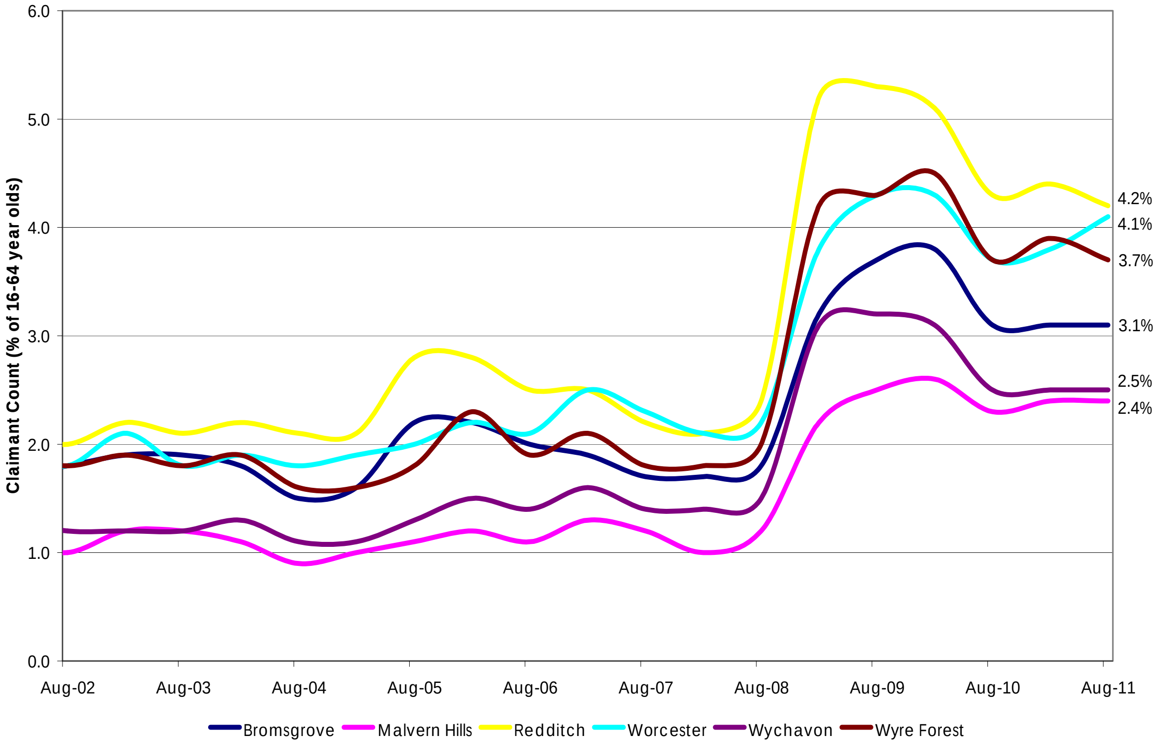
4.45 The Worcestershire economy contains a number of the region's leading companies including: Worcester Bosch, QinetiQ, GKN, Johnson Controls Ltd, Sealine, Titan Europe, Yamazaki Mazak, Thomas Vale, Halfords and Brintons.

4.46 Within Worcestershire's economic structure there are various issues and challenges facing different parts of the County. These have a bearing on how the economies of each are likely to change in the future.

Current Economic Activity / Unemployment

4.47 The level of unemployment in each of the six Worcestershire districts from 2004 to 2009 is shown in the figure below. This shows that from 2004 to 2007 the level of unemployment across the County was generally constant, between 2.5% to 4% across the County. On the whole, Redditch has the highest level of unemployment, while Malvern Hills has the lowest. In the 12 months from 2007 to 2008 unemployment in the County rose by, on average, 4% points and had only just started to reduce by 2009. The economies of Redditch, Malvern Hills, Wychavon and Wyre Forest appear to be much more variable in that they saw high levels of unemployment growth between 2007 to 2008, but have seen the largest decreases since. Conversely, unemployment in Worcester and Bromsgrove has remained at 2008 levels through to 2009.

Figure 4.12: Unemployment in Worcestershire: 2002 to 2011



Source: Nomis, 2011 and GVA analysis, 2011

Economic Futures – Projecting Employment Change

4.48 In considering how the economies of the authorities across Worcestershire may change in the future GVA have referred to the Labour Market Future Profiles, produced by Advantage West Midlands in September 2010, which provide local authority specific employment projections for the County in order to gain an understanding of how the County's economy is expected to change over the life of the SHMA.

4.49 The profiles use the following data sources:

- Cambridge Econometrics residence based and workplace based employment projections by occupation from the public sector austerity scenario (see below for further detail), which was produced in July 2009;

- Office for National Statistics 2006 mid-year population estimates on population by broad age group;
- Office for National Statistics 2008 based sub-national population projections on population by broad age group; and
- Annual Population Survey 2005 to 2008 data on highest qualification held.

4.50 The assumptions and inferences used in the CE projections do not take account of potential investment or policy ambitions. The profiles do not therefore take account of the potential impacts of ongoing / future policy directives and / or actions that flow from these such as significant employment development in the future. There are however, a number of assumptions that are included and used to produce each of the labour market future profiles:

- The profiles are based on a "public sector austerity scenario".
- This scenario assumes that public sector spending will fall year-on-year through to 2013, falling most sharply (by 2%) in 2011. It assumes that spending will rise again in 2015 / 2016 but growth will be modest. The biggest reductions will be in (non-health or education) public administration, central and local government spending, including defence.
- The scenario also assumes that cuts in spending will result in a loss of 7% of current employment in public services (public administration, education and health & social services) – with most jobs being lost in public administration.
- The scenario is based on direct impacts of contraction of employment and output. It does not take into account indirect implications in the public sector supply chain or induced spending from consumption by public sector employees.

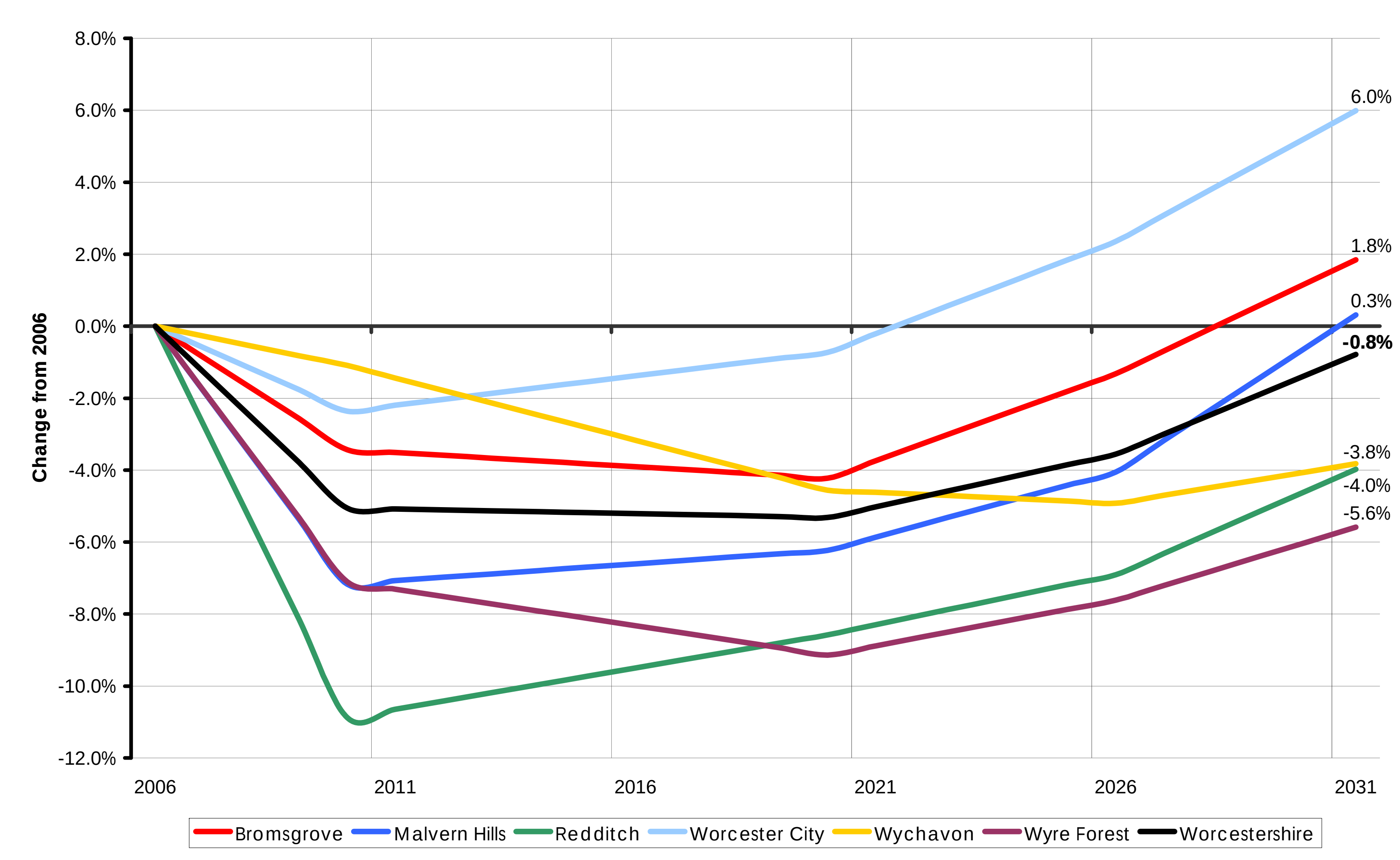
4.51 The AWM forecasts project that total employment in Worcestershire will decrease over the period from 2006 to 2031 by around 1% (267,200 reducing to 265,100). In terms of employment change over the period 2011 to 2030 however, the projections show a level of growth, almost 11,500 new jobs. These overall trends, however, mask significant variations in the projected levels of employment across all six authorities during this period of time.

4.52 There are four distinct groupings into which the six local authorities fit:

- **Worcester and Bromsgrove**, which are projected to have the strongest economies across the County. They are both expected to recover from moderate reductions in employment between 2006 to 2010, to see employment growth in the latter half of the period. In the case of Worcester, levels of employment in the City are expected to grow by around 6%. Bromsgrove is expected to see just under 2% growth;

- **Malvern Hills** was projected to see a steep decline in employment from 2006 – 2010, before steady year on year growth up to 2031 which would see employment levels return to slightly above (0.3%) those seen in 2006;
- **Redditch and Wyre Forest** are both projected to witness overall economic decline, with steep declines in levels of employment between 2006 – 2010 (11% in Redditch), offset by moderate growth up to 2031, but not enough to achieve overall growth compared with 2006. Employment in Redditch is expected to reduce by around 4%, while in Wyre Forest there will be a 5.6% reduction; and
- **Wychavon**, which was projected to see the smallest decline in employment from 2006 to 2010. Recovery will, however, be slower in Wychavon than in any of the other districts and Wychavon is expected to see employment decline until 2026. This could be due to the existing occupational structure of employment within the District. After 2026, Wychavon is projected to see some moderate growth, although overall from 2006 to 2031 employment will reduce by around 3.8%.

Figure 4.13: Percentage Change in Employment across Worcestershire from 2006 – 2031



Source: AWM Labour Market Future Profiles, 2010 and GVA analysis, 2011

4.53 In order to provide some context to the profiles, we set out below the key employment proposals within Worcestershire that could have a positive effect on employment generation in the County above and beyond these policy-off projections. It is important to recognise that the individual opportunities below have not been quantified nor ‘added’ to the baseline economic forecasts. The baseline forecasts are solely used within the analysis of future household growth projections within section 6.

Key Employment Proposals within and adjacent to Worcestershire

Worcester Bosch / Worcester Technology Park – re-location of this key employer to a site of some 70ha in order to further the development of high-technology environmental manufacturing in Worcester. The proposed scheme for land east of the M5 at J6 is one of the conditional winners to benefit from investment in the first bidding round of the government's £1.4bn Regional Growth Fund. The site is located in the authority of Wychavon and will have a positive impact on job creation for that District, but will also provide significant employment opportunities to residents of Worcester, Redditch and Bromsgrove.

Longbridge – Is the biggest regeneration scheme in the West Midlands extending to over 140 hectares in size, with an adopted AAP to guide delivery. The site includes a 25 hectare Regional Investment Site which will contribute to the portfolio of employment opportunities in the West Midlands and support the diversification of the regional economy. Over 10,000 jobs will be created with the aim of fostering the development of high technology and high growth businesses. The majority of the site is located in Birmingham but part of it (specifically the Cofton Centre) is located in Bromsgrove and will bring huge benefits to residents of Bromsgrove and as well as Redditch.

South Kidderminster Enterprise Zone – although unsuccessful in securing Enterprise Zone status, Wyre Forest District Council still have ambitions that this site will come forward through other plans and initiatives including the Site Allocations and Policies DPD which is due for Submission to the Secretary of State in 2012. The site which totals 200ha , includes the Stourport Road and Worcester Road employment corridors and a number of existing businesses such as Roxel, Victoria Carpets, Sealine, Vision Labs, Beakbane, Brintons, OGL and Lawrences Recycling. Around 40 hectares of cleared land are available for new development including the former British Sugar and National Standard sites. Around 4,000 new jobs could be created. The site is expected to bring significant employment opportunities to residents of Wyre Forest, as well as Wychavon, Malvern Hills, Worcester and Bromsgrove.

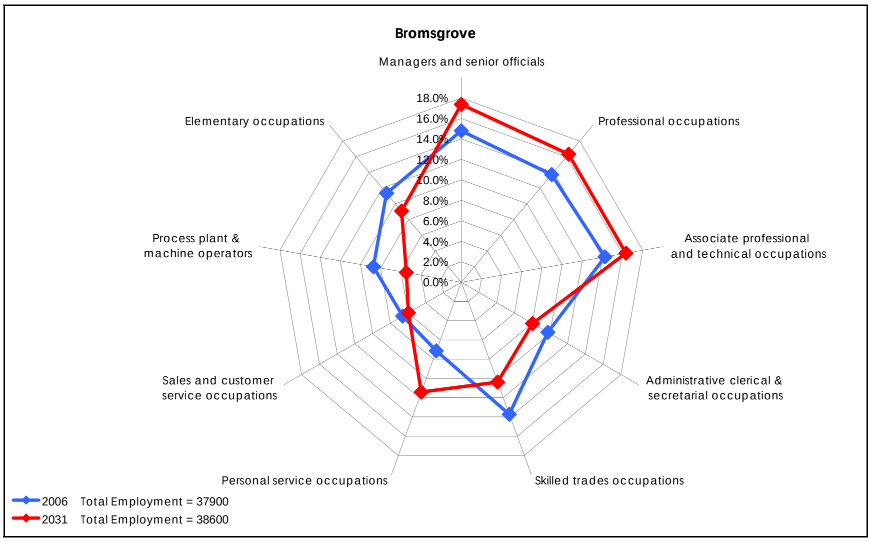
QinetiQ – mixed use site allocated in the SWJCS Preferred Options to include at least 4.5ha of employment space. The site is limited to B1(b)new development uses and it is anticipated that it will accommodate "grow on" space for business coming out of the adjacent Malvern Hills Science Park, or new investment into the area from High tech businesses that compliment the work of QinetiQ or the Science Park. The site is located within Malvern Hills and will therefore bring significant benefits to Malvern, as well as Worcester and Wychavon.

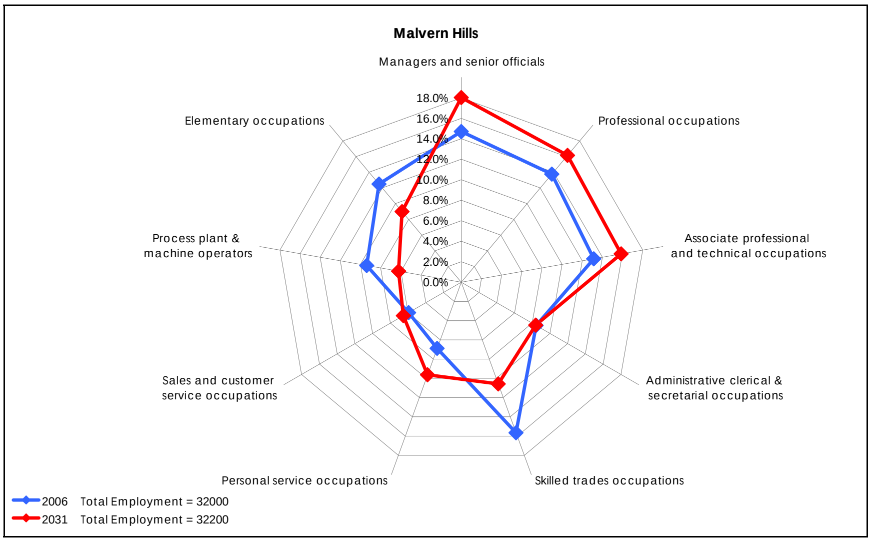
Changes in Occupation Groups

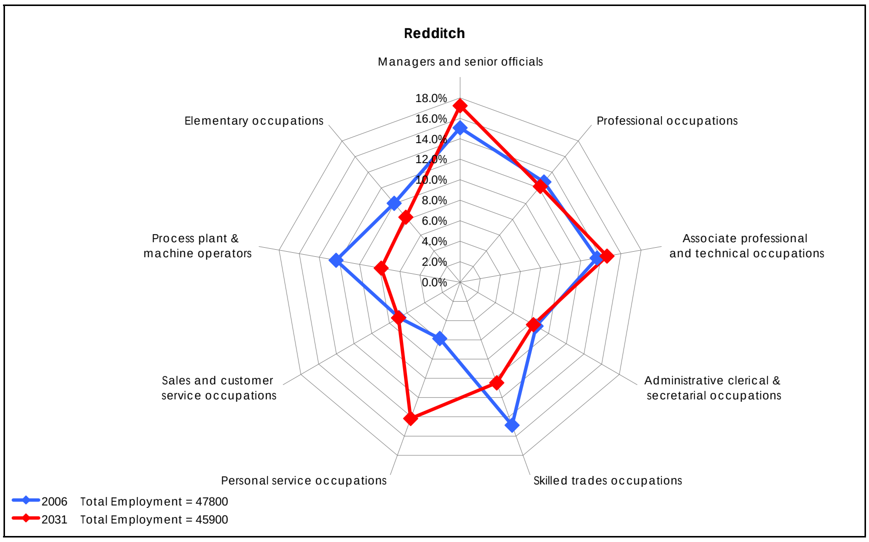
4.54 In order to analyse the changes in total employment in more detail, an analysis of the predicted changes in key occupation groups has been undertaken to gain an understanding of how the economy is likely to change over the lifetime of the SHMA. This is summarised in the figures below.

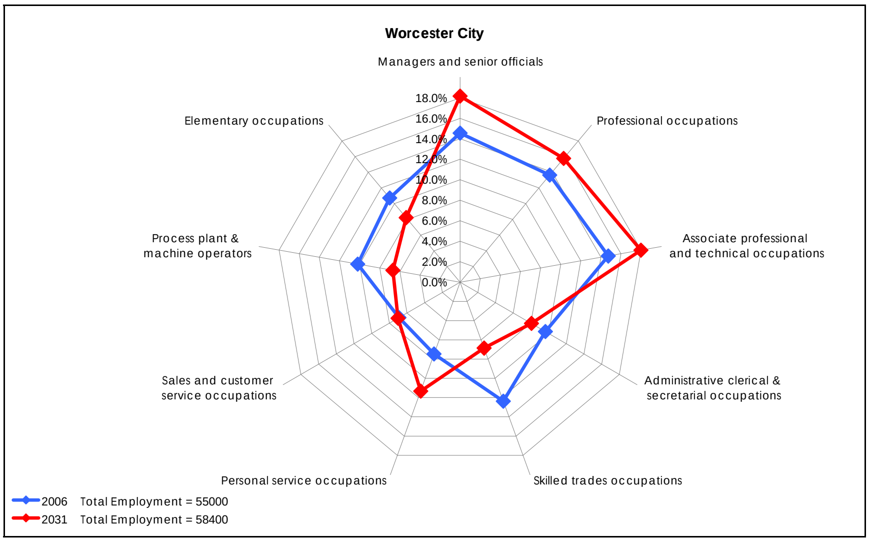
4.55 The final chart shows that, across the County, the largest growth in employment is expected in the “Personal Service Occupations” group, which is expected to grow by around 11,700 jobs. Around one third of this growth (3,700 jobs) is expected in Redditch, with significant increases noticeable in Bromsgrove, Worcester and Wychavon. The occupation groups expected to see the largest declines are “Skilled Trades Occupations” (loss of 13,700 jobs), “Process Plant and Machine Operators” (loss of 10,300 jobs) and “Elementary Occupations” (loss of 7,000 jobs), which in total are expected to see the loss of almost over 30,000 jobs across the County.

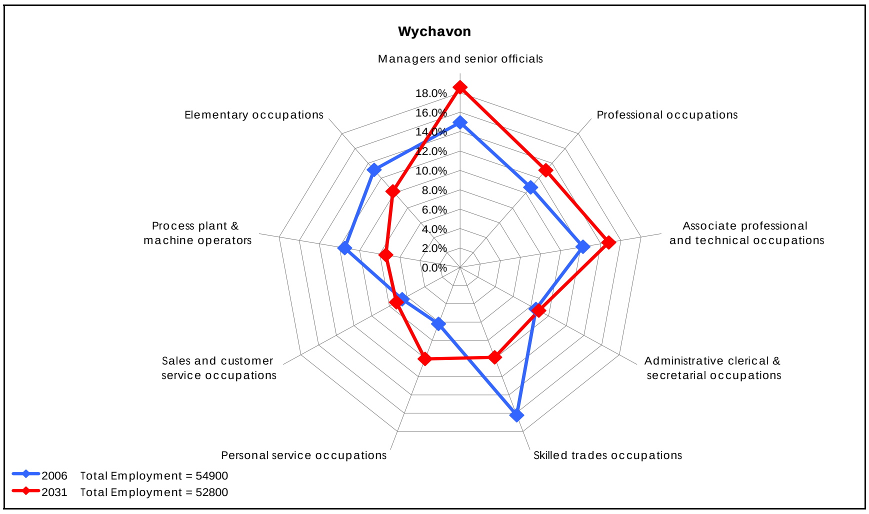
Figure 4.14: Predicted Changes in Key Occupation Groups across Worcestershire: 2006 to 2031

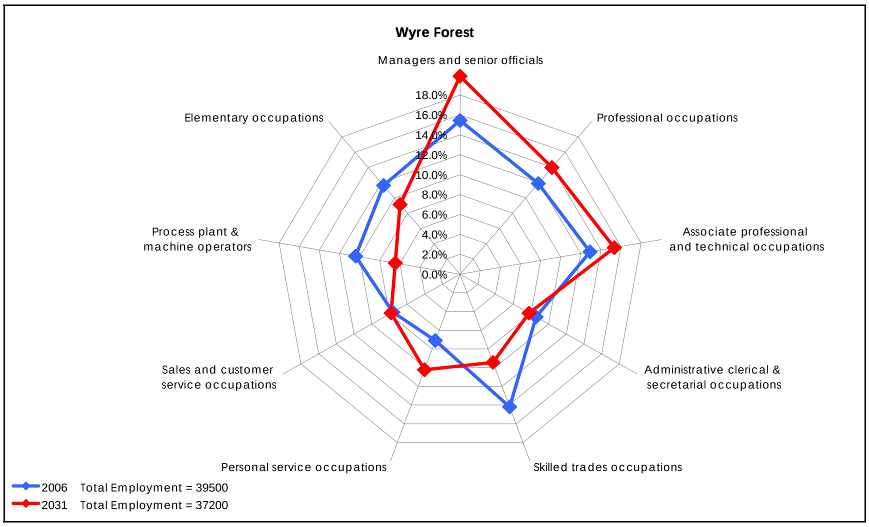


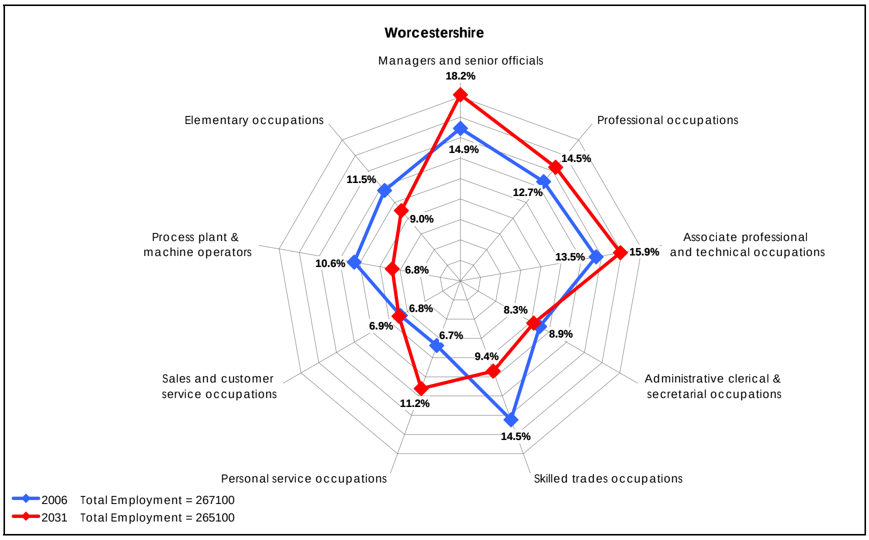

Malvern Hills
Managers and senior officials
Professional occupations
Associate professional and technical occupations
Administrative clerical & secretarial occupations
Skilled trades occupations
Personal service occupations
Sales and customer service occupations
Process plant & machine operators
Elementary occupations
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
2006 Total Employment = 32000
2031 Total Employment = 32200


Redditch
Managers and senior officials
Professional occupations
Associate professional and technical occupations
Administrative clerical & secretarial occupations
Skilled trades occupations
Personal service occupations
Sales and customer service occupations
Process plant & machine operators
Elementary occupations
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
2006 Total Employment = 47800
2031 Total Employment = 45900


Worcester City
Managers and senior officials
Professional occupations
Associate professional and technical occupations
Administrative clerical & secretarial occupations
Skilled trades occupations
Personal service occupations
Sales and customer service occupations
Process plant & machine operators
Elementary occupations
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
2006 Total Employment = 55000
2031 Total Employment = 58400







Source: AWM Labour Market Future Profiles, 2010

4.56 In summary, Worcestershire's economy is expected to contract over the period to 2020, with significant losses of lower value jobs, particularly in the manufacturing sectors. There is likely to be a significant increase in the number of higher value jobs, linked to the expansion of the service sector, however this growth will not be enough to offset the overall predicted decline in employment to 2020 From 2020 to 2031 the growth in the service sector will start to have positive benefits in terms of overall employment by matching losses in lower value jobs.

Linking Employment and Housing – Commuting Trends and Relationships

4.57 The relationship between work and home is played out on a daily basis and is able to be measured through commuting patterns. This represents an important linkage between the two key drivers of change considered within this section, demography and economics.

4.58 The encouragement of sustainable lifestyles and a reduction in the use of energy requires a shortening of commuting journeys and by default an increase in the level of containment of the labour force. This is an important consideration therefore in planning to match economic growth aspirations with the housing offer, with the latter playing an important defining role in achieving the wider sustainability objective.

Travel-to-work dynamics – Commuting Ratios

4.59 Journey-to-work statistics from the 2001 Census provide the most detailed evidence on the dynamics of the labour market within Worcestershire.

4.60 Using 2001 Census data, the baseline assumption for calculating the commuting ratio for each Local Authority is based on the following:

Commuting Ratio = Employed Residents in Area / Jobs in the Area

= [(live and work in e.g. Bromsgrove) + (live in e.g. Bromsgrove, work elsewhere)] / jobs in area

4.61 This provides an important component in understanding the drivers behind population and household change and their relationships to the housing stock.

4.62 The districts of Worcestershire demonstrate significant variation in their respective commuting patterns. The table below illustrates the relationship between the number of workers in an area and the corresponding number of jobs. A commuting ratio of less than 1.0 indicates that there are more jobs than workers in a district with a net inflow of workers resulting (in-commuting). A ratio of more than 1.0 suggests a net outflow in commuting terms, the higher the ratio the greater the imbalance in the number of workers and the jobs available in the local authority. It is important to note that this analysis considers net flows i.e. the total effect of flows in and out. The overall commuting pattern is more complex in terms of where people travel to and from. For example an area with a commuting ratio of 1 will still have a significant flow of commuters in and out but the total net flows cancel one another out.

Figure 4.15: Commuting Ratios

Local Authority	Number of workers	Number of jobs	Commuting Ratio
Bromsgrove	44,334	34,865	1.27
Malvern	34,337	28,683	1.20
Redditch	41,096	37,467	1.10
Worcester City	48,021	51,759	0.93
Wychavon	58,045	50,743	1.14
Wyre Forest	48,350	37,831	1.28
Worcestershire	274,183	241,348	1.14

Source: Edge Analytics, 2011, ONS, 2001

4.63 Only Worcester has a commuting ratio below 1.0 in 2001. All other districts have a net outflow of commuters, with Wyre Forest the highest with a commuting ratio of 1.28 indicating the imbalance in the number of workers and the jobs available in the local authority.

4.64 In considering the travel to work data it is important to understand the flows of commuters between different authorities. A summary of the findings for each authority is included below. This includes reference to the 2008 updated travel to work statistics produced by the ONS which are built upon a partial sample (using the Labour Force Survey) rather than the full Census dataset, but provide an indicative update:

- Bromsgrove has strong links with Birmingham, Redditch and Dudley. Almost 25% of people in 2001 living in Bromsgrove worked in Birmingham with 13% of those working in Bromsgrove travelling in from Birmingham. The 2008 dataset suggests that the proportion of people commuting to Birmingham from the authority has fallen slightly. The 2008 data also suggests that travel to work linkages with Wychavon have increased with a rise in people travelling between the two authorities.

- Malvern Hills has strong links with Worcester. In 2001 almost 17% of people living in the authority worked in Worcester and of those working in Malvern Hills just over 11% were from Worcester. The 2008 dataset suggests that the proportion of people commuting out of Malvern Hills to Worcester has decreased slightly however, the relationship the other way has increased. The authority also has weaker links with Wychavon and the County of Herefordshire.

- Redditch like Bromsgrove has strong links with Birmingham. The strength of flow is less pronounced though with only 10.5% of people living in Redditch working in Birmingham in 2001 and the proportion of jobs in Redditch being undertaken by residents of Birmingham being only 5.5%. Indeed a higher proportion of employees working in Redditch lived in Bromsgrove, 7.2%. The 2008 data suggests a stronger relationship with the authority area of Stratford-on-Avon with a higher proportion of those working in Redditch living in the authority area of Stratford-on-Avon as well as a considerably higher proportion of Redditch residents working over the border.

- Worcester has strong relationships as noted above with Malvern Hills but also Wychavon and to a lesser extent Wyre Forest. Worcester's relatively high containment and indeed its role as a net attractor of labour is reflected by the fact that the biggest flow of commuters out of the Worcester is to Wychavon, with only 8.7% of Worcester residents working in the authority. The biggest sources of labour in Worcester are from Malvern Hills, 11.2% and Wychavon, 10.5%. The 2008 data suggests that the flows out to these two authorities has further strengthened but the flows into the authority have weakened.

- As noted above Wychavon has strong links with Worcester, 9.4% of residents of Wychavon work in Worcester, although this proportion has fallen according to the 2008 dataset. The authority also shows relatively strong links with Birmingham and the authority area of Stratford on Avon. In terms of employees working in Wychavon a notable proportion come from Wyre Forest, 7.1% in 2001.

- Wyre Forest has links with Wychavon and Worcester in Worcestershire but also less significant commuting linkages with Birmingham. The strength of these flows appears to have remained relatively constant when examining the 2008 dataset. Almost 4% of employees in the authority also came from Dudley in 2001and according to the 2008 dataset this relationship has strengthened notably.

Bringing the Evidence Together

4.65 The purpose of this section has been to undertake analysis to provide an up to date assessment of the demographic and economic characteristics of Worcestershire and the component authorities. This has included the use of the latest available trend-based data to consider demographic drivers which will have an impact on current as well as future housing requirements.

4.66 The key issues and findings emerging from the analysis are summarised below:

- **Demographic Change**: The population of Worcestershire has grown by 2.6% or approximately 14,600 between 2001 and 2009. There are now almost 557,000 people across the County. Bromsgrove and Wychavon have seen the greatest levels of growth, with Bromsgrove seeing its population rise by almost 5,500 over this time period and Wychavon by 3,800. Across Worcestershire migration into the authorities from other parts of the UK has been an important driver behind this growth. Natural change has also contributed a sustained positive input into growth over the time period, with net growth of this component rising over the last five years. At an authority level there are notable differences between the dynamics of the three components. Redditch and Worcester stand out in terms of the high levels of growth associated with natural change but negative levels of net internal migration. The other authorities by contrast on the whole show negative or limited growth in natural change but higher levels of in-migration.

- **Ethnic composition**: Worcestershire is not particularly ethnically diverse with less than 5% of its population classified as non-white in the ONS 2007 population estimates, compared with 12% nationally. Redditch is estimated to have the largest minority ethnic concentration at just over 7%, with a large resident Asian population. In contrast, Wychavon has just 3% of its population classified as 'non-white'. Despite these low overall proportions there are concentrations of BME communities in a number of the towns across the County, including for example, Smallwood in Redditch, Lowesmoor in Worcester and parts of Kidderminster for example the Horsefair and Clensmore areas. Seasonal employment in particular in the agricultural sector can also have a more temporary impact in terms of local BME communities, particularly in the more rural areas.

- **Household composition**: DCLG household estimates identify a total of 232,940 households across Worcestershire in 2008. This current total number of households represents a growth of 10,660 over the period 2001 and 2008, equating to 4.8%. This growth was particularly concentrated in Bromsgrove and Wychavon, with Worcester showing the lowest level of growth over this period.

- **Economic activity**: Across the County between 2004 and 2009 unemployment varied considerably. In line with national trends each of the local authorities has seen an uplift in unemployment levels. Redditch has the highest unemployment level at 8.2% with Malvern Hills the lowest at 4.9%. Levels of unemployment in each authority have dropped slightly from a peak in mid 2008.

- **Economic forecasts**: The research has utilised the Labour Market Future Profiles produced by Advantage West Midlands in September 2010. These provide up to date policy-off forecasts for each authority consistently. These forecasts suggest that across Worcestershire total employment will decrease over the period from 2006 to 2031 by around 1% with this driven by significant job losses up to 2010/11. In terms of employment change beyond 2011 however, the projections show a level of growth, almost 11,500 new jobs. Worcester and Bromsgrove are forecast to have the highest levels of employment growth over this period. In contrast Redditch and Wyre Forest are both forecast to see falls in employment as a result of steep job losses up to 2010.

- **Commuting Trends**: There are noted variations in travel to work patterns within Worcestershire, including a clear imbalance in some instances between the number of workers resident in an area compared to jobs, based on 2001 census data. This is most prevalent in Wyre Forest and Bromsgrove (commuting ratios of 1.28 and 1.27). All of the authority areas with the exception of Worcester (0.93) have a net outflow in commuting terms. Key linkages out of the County are with Birmingham, Dudley, County of Herefordshire and the authority area of Stratford on Avon.

5. The Active Market

The final component of evaluating the current housing market requires an understanding of the actual cost of buying or renting a property, and the level of housing need which relates to the ability of households to access different tenures of housing.

The DCLG SHMA guidance (2007) states that understanding house price change is key to understanding the housing market. It represents a direct indicator in relation to the supply and demand balance. For example, at a basic level, where demand is lower than supply the price will fall; where demand is higher than supply, the price will rise. While this formula is a simple formula and in reality house price levels are influenced by a complexity of factors, the economic downturn has illustrated the vulnerability of the dynamics of the market to external factors, including the availability of mortgage finance and the attitudes of lenders.

This section therefore concludes the assessment of the current housing market through a summary assessment of a number of key indicators. This is intended to represent an update to the ongoing monitoring of the active market undertaken through the County Annual SHMA updates.

5.1 The significant changes to the housing market, in terms of property sales and prices, have been well documented over recent years. A wealth of information and publications exist and continue to be produced providing detailed analysis of the operation of the housing market. This section examines a number of key indicators and draws together the evidence to focus on the impact market changes have had on the ability of households to access housing. This is an important area of analysis having implications both for overall market demand but also particularly the assessment of the number of households that are currently in need of affordable housing or will be in the future.

5.2 An overview of the active housing market across Worcestershire is presented within this section. Market performance of different tenures represents a key indicator of the balance between housing demand and housing need.

5.3 Evaluating the active housing market requires an understanding of the actual cost of buying or renting a property and the level of housing need which relates to the ability to access housing. This review of the active market therefore includes a review of the key indicators of market performance for each of the tenures:

- The Owner Occupier Sector – house price analysis, examination of the relative change in house prices and the current housing markets across the County and the Local Authorities including a consideration of more affordable (low cost / lower quartile) elements of market housing as well as a review of mortgage finance to identify the barriers to access for first time buyers;
- Private Rented Sector – examination of rental levels of different components of the private rented sector which forms an important component of the overall housing offer; and
- Affordable Housing Sector – review of the changes in demand as recorded through the waiting list for social rented properties managed by the local authorities and an assessment of current average rental levels.

5.4 The section concludes by drawing together the analysis of the different tenures to assess the functionality of the market in terms of the ability of households to access housing based upon analysis of income and housing costs.

The Owner Occupier Sector

5.5 The following sub-sections analyse the private sector value and sales context by firstly tracking change historically over time before bringing the assessment up to date through consideration of the current housing market.

House Price Trends

5.6 Using DCLG data drawing from Land Registry data the average median house price in Worcestershire is approximately £174,725, compared with a national average of £180,000.

5.7 The following table ranks the Worcestershire local authorities, including the regional average, by the latest median house price recorded by the DCLG. In the context of neighbouring authorities the average price in Worcestershire sits relatively mid-table.

Figure 5.1: Median House Price in Worcestershire compared against neighbouring authorities

Authority	2009 Median House Price	2010 Q4 Median House Price
Cotswold	£250,000	£281,500
Stratford-on-Avon	£211,000	£225,000
Malvern Hills	£193,500	£210,000
Solihull	£187,000	£208,475
Wychavon	£185,000	£205,000
Bromsgrove	£183,750	£199,975
Herefordshire	£175,000	£184,995
Tewkesbury	£172,500	£190,000
South Staffordshire	£169,950	£180,000
Shropshire	£167,500	£166,500
Worcestershire	**£167,000**	**£174,725**
Forest of Dean	£160,000	£169,248
Worcester	£152,500	£160,200
Wyre Forest	£145,000	£145,000
Redditch	£142,500	£150,000
West Midlands	*£142,000*	*£147,000*
Dudley	£130,000	£135,000
Birmingham	£125,000	£132,000

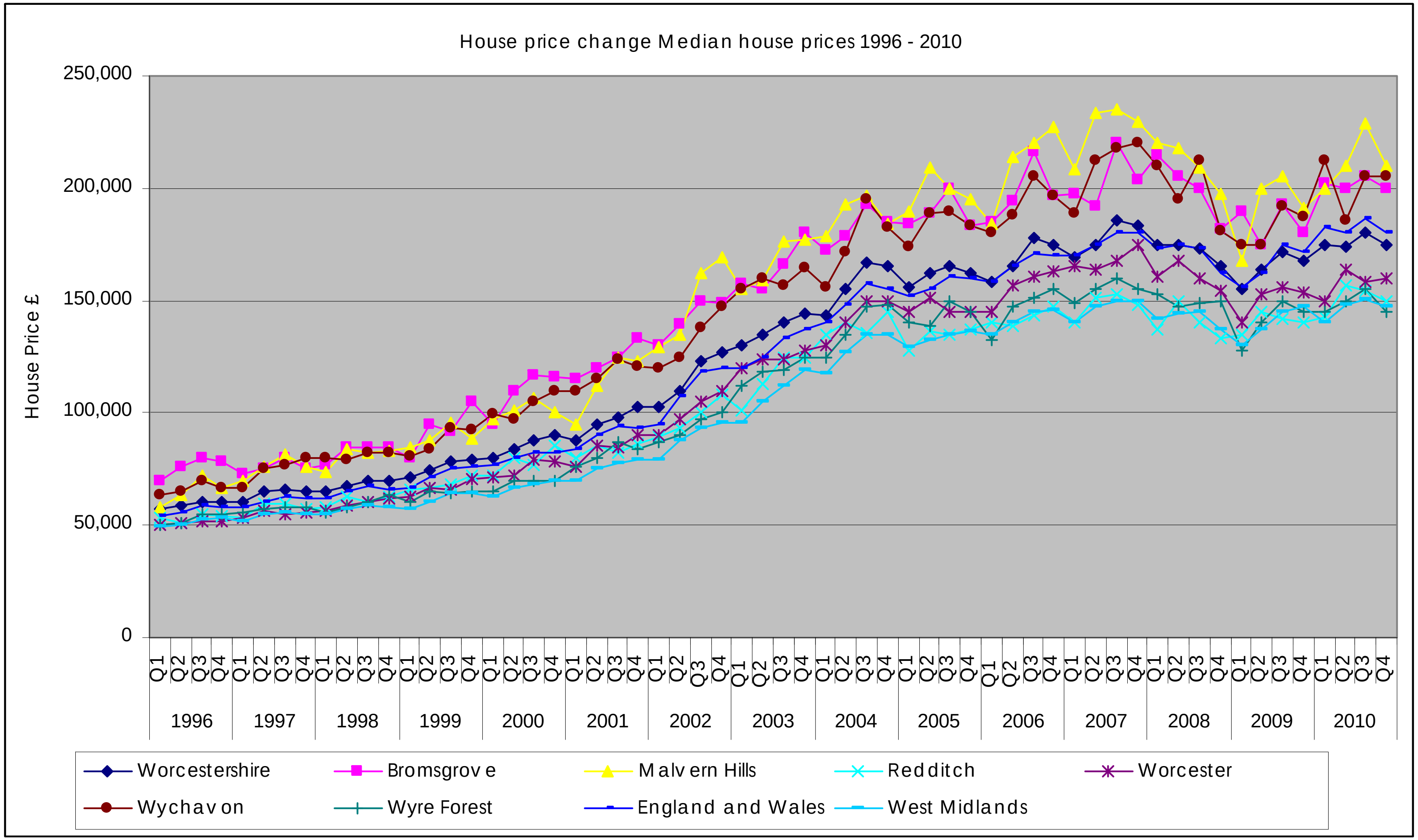
Source: DCLG Live Tables, 2011

5.8 In general terms the table above illustrates that the authorities to the east and west of Worcestershire have higher house prices with the authorities to the north recording lower house prices than Worcestershire. Malvern Hills is third in the table in terms of the 2009 average price, with Wychavon and Bromsgrove also ranked fifth and sixth. By contrast Redditch records an average in 2009 which is only just above the West Midlands with Worcester and Wyre Forest showing only slightly higher average prices.

5.9 Linking these market distinctions to migration movements analysed in the previous section shows that the majority of households have moved between the Worcestershire local authorities, although there is evidence of some households moving to more 'aspirational' markets, such as those within the authorities of Herefordshire, Stratford-on-Avon and South Shropshire.

5.10 House price data has been analysed over the period from 1996 to 2010. The following table illustrates the average house price trend in the authority across this period.

Figure 5.2: Trend in Average House Prices (Median) in Worcestershire (1996 – 2010 Quarterly)

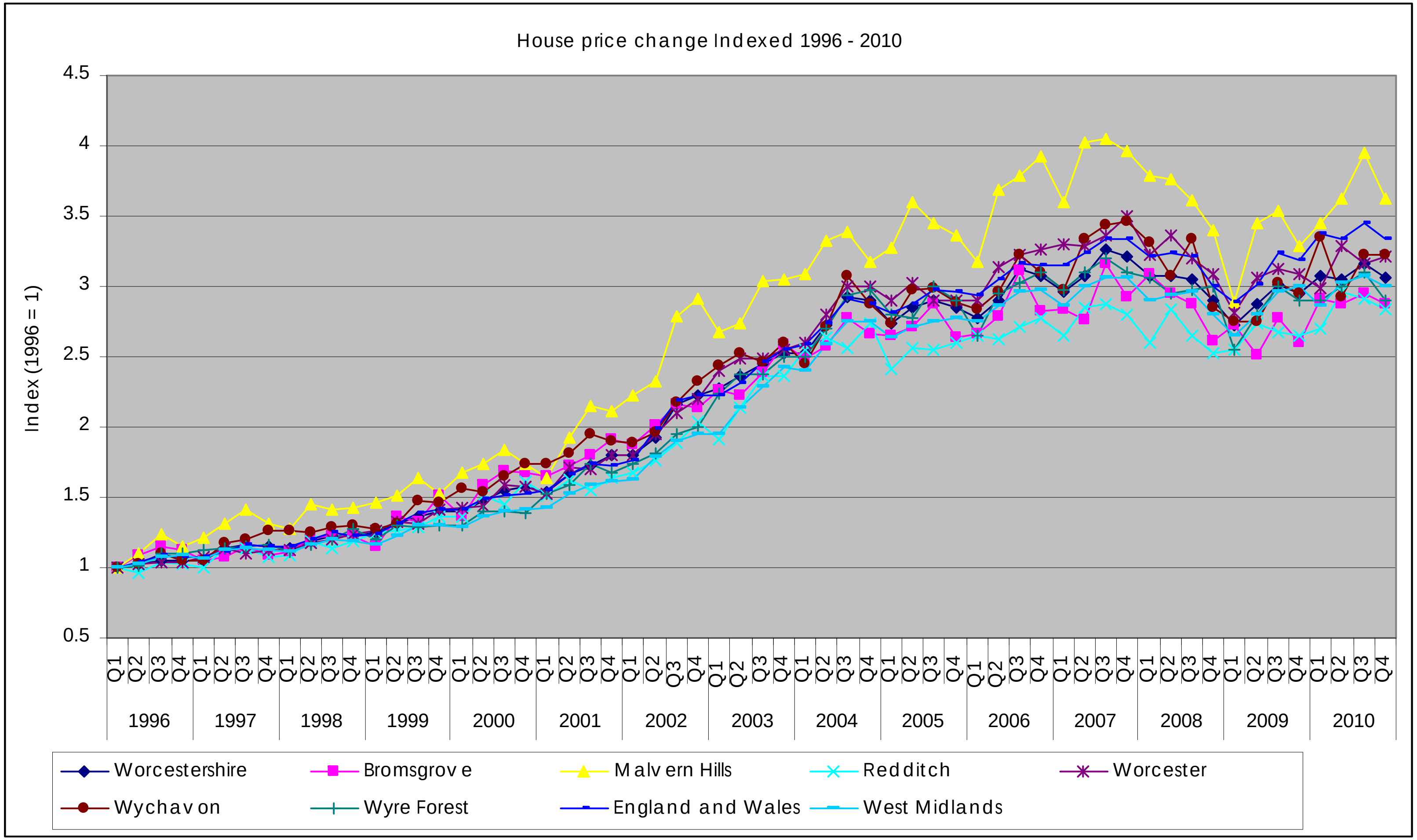


Source: DCLG Live Tables, 2011

5.11 It is evident that the Worcestershire market has consistently outperformed the regional market, and has almost mirrored the national market. Looking at the trends the well documented price growth between 2000 and 2007 is clearly illustrated, with the fall in prices reaching a low in Quarter (Q1) 2009. Since the middle of 2009 house prices in Worcestershire appear to have stabilised, albeit below the national average.

5.12 These price changes are illustrated more clearly when the house price data is indexed, as shown in the following chart.

Figure 5.3: Indexed Average House Prices (Median) in Worcestershire (1996 -2010 Quarterly)

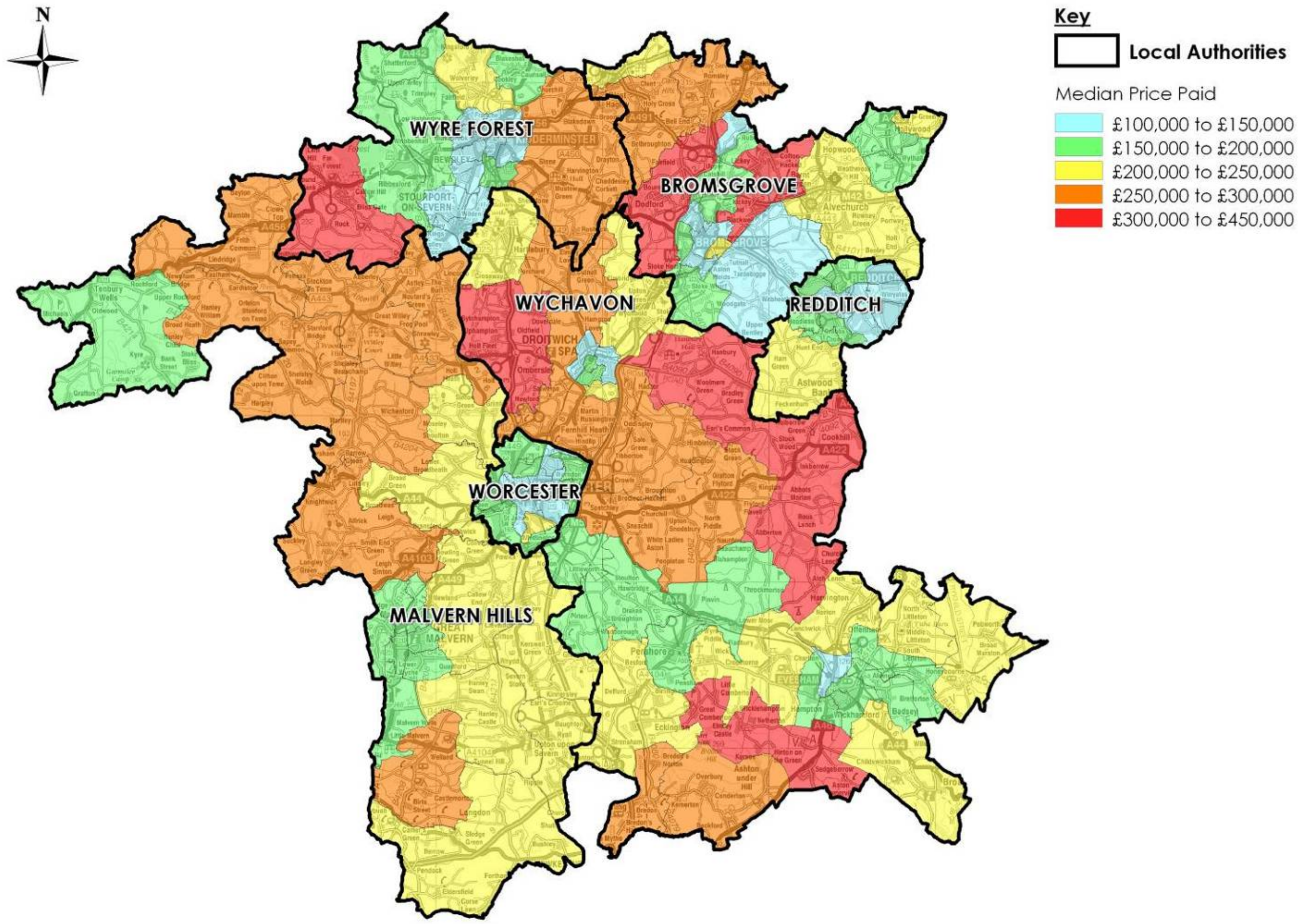


Source: DCLG Live Tables, 2011

5.13 The following plan analyses average house prices calculated from transactions between March 2010 and April 2011 at a ward level. This clearly illustrates the geographic variance across the County between the north and eastern areas and those to the south and west. The areas to the north and east of the County are clearly identifiable as recording considerably higher house prices. The urban areas such as Redditch, Kidderminster and Worcester stand out as having the lowest average house prices, with rural areas showing a more moderate performance.

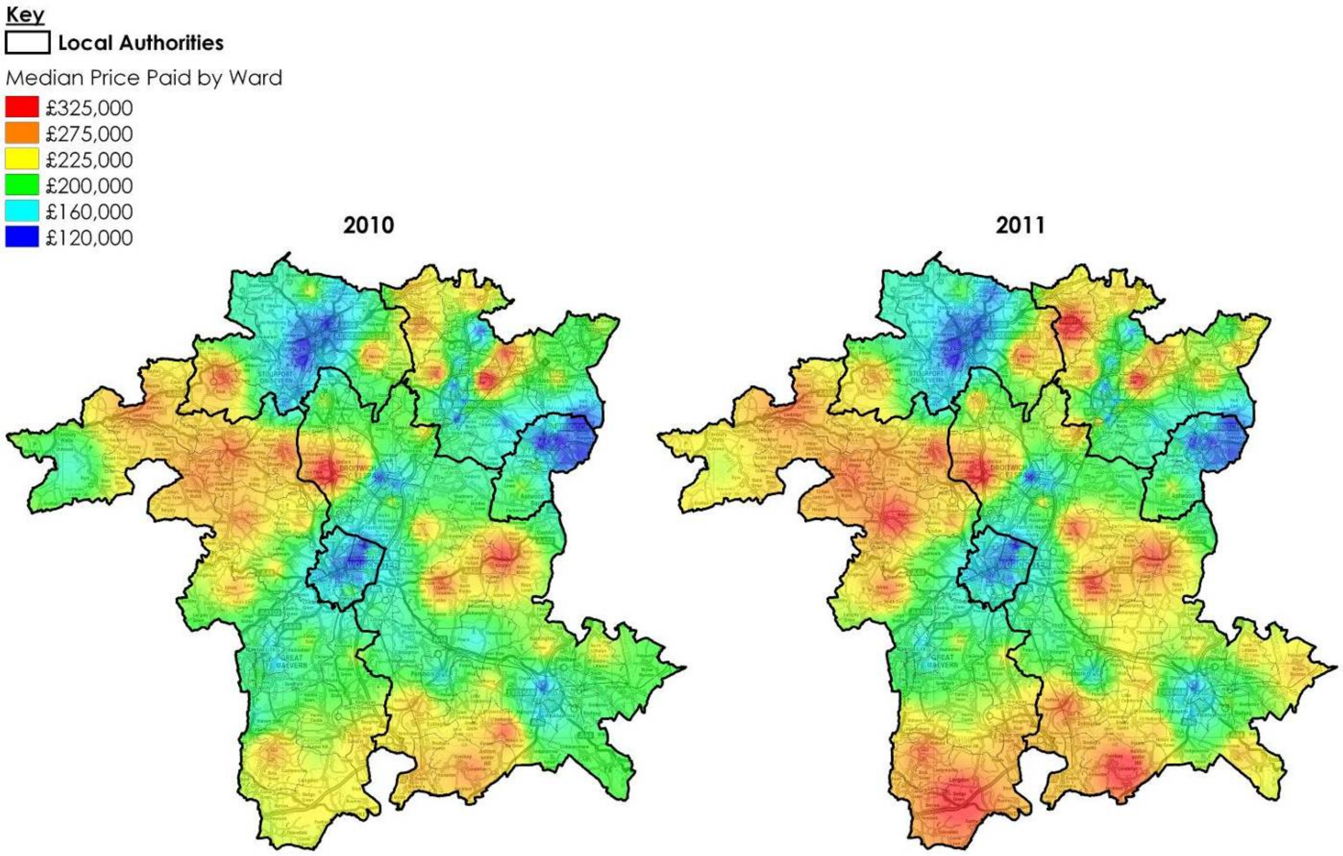
5.14 The plan over the page shows the relative level of change in house prices between 2010 and 2011 at this smaller geographical level. Significantly the plan shows that house prices in the main urban areas across Worcestershire have remained constant, with the rural areas showing greater resilience with prices actually rising in many of these areas over this latest year of data.

Figure 5.4: Spatial Analysis of House Prices 2010/2011



Source: DCLG, 2011

Figure 5.5 – Change in House Prices between 2010 and 2011

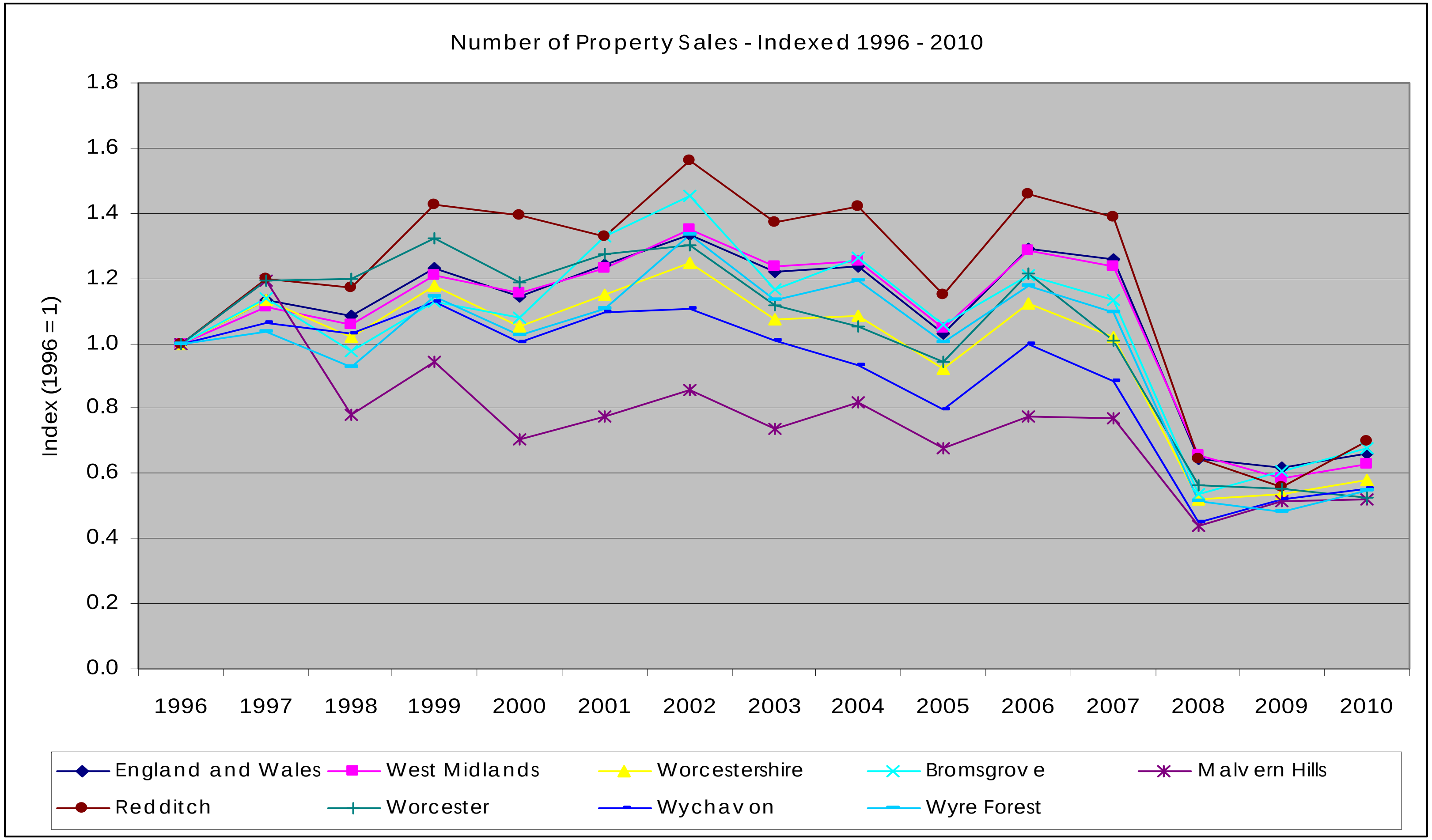


Source: Land Registry, 2011

5.15 The more rural parts of Worcestershire, such as Malvern Hills, stand out in particular as registering an increase in prices over the last year.

5.16 The onset of the economic downturn has also led to a substantial decrease in the number of property transactions. This has an impact on the operation of the market including the ability to match demand with supply. The following chart shows the indexed levels of sales for the Worcestershire local authorities, West Midlands and England.

Figure 5.6: Indexed Levels of Transactions 1996 – 2010



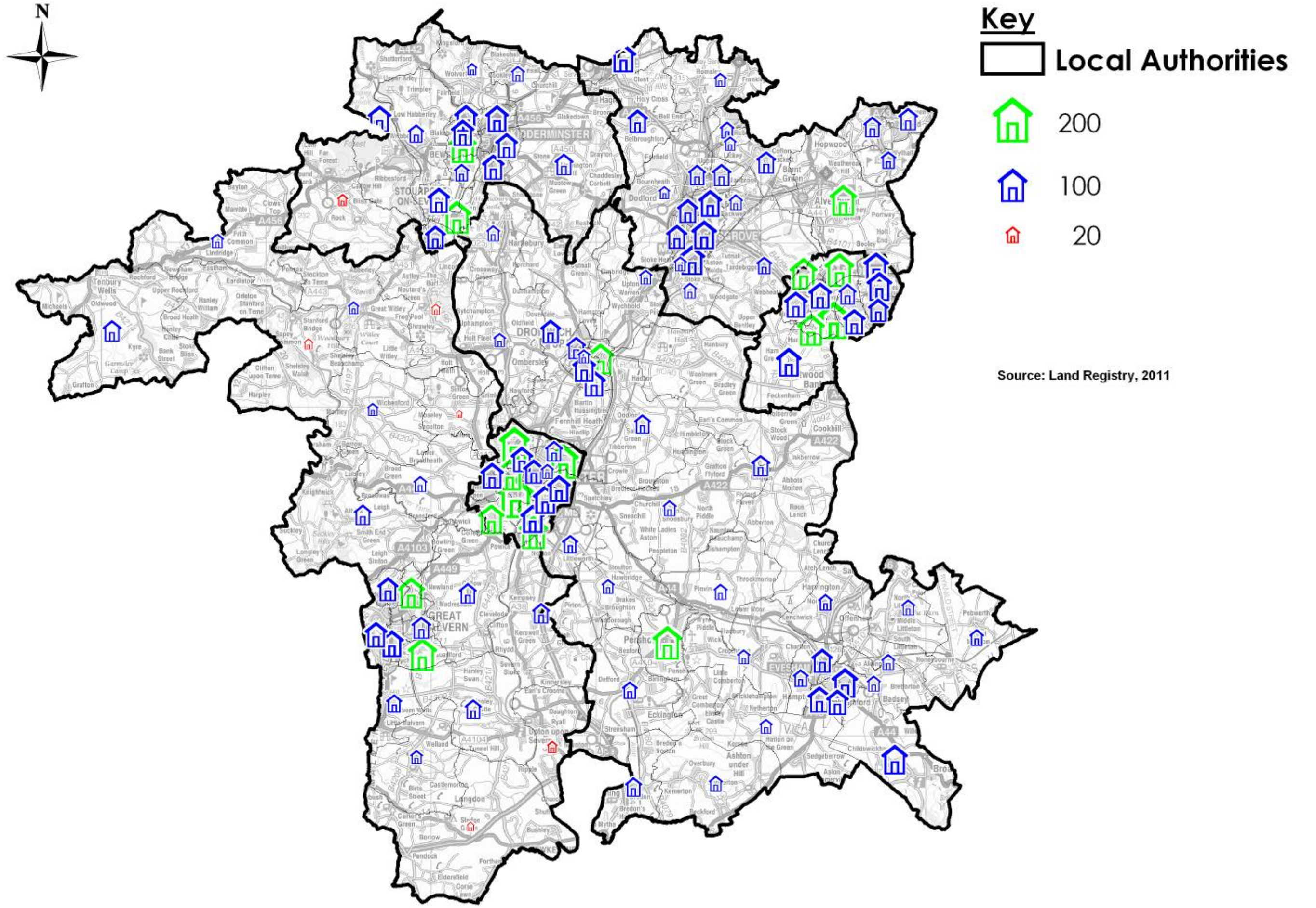
Source: DCLG Live Tables, 2011

5.17 The chart clearly shows the marked fall in transactions from 2007, with little evidence of transactions levels recovering to anywhere near the averages recorded between 2000 and 2007.

5.18 Research (Savills, 2011) shows that current transactions in the West Midlands are 51% of the five year average pre-economic downturn. Malvern Hills is identified as the best performing area in the region in terms of transactions (67%).

5.19 The map over the page provides a more detailed geographical illustration of the levels of sales. Transactions recorded between 2010 and 2011 have been disaggregated to a ward level. The map clearly shows the concentration of sales in the more urban areas, as would be expected given the greater density of properties. Importantly though it also reinforces the low numbers of transactions, with the majority of wards showing between 100 and 200 sales and in the case of rural wards a significant number show less than 100 sales with some showing less than 20 sales.

Figure 5.7: Total Transactions per Ward (2010 – 2011)



Source: Land Registry, 2011

Lower Quartile House Prices

5.20 The DCLG records the lower quartile[28] house prices for each authority across the UK. The DCLG SHMA Guidance (August 2007) recommends that the lower quartile price of properties represents the lower levels of the housing market, and such properties should be considered to be those most likely to be able to be purchased by households on lower incomes or households entering the market for the first time. This, and the use of lower quartile household income data, is explained in more detail later within this section when considering the benchmarking of household access to different housing tenures.

5.21 The table below provides the lower quartile house prices for the Worcestershire local authorities in 2010. It illustrates that there is considerable variance of lower quartile prices across the County. Within the more rural districts, such as Malvern Hills and Wychavon, the lower quartile house prices are considerably higher than those in more urban districts, such as Worcester and Redditch.

Figure 5.8: Lower Quartile House Prices

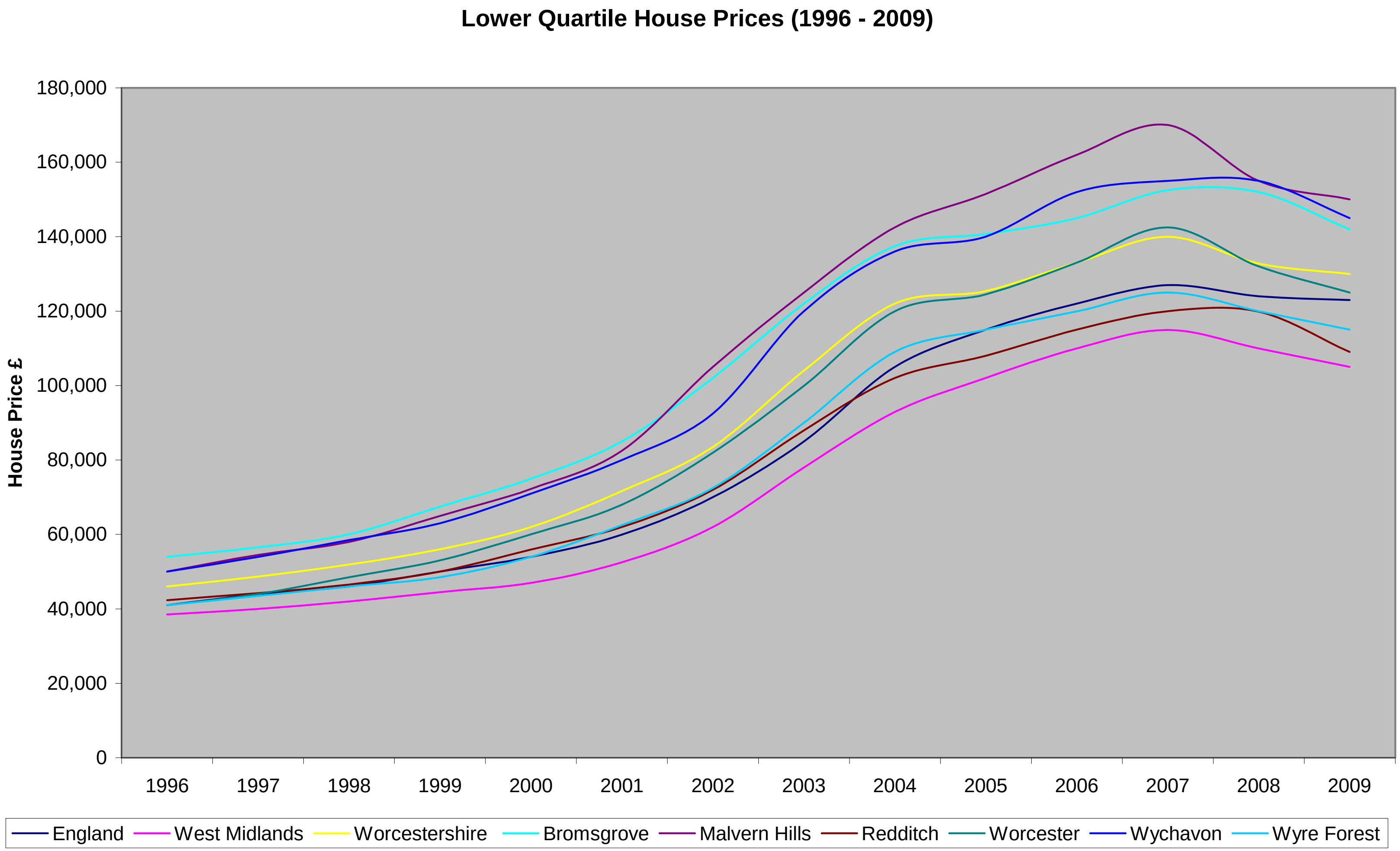
Lower Quartile	All Sales	Detached	Semi Detached	Terraced	Flats
Bromsgrove	£149,238	£235,000	£149,238	£128,000	£95,000
Malvern Hills	£156,500	£225,000	£157,000	£124,500	£92,125
Redditch	£118,000	£185,000	£127,000	£103,000	£73,500
Worcester	£125,000	£189,250	£135,000	£124,999	£82,875
Wychavon	£150,000	£225,000	£151,000	£122,375	£88,550
Wyre Forest	£113,000	£175,000	£121,000	£98,500	£80,250

Source: Land Registry, 2011

5.22 The following chart shows these lower quartile prices between 1996 and 2009. Comparators are included in the form of the West Midlands regional and national levels in order to contextualise the differing performance.

[28] Lower quartile represents the 25th percentile. Therefore 25% of the data in the set falls below this level.

Figure 5.9: Lower Quartile House Prices 1996 – 2009



Source: DCLG Live Tables, 2011

5.23 It is clear that in line with the wider housing trends identified above the lower quartile price for housing in Worcestershire sits above the regional average. Interestingly though the impact of the housing crash appears to have impacted on this element of the market more severely in Malvern Hills with a considerably sharper drop in value from 2007 than the trends recorded for the other Worcestershire local authorities, the regional and national level.

5.24 The plan overleaf illustrates the geographical distribution of lower quartile prices across the County using data sourced from Land Registry. The plan shows hot and cold areas using lower quartile average prices across the County as a benchmark in 2010 and 2011.

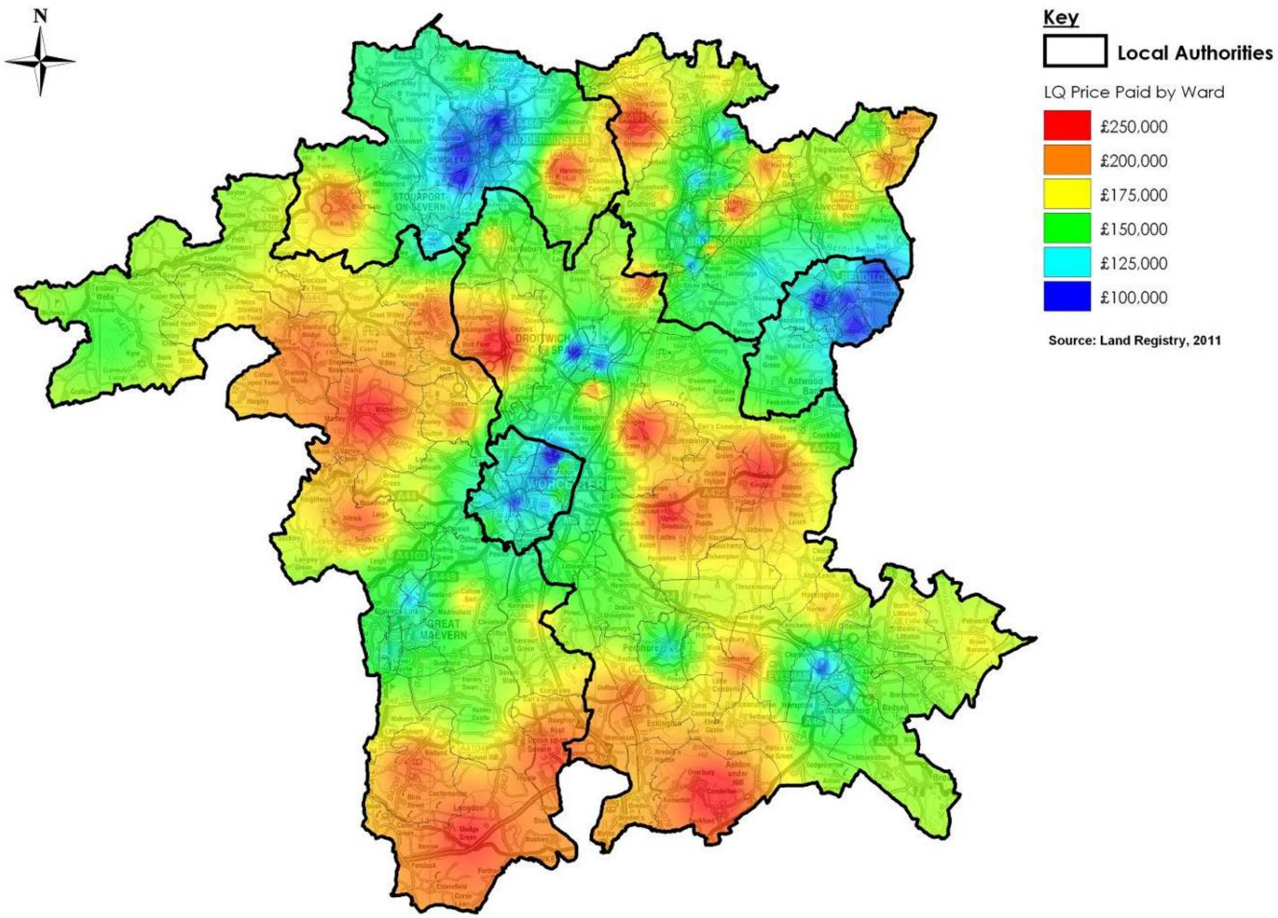
5.25 This plan shows the considerable variance of lower quartile prices across the County. Within the urban areas, such as Redditch, Kidderminster and Worcester the majority of postcodes have a lower quartile house price below £100,000. By contrast the higher performing market areas, particularly in the south and west are dominated by postcode areas with lower quartile prices of around £200,000 or above. Indeed these market areas have seen lower quartile prices rise notably over the last year, with the stronger market areas seeing a relative recovery in this part of the wider market.

5.26 As with the overall house price analysis the levels of transactions represents an important consideration. A further map is provided showing the numbers of sales of properties classed as being in the lower quartile for each authority.

5.27 This map clearly shows the concentration of sales of 'cheaper' properties in the more urban markets. When contrasted with all sales this trend is even more defined. This has an important bearing on the operation of markets in the more rural areas, with the very low numbers of sales of comparatively affordable market properties posing a problem for many first time buyers or low income households to gain entry into this tenure.

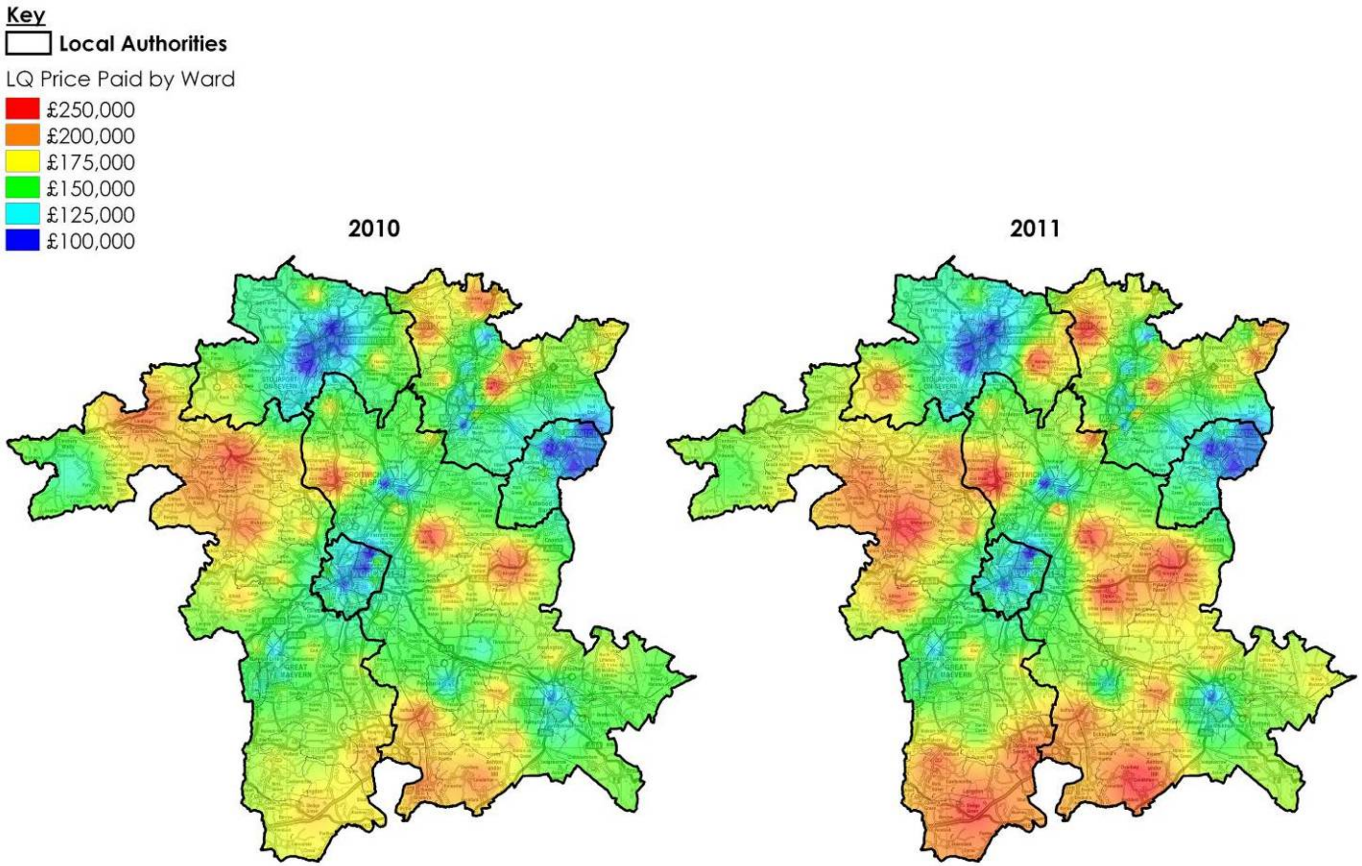
5.28 The analysis of this segment of the market represents an important consideration in assessing affordability pressures in different parts of the County.

Figure 5.10: Geographical Distribution of Lower Quartile House Prices



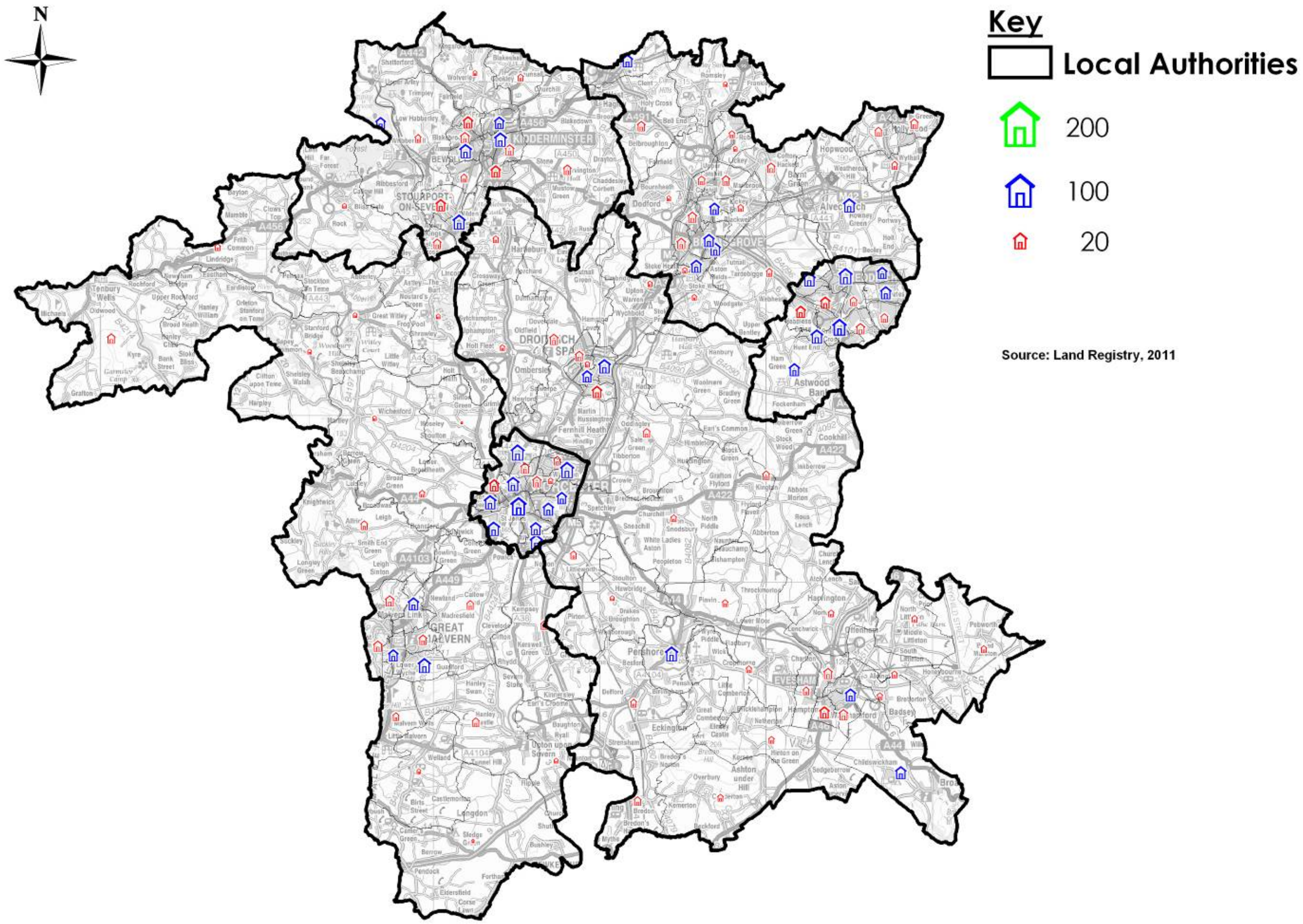
Source: Land Registry, 2011

Figure 5.11: Lower Quartile Price Paid by Ward 2009/10 – 2010/11



Source: Land Registry, 2011

Figure 5.12: Transactions per Ward below LQ Price (2010 – 2011)



Source: Land Registry, 2011

Considering the views of Local Estate agents active in the market

5.29 In order to gain a deeper understanding of the current operation of the housing market in each of the Local Authorities across Worcestershire a number of telephone interviews were conducted with local estate agents. The following agents were consulted as part of this research during the summer of 2011:

- Adams and Creed, Bromsgrove;
- Alan Morris, Droitwich;
- Allan Morris, Redditch;
- Andrew Grant, Bromsgrove;
- Andrew Grant, Pershore;
- Andrew Grant, Worcester;
- Denny and Salmond, Malvern;
- Halls; Kidderminster.
- Halls, Worcester;
- Jeremy and Co, Redditch;
- John Sanders, Worcester;
- Reeds Rains, Evesham;
- Robert Oulsnam, Droitwich; and
- Robert Oulsnam, Reddich;

Worcestershire

5.30 Worcestershire's housing market has mirrored national trends with a fall in sales transactions with a simultaneous rise in lettings (an issue examined in more detail under the private-rented sector). There have been growing levels of demand within the sales market. There has, however, continued to be a gulf between buyers and sellers expectations on price. More recently, however, there have been signs that this situation is beginning to redress itself with a slight increase in sales transactions. Agents have attributed this to increasingly pragmatic sellers who are becoming more realistic about price and are willing to accept a reasonable offer.

5.31 Throughout Worcestershire there are few first time buyers due to their inability to access mortgage finance. Therefore most demand stems from growing and relocating families and older people seeking to retire in the area. In particular commuters to Birmingham, Cheltenham, Oxford and London are a key driver of the sales market.

5.32 There are local variations in the sales market, with Redditch and Bromsgrove providing family accommodation in the form of modern housing estates and Malvern Hills and Wyre Forest providing larger and more expensive homes for retired individuals and commuters. In addition demand in Worcester is increasingly being driven by buy to let landlords seeking to benefit from the city's growing higher education sector.

5.33 Some of these trends are considered in greater detail for each authority below.

Redditch Borough Council

5.34 Redditch has enjoyed steady sales over the last few years with a slight increase in the last 2/3 months. As with other parts of the County the first time buyer market has been quiet over recent years with the majority of demand for family homes priced around £250,000. There is also a noticeable number of older people in the market looking to downsize, typically to 3 bedroom houses and bungalows. The agents suggested that around 40% of buyers are commuters with a growing number commuting to London rather than just local markets. Agents have noted that due to the reasonably priced property in Redditch properties are attractive to purchasers from outside the area compared to other parts of the County. Redditch is characterised by large housing estates which remain popular, especially with families. It was noted however that in the authority new build properties attract a premium and are particularly sought after. It was also recognised that the market varies in terms of different parts of the urban area and the rural parts of the authority.

Worcester City Council

5.35 As with other parts of the County there has been some indications of a recovery in transactions over the last twelve months. Due to its proximity to Birmingham the agents noted the importance of the commuting market with demand driven, particularly in the more rural areas, by people looking to live in Worcester but work in Birmingham. This has meant that the higher priced elements of the market have been performing more strongly.

Malvern Hills District Council

5.36 Malvern Hills has demonstrated similar trends to other parts of the County with no real distinct market drivers or trends highlighted through agent consultation process. The rural nature of large parts of the authority obviously shape levels of transactions and with these areas often containing a higher proportion of larger higher value properties these have continued to prove popular from people moving within the County and from those looking to buy into the area.

Bromsgrove District Council

5.37 Again Bromsgrove's market is driven by its commuting links with Birmingham in particular. The rural areas remain in demand particularly amongst young families seeking larger, four bedroom plus detached properties with strong transport links. It was noted that as with parts of Redditch, the town of Bromsgrove itself had a distinct housing market driven by large number of traditional small to medium properties on the large housing estates which define large parts of the town.

Wychavon District Council

5.38 Droitwich has experienced slow sales for over 12 months, in part linked to a notable reduction in the numbers of properties coming on to the market. The smaller properties which are located in town are the most popular housing type. The high levels of commuters have been noted by sales and lettings agents, with many people working in Birmingham and Cheltenham.

5.39 Pershore's residential market is stabilising but demand is dependent on type, size and location with 3 and 4 bedroom detached properties in Pershore in demand and older properties in demand in the more rural areas. Sellers need to be realistic about sales values, with properties in the £250,000 to £300,000 range remaining particularly popular. These properties, however, are in short supply. Due to the high number of people retiring in Pershore there is also a high demand for bungalows. Due to good transport connections there are a high proportion of commuters in the area, who travel to work in Birmingham, Cheltenham, Oxford and Paddington.

Wyre Forest District Council

5.40 In Kidderminster there are high volumes of individuals seeking to purchase but this is failing to translate into transactions. Consequently agents have reported that the market has slowed, after a busy period in April and May. It was considered that this slowing reflected seasonal trends and agents anticipate the market to pick up again towards the end of the summer. Sales values have continued to fall but this trend has been somewhat avoided in the more rural areas due to the high number of commuters which live in the outlying villages.

Private Rented Sector

5.41 Nationally the private rented sector has undergone a period of significant expansion over recent years and now plays an important role in the operation of the wider market offering an alternative to owner-occupation and the social rented sector.

5.42 Within Worcestershire, as the analysis in section 3 presented, the private rental market is particularly complex. Worcester, has seen significant growth in the number of apartments built in the city centre since 2001. Agent consultations suggest this has created a new private rental market attracting a range of different occupiers.

5.43 The student market, focussed within the area of St Johns, but also increasingly within Worcester city centre, represents a completely different component of the private rental market with high levels of demand for property continuing to sustain high rental prices.

5.44 These trends are examined in more detail using secondary data and a process of interviews with key stakeholders in this sub-section.

5.45 At a headline level the following table presents the average rental levels across Worcestershire, using data collected from rightmove.co.uk (2011)[29]. This table shows a range of different rental indicators by bedroom size, with the median rental level compared to a 30%, 80% level (an important link to the affordable rent product) and upper quartile levels.

Figure 5.13: Worcestershire average private rental levels

	Monthly rent		
	1 bedroom	2 bedroom	3 bedroom
Private – Median	**£459**	**£576**	**£680**
Private - 30th Percentile	£443	£558	£665
Private - 80% Median	£368	£461	£544
Private - Upper Quartile	£481	£593	£695

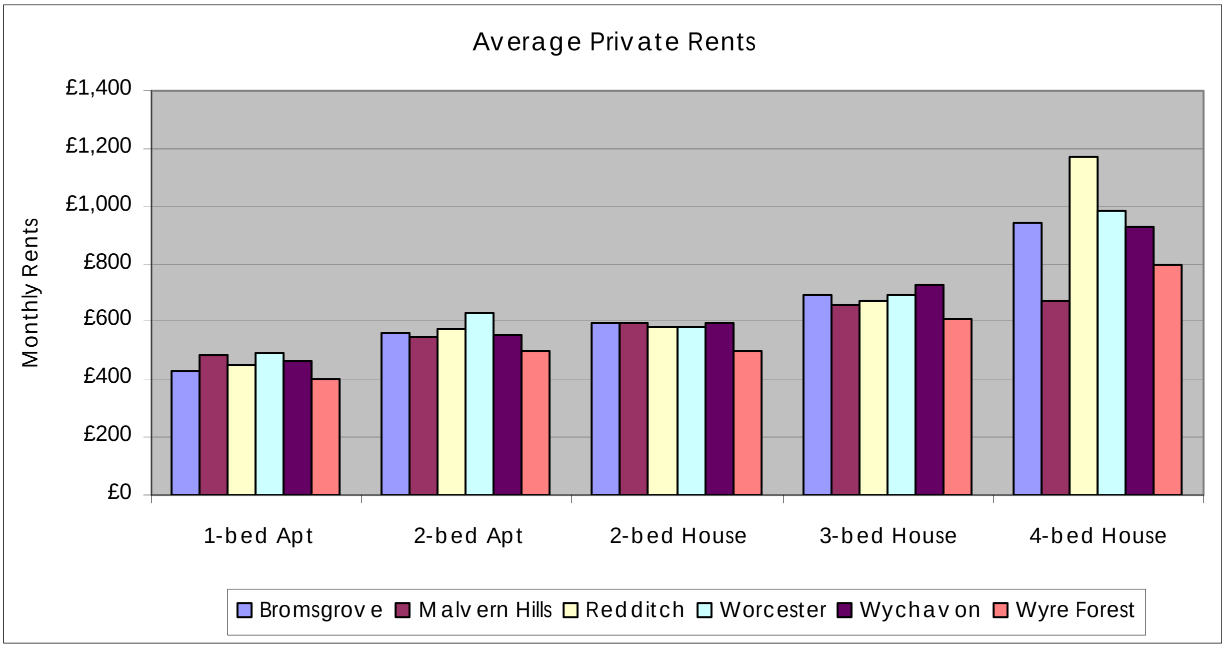
Source: Rightmove.co.uk, 2011

5.46 The following table and chart show the average rents for each authority broken down by property size.

[29] A total of 615 private rental adverts were analysed.

Figure 5.14: Average Rental Monthly Prices by Property Size

Authority	Average Rent				
	1-bed Apt	2-bed Apt	2-bed House	3-bed House	4-bed House
Bromsgrove	£433	£563	£593	£690	£941
Malvern Hills	£485	£547	£595	£660	£675
Redditch	£453	£573	£580	£669	£1,173
Worcester	£493	£632	£583	£696	£987
Wychavon	£466	£556	£597	£730	£929
Wyre Forest	£400	£499	£501	£608	£795



Source: Rightmove.co.uk, 2011

5.47 It is clear that there is a relatively strong consistency across authorities in terms of rental levels. Worcester records a stronger market for smaller properties, in particular 2-bed properties. The Wyre Forest consistently records a lower monthly rental level across all property types.

5.48 There is greater variance for larger properties although it is important to recognise that this is based on a considerably lower sample of advertised properties.

5.49 The 'Worcestershire Housing Strategy' (2011) highlights that reliance on the private rental sector is growing because of limitations in social housing supply, and because first-time buyers cannot afford owner occupation until much later now. In addition, the increased demand for student accommodation in this sector, particularly as a result of the expansion of the University of Worcester, could limit access to rented accommodation to meet general housing needs. These issues are explored in a little more detail through the findings of consultations with agents active in the market (the full list of agents consulted is shown in the owner-occupier sub-section above).

Considering the views of agents active in the market

5.50 Agents across Worcestershire noted that as a result of the inability of many potential purchasers to access the sales market in the current economic climate, the lettings market is extremely buoyant across most of the larger settlements within the County. Would be first time buyers in particular are being forced to rent properties as a result of stringent mortgage requirements including the size of deposit required.

5.51 Another significant County wide trend highlighted was that the lettings market is restricted by the lack of available property due to both the withdrawal of the buy to let investor from the market and the growing trend for people to remain within their rental property for increasing amounts of time. In particular agents have noted a lack of 2/3 bed houses, which linked to affordability issues and the nature of the households seeking property are the most popular property type.

5.52 Within Worcester the agents noted that the University of Worcester has changed the market in recent years with increased demand from buy to let landlords which seek to cater for the student market. Overall across Worcester the lettings market is performing well with increasing demand. Within Worcester the absence of available supply was noted as being further compounded by the declining numbers of forced landlords who are beginning to move their property on to the sales market. The market remains very price sensitive and rental levels are a determining factor in whether a property is let.

5.53 Agents in Malvern Hills identified that the rental market in the area was coming under increasing pressure not only from first time buyers priced out of the market in the authority but also from an increasing number of households relocating into the authority. Rental demand for houses is particular strong and is likely to reflect a desire for couples and families to settle in the area but who are waiting until prices re-align themselves and for the sale market to provide greater choice. The agents noted that there is a need throughout the district for more rental properties as demand continues to outstrip supply.

5.54 Within Bromsgrove the lettings market remains buoyant with 3 bedroom houses with gardens being in particular demand. Flats are less popular and there is a high turnover rate associated with this property type. There is high demand throughout Bromsgrove and areas close to transport hubs are always popular.

5.55 Agents suggested that the market in Wychavon needs to be considered in terms of the individual settlements, given the geographical distance between them and the different market links with adjacent areas. In terms of rental activity agents suggested that the lettings market had slowed down in Droitwich over the last 12 months. This was linked to the increasing numbers of potential tenants choosing to remain living with their parents until they have saved for a deposit and the trend for tenants to remain within their current rental property for longer periods of time. Rents remain stable however for those properties which are in demand (1/2/3 bedroom houses), although are falling slightly in less popular housing types (flats). Demand is considered likely to pick up given the high levels of commuters to Birmingham and Cheltenham who are looking in the area, many of which are unable to purchase. In Evesham it was noted that the supply of rental properties had started to grow as a result of investors purchasing competitively priced properties. The rental market in Evesham was noted as being comparatively strong again with a healthy level of demand from would be first time buyers.

5.56 Within Pershore the lettings market is performing well, with all property types in demand.

5.57 In the Wyre Forest Agents noted that there was a high demand for rental properties in Kidderminster in particular but overall rental transactions are relatively low, although demand is considered likely to pick up as a result of pressures not only from would be first time buyers in the authority but those looking to settle in the area and commute to the larger urban areas.

Social Rented Sector / Affordable Housing

5.58 The social rented sector by its nature operates differently from both of the market tenures examined in this section. The tenure is intended to serve those households whose household financial circumstances prevent access to other tenures. At the time of the publication of this research the Government is in the process of transforming the way in which the tenure operates in terms of rental levels and the allocation process for households. The delivery of new policy directives will fundamentally impact on the role of the tenure in relation to, in particular, the private rented sector and this will need to be considered as the research is monitored and updated in the future.

5.59 Given the current policy transition in this area the latest data is used to inform the SHMA analysis which reflects the operation of the tenure under previous Government policy.

5.60 Average weekly rents in registered social landlord managed housing over the period from 2000 is shown in the following figure. This clearly illustrates that to date rental levels in social housing have been maintained significantly below market rents.

Figure 5.15: RSL and Local Authority Average Weekly Rents in Worcestershire

	Worcestershire - Average weekly rents - Local Authority / RSL										
	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011
Local authority rent[30]	£42	£45	£47	£49	£50	£52	£55	£58	£60	£62	£63
RSL Rent	£47	£49	£54	£53	£53	£57	£60	£63	£66	£70	-

Source: DCLG Live Tables, 2011

5.61 Average weekly rents across the social rented sector shows a rental level of approximately £67 per week in 2010/11 on average across Worcestershire.

5.62 The Regulatory and Statistical Return Dataset 'Guide to Local Rents II' (2011) provides another useful source of rental information for different sizes of property managed by social housing providers. The table below displays the average social gross rents for 1 - 5 bedroom properties across each authority. Three bedroom properties can be used to represent an important indicator of the affordability of family housing.

Figure 5.16: RSR Social Rents – 3-bedroom properties

		RSR Social Rents (2011)					
Property Size	Rental Period	Bromsgrove	Malvern Hills	Redditch	Worcester City	Wychavon	Wyre Forest
1 Bedroom	Weekly	£64	£71	£78	£65	£68	£69
	Monthly	£275	£306	£339	£282	£293	£298
2 Bedrooms	Weekly	£74	£79	£78	£74	£78	£75
	Monthly	£319	£342	£339	£319	£337	£326
3 Bedrooms	Weekly	£80	£88	£85	£77	£85	£78
	Monthly	£346	£383	£369	£332	£369	£338
4 Bedrooms	Weekly	£87	£99	£96	£88	£91	£83
	Monthly	£379	£431	£417	£381	£394	£361
5 Bedrooms	Weekly	£87	N/A	£96	N/A	£116	£87
	Monthly	£379	N/A	£417	N/A	£505	£375

Source: RSR 'Guide to Local Rents Part II', 2011

[30] Note: LA rents only relate to Redditch as Redditch is the only authority with LA owned stock

5.63 As would be expected there is a high level of consistency in rental levels across the authorities. These rental levels are used at the end of this section to benchmark affordability into different tenures.

Social Lettings

5.64 In total, there were 2,122 social lettings to households on the waiting list across Worcestershire in the last year (dating from July 2010 – July 2011). The following figure illustrates this broken down to each local authority and by size (number of bedrooms).

Figure 5.17: Social Lettings by Number of Bedrooms (July 2010 – July 2011)

	Authority					
Lettings (Bedrooms)	**Bromsgrove**	**Malvern Hills**	**Redditch**	**Worcester**	**Wychavon**	**Wyre Forest**
0/1 Bedroom	48%	46%	57%	51%	49%	48%
2 Bedrooms	36%	37%	27%	32%	35%	35%
3 Bedrooms	14%	17%	14%	16%	16%	16%
4+ Bedrooms	2%	1%	1%	1%	1%	1%
Total Lettings	**309**	**291**	**574**	**512**	**484**	**526**

Source: Local Authority Waiting List data, July 2011

Social Housing Waiting Lists

5.65 While rental levels in this tenure provide a poor indicator of demand given their central fixing, the number of households recording requirements for properties through the waiting list provides a more informative position. As of July 2011 there were 23,719 households registered as awaiting affordable housing across Worcestershire on local authorities' waiting lists[31]. When this is compared to the annual level of lettings considered in Figure 5.17, this provides a more representative indicator of the current imbalance between affordable housing needs and affordable housing supply across Worcestershire (this is considered further in section 7).

5.66 The following table illustrates how the waiting list for affordable housing is broken down by individual authority. For reference the total number of households in the authority is shown in order to work out the proportion of households on the list.

[31] Note: Redditch waiting list figures correct as at September 2011.

Figure 5.18: Households on the Waiting List

Authority	DCLG Households 2011	Total Waiting List (July 2011)	Proportion of Total Households (2011)
Bromsgrove	38,692	3,324	9%
Malvern Hills	32,515	2,285	7%
Redditch	33,646	3,598	11%
Worcester	40,997	4,501	11%
Wychavon	50,685	4,801	9%
Wyre Forest	43,321	5,210	12%

Source: Local Authority Waiting List data, July 2011

5.67 The waiting list data allows for a greater level of analysis to be undertaken. The following table shows the proportion of households on each authority's waiting list broken down by their current tenure (e.g. social rented, owner occupied, private rented).

Figure 5.19: Households on the Waiting List by Tenure

Authority	Households on the Waiting List - Current Tenure Distribution					
	Owner-occupied	Social Rent	Private Rent	Sharing / Lodging	Other / Not Specified	Total
Bromsgrove	11%	29%	21%	7%	32%	100%
Malvern Hills	7%	36%	23%	6%	28%	100%
Redditch	8%	36%	22%	30%	5%	100%
Worcester	5%	29%	24%	13%	28%	100%
Wychavon	7%	23%	16%	6%	48%	100%
Wyre Forest	12%	26%	22%	6%	33%	100%

Source: Local Authority Waiting List data, 2011

5.68 This illustrates the pressures on households in market tenures currently, with a relatively high demand from other tenures, in particular the private rented tenure. The waiting list has also been broken down by the household type. The waiting list data demonstrates that the household group most frequently requiring affordable housing are family households, followed by single person households. Couple and 'other' households appear to be placing the lowest level of pressure on affordable housing. This is illustrated by authority in the following table.

Figure 5.20: Households on the Waiting List by Household Type[32]

Authority	Households on the Waiting List - Current Household Type					
	Couple	Family	Other	Pensioner	Single	Total
Bromsgrove	8%	42%	5%	15%	30%	100%
Malvern Hills	11%	37%	3%	15%	33%	100%
Worcester	9%	42%	1%	9%	39%	100%
Wychavon	10%	35%	3%	16%	36%	100%
Wyre Forest	9%	38%	0%	22%	31%	100%

Source: Local Authority Waiting List data, 2011

Identifying Significant Housing Need

5.69 Bromsgrove District Council, Malvern Hills District Council, Worcester City Council, Wychavon District Council, and Wyre Forest District Council (together with Stratford-on-Avon District Council) have developed a new allocation and lettings service for social housing called 'Home Choice Plus'. This utilises a banding system which sub-divides households registering on the waiting list into priority 'bands' based on the level of urgency in their need for social housing. The banding structure is presented in the following figure:

Figure 5.21: Home Choice Plus Banding Structure

Band	
Priority	Applicants who are statutorily homeless
Gold Plus	Local connection and high housing need
Gold	Local connection and housing need
Silver Plus	No local connection and high housing need
Silver	No local connection and housing need
Bronze Plus	Local connection and low housing need
Bronze	No local connection and low housing need

Source: Home Choice Plus Allocation Policy (2010)

5.70 Redditch Borough Council now operates a 'Home Choice' Based Lettings System with regards to the allocation of social housing stock. This utilises a priority banding system

[32] Note: comparable data is not recorded within Redditch

which distinguishes between applicants' levels of priority, as illustrated in the following figure:

Figure 5.22: Redditch Borough Council Banding Structure

Band	Housing Need Streams
Priority	People entitled to reasonable preference on a cumulative basis
Gold	People entitled to additional preference (being persons with urgent housing needs
Silver	People with entitlement to reasonable preference on single, non urgent basis
Bronze	People with no entitlement to reasonable preference

Source: Redditch Borough Council Allocations Policy (2009)

5.71 While the analysis above considers all households who have put themselves forward to be allocated social rented properties, it is important to break this headline demand down to understand the number of these households which are considered as being in 'significant need'. Waiting lists tend to overestimate demand as households put themselves forward when their level of 'need' for affordable housing is not actually that severe. For example, households may put themselves forward for inclusion as a form of insurance in case their circumstances change and are therefore clearly not currently in 'need' in a priority or significant sense.

5.72 Guidance from the authorities suggests that the following waiting list bands represent those in priority or significant need for housing or re-housing[33]:

- Priority
- Gold or Gold Plus
- Silver or Silver Plus

5.73 As recognised above whilst the above list is considered to best represent those households in significant need other categories include households with lower levels of housing need. Indeed information supplied by the authorities indicates that a proportion of harder to let properties are, on an annual basis, let to households in the Bronze Plus or Bronze categories.

[33] Note: This represents a more stringent approach to calculating the number of households currently in affordable housing need than the approach undertaken in the previous 2009/10 monitoring report. The previous assessment took a wider definition of need to incorporate a portion of households within the Bronze Plus and Bronze bands within districts operating Home Choice Plus. Within Redditch the definition was much tighter, included households in the Gold or Silver bandings with 30 or more points.

5.74 The following table shows this breakdown of households on the waiting list classified as in 'significant need' and the proportion this makes up of the whole waiting list. Again the total number of households in the authority is used to provide a comparable proportion of the number of households in need.

Figure 5.23: Households on the Waiting List classified as in Significant Need

Households on Waiting List classified as in 'Significant Need' of Affordable Housing							
Households	**Bromsgrove**	**Malvern Hills**	**Redditch**	**Worcester City**	**Wychavon**	**Wyre Forest**	**Worcestershire**
Households in 'Significant Need'	499	479	929	1,061	1,153	986	**5,107**
Proportion of Total Waiting List (Authority)	15.0%	21.0%	25.8%	23.6%	24.0%	18.9%	21.5%
Proportion of Total Number of Households (Authority)	1.3%	1.5%	2.8%	2.6%	2.3%	2.3%	2.1%

Source: Local Authority Waiting List data, 2011

5.75 It is evident from the table above that across Worcestershire there are a total of 5,107 households categorised as having a significant level of need for affordable housing[34]. While this is clearly a reduced overall quantum of households – comprising 22% of households on the waiting list - it is also evident that there is a substantial level of demand for affordable properties. This high level of demand is directly influenced by the operation of other tenures. The relative mobility between tenures is key to a functional housing market. Blockages, associated for example with affordability issues, represent a challenge that unless overcome will continue to sustain imbalances in housing markets leading to market vulnerability and wider socio-economic issues. This is considered in greater detail in the final element of the analysis presented in this section and closely links to the findings in section 7.

[34] Note: This total includes households that are classified statutory homeless and/or in temporary accommodation and requiring housing, new registrations and existing tenants requesting transfer.

Access to Housing

5.76 The operation of the active housing market is dependant upon households being able to move both within and between tenures. The ability of households to exercise choice and realise their aspirations for moving is predicated upon the relationship between both the active market elements assessed above but also income and importantly the availability of finance.

5.77 These factors are considered in this sub-section with the analysis concluding with an assessment of affordability benchmarking both at an authority level but also importantly through a spatial mapping exercise using standard ratios between house prices and incomes.

5.78 As by way of context the 2007 SHMA and subsequent updates continued to highlight the acute affordability issues facing the County, particularly in the more rural parts of the area where there are high property prices due to increased in-migration pressures and a reduction in supply. Those on lower incomes, or locally employed are being increasingly excluded from the market. This in turn places increasing pressure on both the private rented and social rented market as noted in the analysis above. The number of households on the waiting list shows that the reality of this position is likely to have remained the same, despite falls in property prices over recent years. Key drivers behind this include rising levels of unemployment and economic inactivity, as evidenced in section 4, and the mortgage market, this is considered in more detail below.

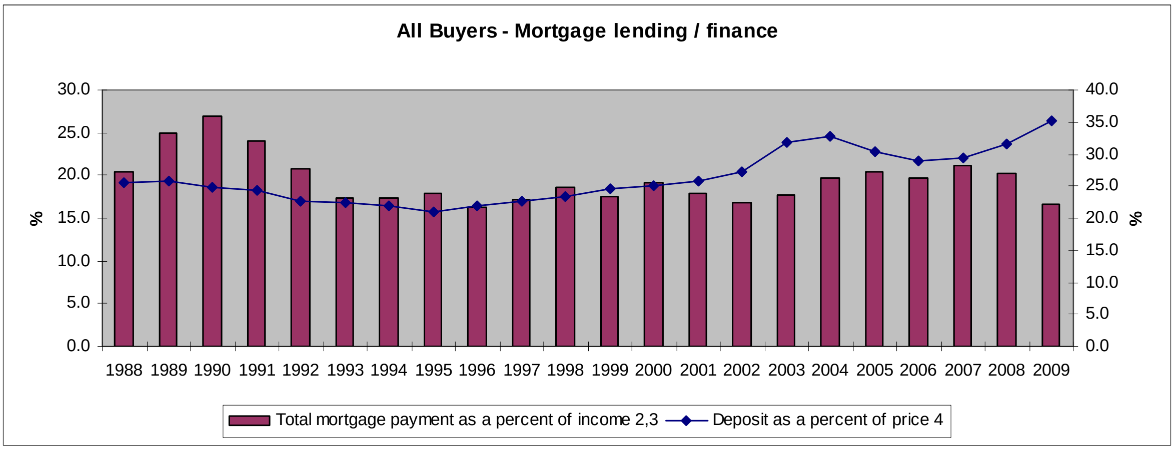
Mortgage Finance

5.79 One of the underlying drivers behind the lack of mobility in the housing market, in particular the owner-occupier market, remains the tightening of mortgage finance by financial lending institutions (banks and building societies) since the start of the economic downturn in 2008, with the subsequent removal of all 100%, 95% and the majority of 90% mortgage products from the market.

5.80 The result has been that prospective purchasers have had to raise increased deposits to access mortgage products, which has had a limiting effect on the ability of those households with low incomes and savings (for example first time buyers) to access the owner occupied sector. Research (Savills, 2011) indicates that the average deposit required by a first time buyer needing a mortgage is £26,500 but their annual income is £32,500, which illustrates the difficulties that first time buyers are experiencing in funding deposits.

5.81 This is reflected in the following chart which shows the widening gap between the level of deposit required and the monthly payments for all households across the UK.

Figure 5.24: All Buyers UK – Mortgage lending / finance



Source: Council of Mortgage Lenders, 2010

5.82 Since the onset of the economic downturn the number of mortgage products on offer to the UK house buyer has shrunk dramatically. The following table provides a selection example of current best buys in the mortgage market. Despite the historically low Bank of England Base Rate the major high street lenders have not reflected this in the interest rates available to first-time buyers, with the best 90% loan to value rates available at around 6%. Analysis indicates, however, that there are some better rates available for lower loan to value products (i.e. with a 15+% deposit).

Figure 5.25: Mortgage Best Buys – 90% Loan to Value (August 2011)

Mortgage Finance - 'Best Buys' (August 2011) - 90% LTV				
Supplier	**Interest rate**	**Period**	**Mortgage Type**	**Loan to Value**
Santander	5.99%	36 months	Fixed	90%
Post Office	5.99%	36 months	Fixed	90%
Nat West	5.99%	5 years	Fixed	90%

Source: Money.co.uk

5.83 At present the average home buyer purchasing an a lower quartile priced property (circa £127,000) in Worcestershire requires a deposit of some £12,700, assuming a 10% rate, compared to a deposit of half this in the period to 2007/8 (and buyers would have other costs such as survey, legal costs and mortgage set up fees to pay as well).

5.84 The following figure shows monthly repayment and endowment mortgage costs, and weekly repayment mortgage costs for 25 years mortgages for Lower Quartile houses across the authorities in Worcestershire. These calculations assume:

- Lenders require a 10% deposit
- Interest rates of 5.99%
- 25 year repayment period

Figure 5.26: Mortgage Repayments on Lower Quartile Homes in Worcestershire

Authority	Mortgage Repayments for Lower Quartile Property (September 2011)					
	Lower Quartile House Price (2010/11)	Mortgage 90% (25 year term)	Repayment mortgage		Interest only mortgage	
			Monthly payments	Weekly payments	Monthly payments	Weekly payments
Bromsgrove	£149,238	£134,314	£865	£200	£671	£155
Malvern Hills	£156,500	£140,850	£907	£209	£704	£162
Redditch	£118,000	£106,200	£684	£158	£531	£123
Worcester	£125,000	£112,500	£725	£167	£562	£130
Wychavon	£150,000	£135,000	£869	£201	£674	£156
Wyre Forest	£113,000	£101,700	£655	£151	£508	£117

Source: DCLG; FSA 'Money Made Clear' Mortgage Calculator

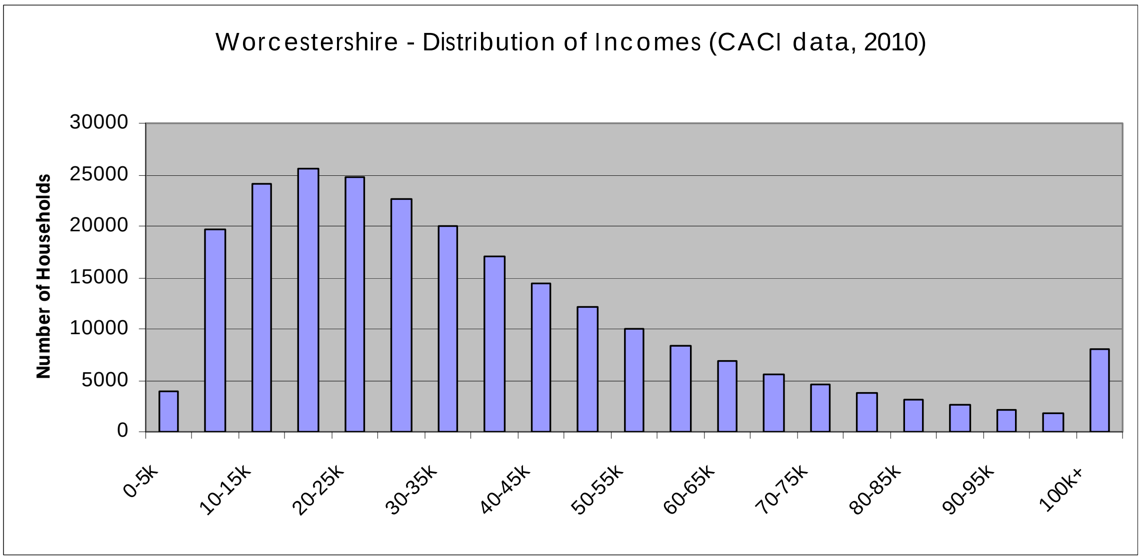
5.85 Costs of servicing a typical repayment mortgage on a lower quartile house in Worcestershire would vary from £655 per month in the Wyre Forest up to £907 per month in Malvern Hills. Importantly though these mortgage payments are calculated on the basis that households can find a ten percent deposit which again varies between just over £11,000 in Wyre Forest and up to £15,650 in Malvern Hills.

Incomes

5.86 Income levels are directly related to employment opportunities and have an important relationship with the ability of households to exercise choice in the housing market and indeed the level of need for affordable housing products.

5.87 The following chart illustrates the income distribution of residents across Worcestershire. This demonstrates firstly, the skew of household incomes towards the lower income end of the spectrum – with 30% having income levels below £20,000 per annum and 58% below £35,000. Conversely there are also a significant proportion of higher income households in Worcestershire, with 24% of households with an annual income exceeding £50,000.

Figure 5.27: Income distribution – Worcestershire residents



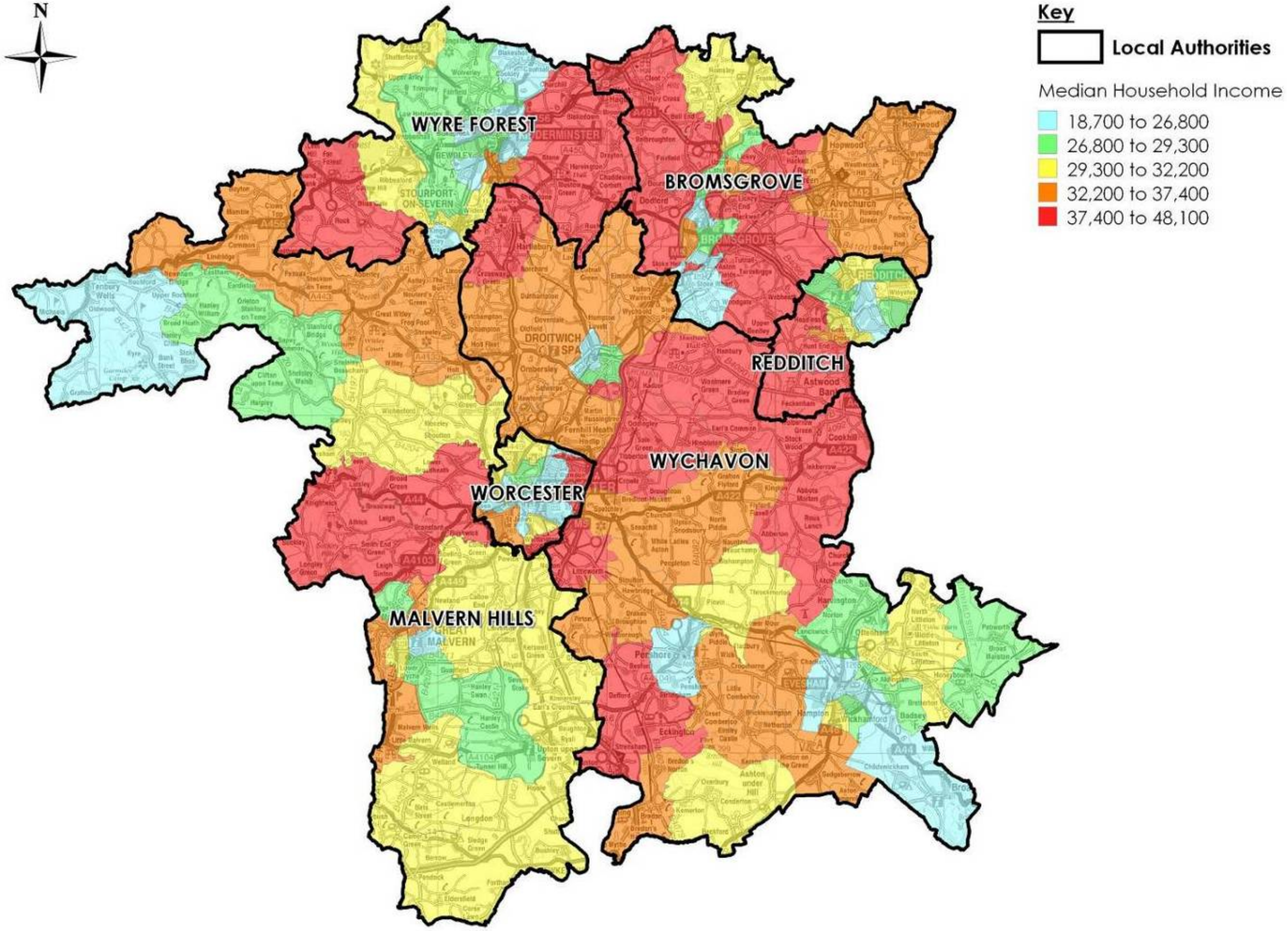
Source: CACI, 2010

5.88 Incomes have also been mapped using postcode breakdowns on the plan over the page. This shows the geographical variance of income levels across different parts of the County. This clearly illustrates that the urban areas, such as Redditch, Kidderminster and Worcester concentrations of households with incomes lower than £20,000.

5.89 Areas to the north and east of the County in particular are dominated by areas with incomes in excess of £32,200. Such areas could be categorised as commuter destinations as a result of their proximity to Birmingham.

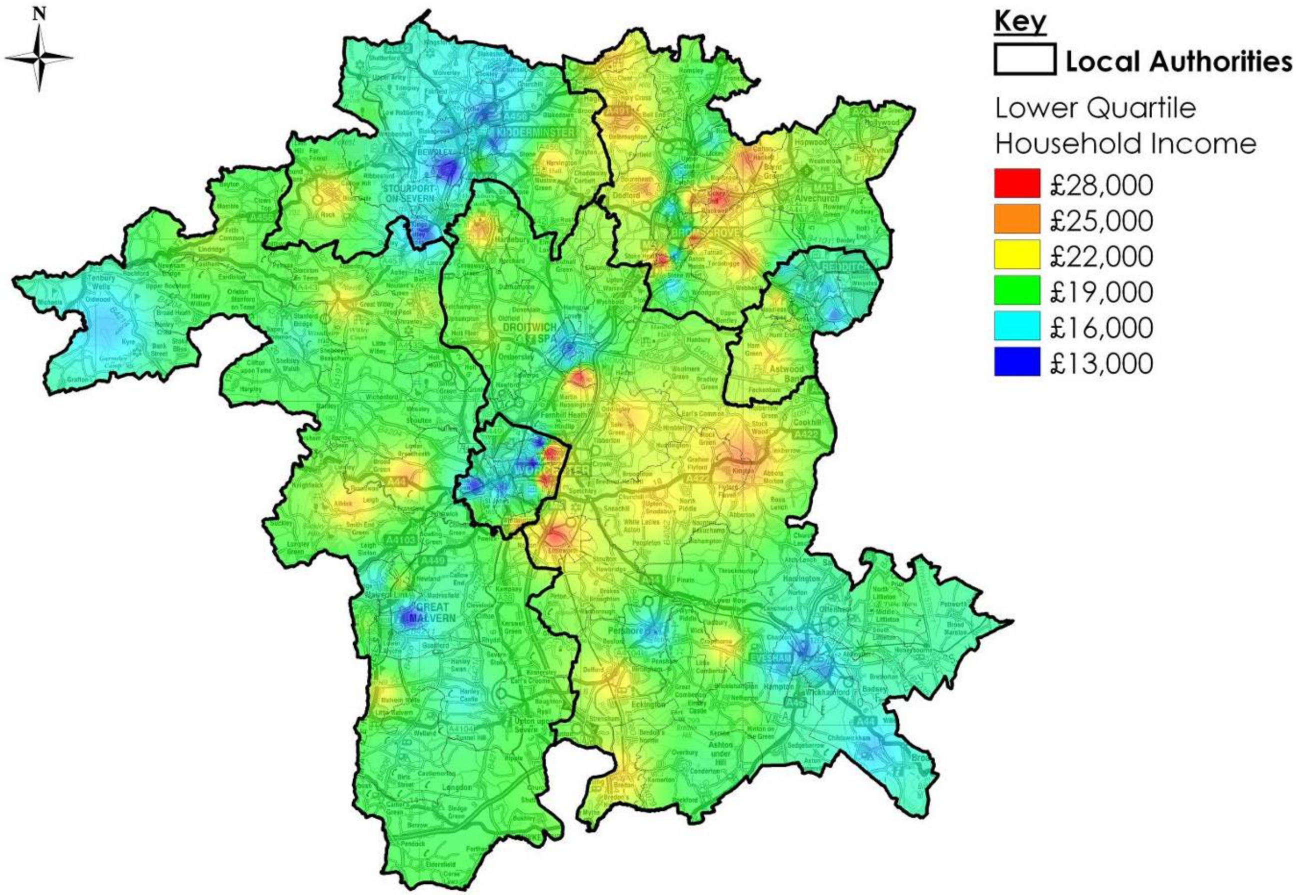
5.90 A further map is showing the distribution of lower quartile incomes. Similar spatial trends are demonstrated to overall incomes but this serves to highlight those areas with higher proportions of households on lower income levels and therefore where demand, in absolute terms, is likely to be greatest for affordable housing products.

Figure 5.28: Spatial Distribution of Income



Source: CACI, 2010

Figure 5.29: Lower Quartile Household Income - 2010



Source: CACI, 2010

Benchmarking Access to Different Housing Tenures

5.91 The analysis of the active market has clearly highlighted the current issues facing the Local Authorities across Worcestershire, including low levels of transactional activity in the past two years and the challenging environment for lower income households to access owner occupation. The data assembled above has been drawn together in this final sub-section to present an indication of the relative affordability of different tenures of housing in relation to the financial capacity of households across Worcestershire. The DCLG SHMA guidance (August 2007) suggests a number of critical levels to test against income in order to evaluate the extent of the issue of affordability. The two core elements are:

- Assessing whether a household can afford to buy a home; and
- Assessing whether a household can afford to rent a home.

5.92 A series of key assumptions used in the benchmarking assessment of these elements are set out in the following textbox.

Key Affordability Benchmarking Assumptions

Within its guiding methodology for assessing affordability, the CLG SHMA Guidance (August 2007) recommends the following standardised assumptions when assessing affordability (this is utilised within the calculation of housing need in Section 7):

- Lower Quartile house prices are utilised to represent lower market entry properties (these are taken from the total average price i.e. all property types);
- An individual with a single income is considered able to buy a home if it costs 3.5 times the gross household income;
- A household is considered able to afford market housing in cases where the rent payable would constitute no more than 25% of their gross household income;
- 'Rent payable' is defined as the entire rent due, even if it is partially or entirely met by housing benefit; and
- Annual social housing rents are calculated from an average taken of RSL rental levels (RSR dataset).

5.93 The following table illustrates the levels of income required to enter different tenures through the application of these assumptions.

5.94 It is evident that for all authorities there exists a notable gap between the income required for social rented property and for market property, for purchase, market rent or Affordable Rent (charged at 80% of the market rent). In a number of authorities, Worcester and Redditch in particular, there is relatively little difference between the costs for renting an average 2-bed apartment privately and purchasing. It is important to note, however, that the costs associated with purchasing, not least the deposit, are an additional consideration in accessing different tenures.

5.95 For reference the table also indicates the proportion of households who earn less than £30,000 which, based on the private rental levels for 2-bedroom apartments can be seen as a benchmark for entry into market housing across the authorities. Significantly for all households, noting this includes older person households with pensions and households dependant upon benefits, around 50% of households across Worcestershire fall within this income bracket.

Figure 5.30: Incomes Required to Enter different Tenures – Affordability Benchmarking

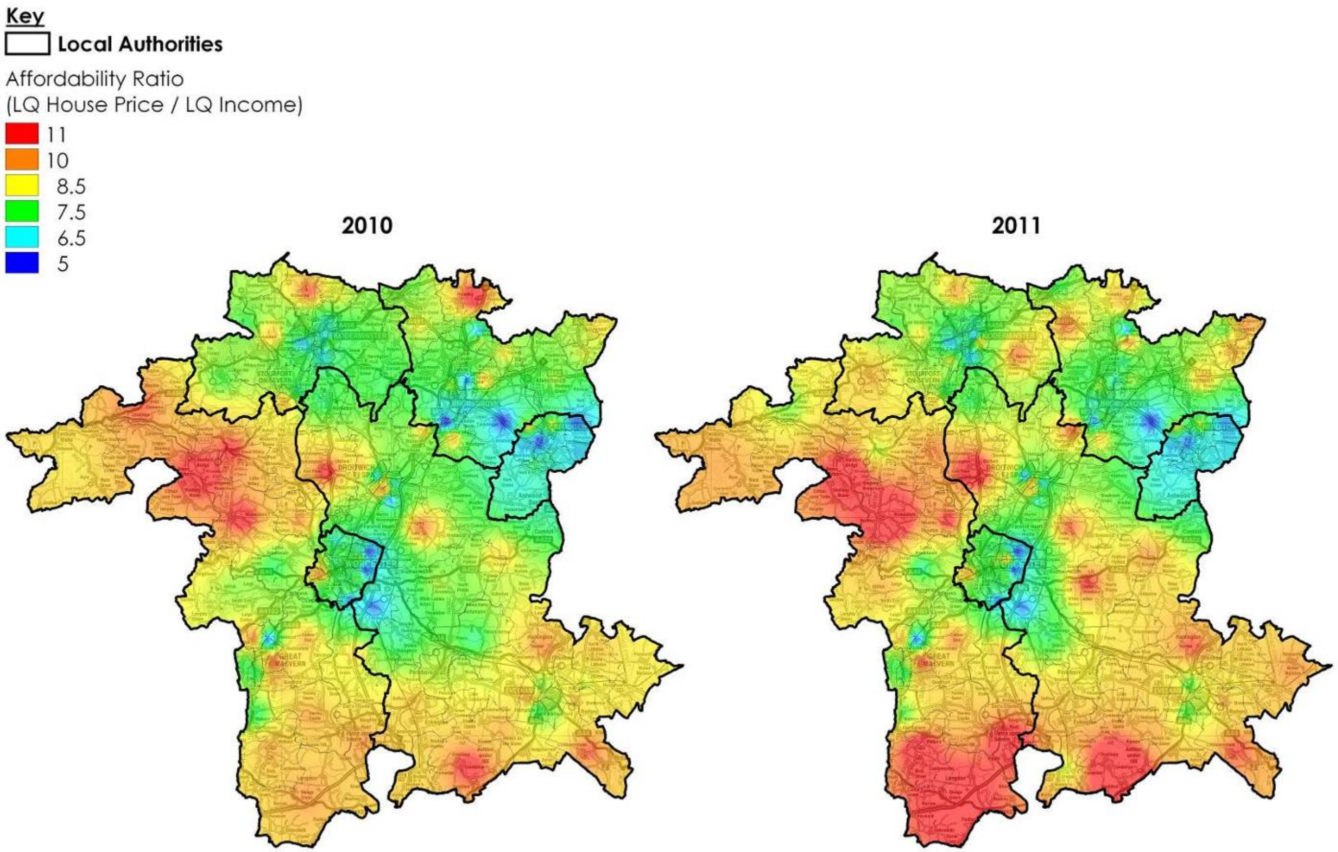
Authority	Affordability Benchmarks - Annual Income Required						% of All Households Earning Less than £30,000
	To purchase LQ House (3.5 * income - 10% deposit)	Renting Average 2-bed Apartment (25% income)	Renting Average 3-bed House (25% income)	Affordable Rent (80% Market Rent) 2-bed Apartment (25% Income)	Affordable Rent (80% Market Rent) 3-bed House (25% Income)	Social Rented (25% income)	
Bromsgrove	£38,375	£27,034	£33,142	£21,627	£26,513	£16,628	43%
Malvern Hills	£40,243	£26,250	£31,680	£21,000	£25,344	£18,381	51%
Redditch	£30,343	£27,502	£32,118	£22,002	£25,695	£17,711	50%
Worcester	£32,143	£30,327	£33,405	£24,262	£26,724	£15,933	53%
Wychavon	£38,571	£26,686	£35,026	£21,349	£28,021	£17,699	48%
Wyre Forest	£29,057	£23,947	£29,160	£19,157	£23,328	£16,214	55%

Source: Land Registry, 2001, RSR , 2011, Rightmove.co.uk, 2011, GVA, 2011, CACI, 2010

5.96 In order to illustrate spatially the scale of affordability issues a plan is included over the page which shows affordability ratios at a ward level in 2010 and 2011. Affordability ratios are calculated by dividing lower quartile house prices by lower quartile incomes. The higher the ratio the more acute the issue of affordability.

5.97 It is evident that across both years the western and southern parts of Malvern Hills and the southern most parts of Wychavon demonstrate the highest ratios (11 or above). In contrast the more urban parts of the County, particularly around Kidderminster, Redditch and Bromsgrove all have ratios, although still high i.e. between 5 and 6, are comparably more affordable than other parts of the County.

Figure 5.31: Affordability Ratios 2010 - 2011



Source: Land Registry, 2011, CACI, 2010

Bringing the Evidence Together

5.98 This section has provided a comprehensive assessment of the active market. The conclusions of this analysis present key informing factors in relation to future housing needs and clearly establish the relationship at the current point in time between supply and demand. Key findings from this section are set out below:

- **House Prices** – The average median house price in Worcestershire currently stands at £174,725, compared against a national average of £180,000. Comparisons against neighbouring authorities show the average property price in Worcestershire to be relatively average. Authorities to the east and west show higher house prices than Worcestershire with areas to the north recording lower house prices. Malvern Hills has witnessed the greatest volatility in house prices, with a significant decrease in prices from the peak of the market in 2007. Since mid-2009, house prices in Worcestershire appear to have stabilised, albeit below the national average. Analysis of lower quartile prices in Worcestershire indicates that this more affordable element of the market is above the regional average, although Malvern Hills has seen a considerably sharper drop in value from 2007 than the trends recorded for the other Worcestershire local authorities and at the regional and national level. This impacts, in part, upon affordability in rural areas. Low levels of transactions remain a defining feature of the market.

- **Affordable Housing** – A knock-on effect of the difficulty in accessing the private housing sector has been a growth in demand for social rented property, where rental levels prove substantially more affordable for low income and emerging households. While new stock has been delivered across the County over recent years, this supply has failed to keep pace with need / demand with a relatively high backlog of households currently on the waiting list for each authority. Even when only considering those households classified as in 'significant need' there is still a substantial backlog of households in need, these are considered in greater detail in section 7.

- **Private Rented Sector** – As a result of increased pressure on social rented housing and a lack of mobility in the owner-occupier sector the private rented sector has grown in importance as an alternative option for households. Rental levels are comparatively aligned across the County, although there are some variances. Wyre Forest for example records the lowest private rental prices across all property sizes. Worcester records high rental values for smaller one and two bedroom properties reflecting the demand from students and graduates. Importantly consultation with agents suggested that across much of the area supply is insufficient to meet demand, with pressures not only coming from local would be first time buyers but also households looking to settle in the area due to the quality of life and connections with large economic centres such as Birmingham and the wider West Midlands conurbation.

- **Accessibility to different tenures** – The analysis has clearly demonstrated the current issues facing mobility within the housing market. The benchmarking of access to different tenures has highlighted that a significant proportion of households are essentially unable to exercise genuine choice in the market as a result of their financial capacity. The comparatively high property prices and rental levels coupled with a broad spectrum of incomes, including approximately 50% of households with incomes below £30,000 are all contributing factors to this issue. The additional impact of tightening mortgage lending regulations means that new households whose incomes are relatively healthy, but who have limited savings, are also being excluded from the owner occupier market.

- **Understanding affordability in geographical terms** – the mapping of affordability, based on incomes and entry level property prices, has indicated distinctions between the more urban areas such as the towns of Redditch, Bromsgrove and Kidderminster where affordability ratios are lower and the rural parts of the County to the west and south. Significantly large parts of Malvern Hills and Wychavon in particular record affordability ratios of 8.5 and above.

6. The Future Housing Market

The preceding sections while assessing the state of the current housing market have also examined the demographic, economic and active market drivers likely to influence the future housing market.

This section uses this analysis and the identified market drivers to provide a range of scenarios for future levels of housing growth. This assists in providing an indication for the levels of housing for which authorities should plan for, set within the context of the current housing market and potential future supply. Acknowledging the difficulties imposed by market uncertainties in projecting forward household growth based on official trend-based datasets a number of scenarios and sensitivities are explored. These are intended to illustrate the potential impact different factors will have on future household growth.

The section also includes additional analysis of long-term drivers which will impact on the types and sizes of housing required over the long-term. This draws on analysis of the breakdown of household types and ages embedded within the long-term demographic projections.

Analysis is undertaken at the Worcestershire and individual local authority level. Research findings relate directly to:

Core Output 3: Estimate of total future number of households, broken down by age and type where possible;
Core Output 6: Estimate of future households requiring market housing (by size).

6.1 Earlier sections of the report have established already that demography, economy, and house price trends are key structural drivers of change in the housing market. Together these provide a sound basis from which to consider future housing requirements over the medium to long-term.

6.2 Population trends influence both the level and, as a result of a changing age structure and household composition, the types and sizes of housing which will be required over the respective plan periods across the sub-region. Employment trends influence both the level and type of migration. In turn, migration trends are very important in that they influence the future level of population and age structure of the total population.

6.3 Changes in the structure of the economy and therefore employment trends influence household income and hence the ability to afford different housing products.

Together, population and economic trends provide a robust basis to assess long-term trends in housing demand. Our approach to assessing future household growth rates reflects these factors and the complexity of the housing market.

6.4 Price dynamics also affect housing demand as increases or decreases in house prices impact on relative affordability. This has a tangible effect on housing tenure propensities of different occupational groups and household groups. In effect, rising house prices between 2000 and 2007 and the ensuring lack of availability of mortgage finance have made access to the owner occupied sector more difficult, reducing first time buyers and supporting demand for the rented and intermediate sectors. Hence, someone with occupational circumstances who may have been able to buy five years ago may not be able to enter the tenure at the current time.

6.5 House prices are however highly sensitive to the macro-economic context and interest rates. Over the majority of the last decade there was a rapid growth in prices which correlated with an associated significant growth in housing need[35]. Importantly though as the subsequent volatility in the housing market over the last three years demonstrates we do not consider there to be a robust basis to project market or price dynamics over a ten-year timeframe or longer.

6.6 An effective framework for planning for housing provision needs to consider both short-term needs and achieving a balance between supply and demand over the longer-term.

6.7 This section considers the structural drivers of change – economic and demographic trends – and the implications of these for maintaining a balanced housing market. It first develops quantitative scenarios to consider the level of housing demand (i.e. household growth). Five Core Scenarios are presented drawing on national, regional and local datasets. A couple of Sensitivities are then presented and explored to illustrate the implications of altering assumptions within the demographic modelling.

6.8 The section draws this analysis together to provide indications of potential future household growth and therefore demand for housing. The section concludes by providing a breakdown of selected scenarios by household age and type.

[35] NB: Housing need is defined as the quantity of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market (PPS 3).

Housing Delivery in Policy

6.9 Nationally population projections indicate that the population is rising, with this growth in the overall number of people being compounded further in demand for housing by falling average household sizes. The result nationally is a well documented apparent mismatch between current and future supply and demand for housing.

6.10 Under the previous Government, regionally set housing targets were an important component of the planning process in enabling levels of development which addressed this imbalance both locally and cumulatively at a national level. As noted in the review of policy in an earlier section these regional statutory targets are in the process of being revoked and a new policy approach is starting to emerge. While policies have yet to be finalised the retention of housing targets remains a key element of the Core Strategy in informing the authority's position in terms of its five year land supply. There now exists greater flexibility for housing targets to be shaped to reflect local understanding of demand for housing.

6.11 Given the uncertain policy climate at the time in which this research is being written the analysis within this section is intended to provide the respective local authorities across Worcestershire with robust analysis of the drivers of housing demand in order to assist in the process of developing and validating future housing targets. In this context it is important to note that Wyre Forest has already got an adopted Core Strategy in place, which includes a housing requirement of 4,000 dwellings over the period 2006 – 2026 (200 per annum). The findings of this section are not intended to directly challenge this figure as this has been fully considered through the Core Strategy Inspection process, however, it will need to be factored in to the development of requirements for other authorities drawing on this research.

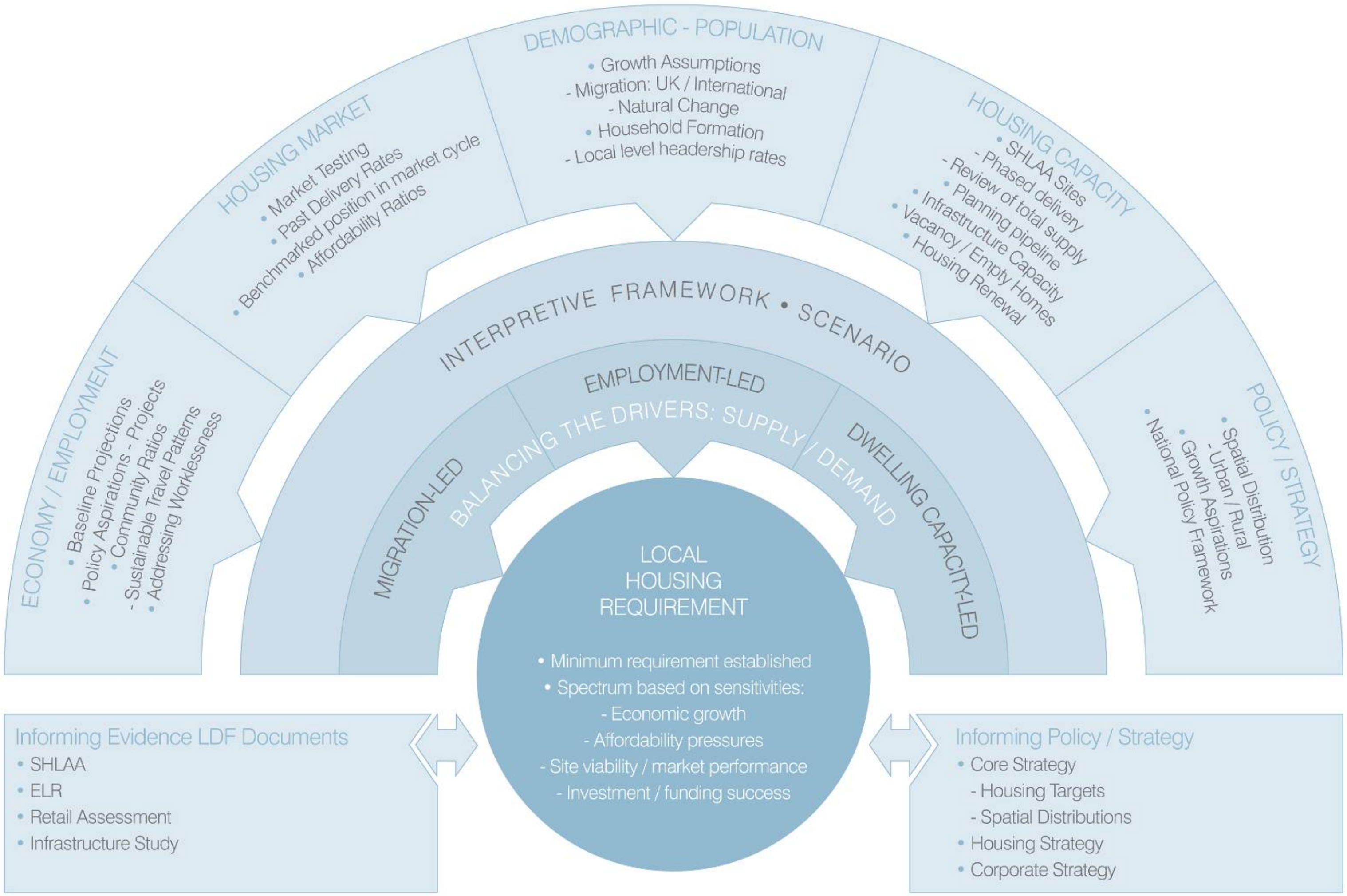
6.12 The analysis presented here represents an important part of ensuring that the Councils across the area continue to take a dynamic perspective of demand to inform future planning policy.

6.13 It is recognised that as part of the process of establishing housing targets within planning policy further consultation work will be required by individual authorities alongside further detailed analysis of individual circumstances and factors influencing potential supply and demand, not least environmental and wider infrastructure constraints as well as existing adopted strategic planning policy. The analysis in this SHMA represents, however, an important informing part of the evidence base considering demand drivers.

Estimating Future Household Demand and Housing Requirements – The Approach / Methodology

6.14 Analysis of demographic and economic factors sits at the heart of our 'PHASE' (Population, Housing and Strategic Evidence) approach which uses a scenario development approach to produce estimates of the range of future numbers of households and therefore associated dwelling requirements.

Figure 6.1: PHASE Process – Deriving local housing requirements



6.15 The PHASE approach considers the key drivers influencing the housing market, as illustrated in the preceding diagram, namely:

- **Demographic / population projections**: The DCLG Guidance reinforces that demographic projections should be used to underpin assessments of future population and household growth and these sit at the heart of the PHASE approach. The analysis in this section while including the ONS projections for benchmarking purposes utilises a dataset of revised population and household estimates modelled and projected forward using the POPGROUP population and household forecasts allowing for a bespoke analysis based upon locally based data and allowing a breakdown by statistical ward geographies (*Ward analysis is included within the Overview Authority Reports*).

- **Economic projections and employment factors** – Considering the uplift in employment opportunities represents an important factor in identifying potential household growth rates required to achieve the levels of economic growth forecast and aspired to.

- **Housing capacity and market** – Factoring in the historical development response in meeting demand to identify potential capacity constraints. Within this iteration of the model consideration has not been given to future supply capacity and wider linked policy objectives. This is an important context in terms of policy taking forward the analysis presented in this section which primarily focuses on demand factors.

6.16 Following a process of evaluation a selection of preferred scenarios are presented which are considered to represent a broad spectrum of the most realistic trajectories of change. This provides the authorities with an indication of the range of housing requirements that should be used to inform policy. The full suite of scenarios are presented to ensure that a range of projections are available for future consideration dependant upon changes to influencing factors such as policy objectives or market performance.

6.17 The PHASE analysis uses official datasets and the POPGROUP model. POPGROUP is a family of demographic models developed to forecast population, households and the labour force for areas and social groups. Population projections use a standard cohort component methodology and the household projections use a standard household headship rate methodology, as employed by ONS and DCLG respectively[36]. The POPGROUP model integrates ONS mid-year Population estimates, the latest dataset available at the time of model construction being the 08/09 dataset with subsequent year's data representing projected figures. The household projections are driven directly from these estimates and projections.

6.18 This projection of the growth in households is a key driver in determining the future number of houses required to accommodate households across all tenures. This concept of 'demand for housing' therefore incorporates, at a strategic level, the 'need' for affordable housing.

The Core Scenarios

6.19 Utilising the individual drivers identified in the PHASE approach a number of Core Scenarios are developed. These scenarios include variations on four key driver led projections alongside a benchmark scenario driven from the 2008 based Sub-National Population Projections published by the ONS.

6.20 In summary the five Core Scenarios of projected population / household change are:

- ONS 2008-based Sub-National Population Projections (SNPP). This dataset is presented throughout as a benchmark against which to compare alternative scenarios. In terms of the population projection element of this scenario this data has not been recalibrated in any way[37]. The derived household projections incorporate the rescaled headship rates for authorities detailed in the sub-section below (these are applied to all scenarios);

[36] POPGROUP is used by over 90 local and regional organisations in the UK and has been subject to extensive enhancement and development over the last ten years. It uses MS Excel workbooks to manage its data inputs and outputs and provides great flexibility to enable users to experiment and analyse alternative forecasts. A more detailed description of the population and household projection methodologies is available from the User Guide and Reference Manual on the POPGROUP website. The mathematical calculations for each method are documented at the end of each of the manuals. www.ccsr.ac.uk/popgroup/about/manuals.html.

[37] The projection takes a trend based position from 2007/08 – the latest mid-year estimate data available to the ONS at the time of the modelling of the data underpinning the SNPP

- Natural Change Scenario – This represents another ‘trend-based’ scenario. Under this hypothetical scenario population projections are modelled based on the impact of ‘no migration’, where the only drivers of growth are births and deaths in an authority. This represents a hypothetical position as this set of circumstances could never reasonably be expected to occur. It does, however, provide an important insight into the anticipated levels of population change which will occur from locally generated demographic pressures alone;

- Migration-led Scenario – This is a ‘trend-based’ scenario developed using a similar methodology to the SNPP. The scenario draws upon more recent data from the mid-year estimates released by the ONS to develop updated projections. This updated information draws on more recent evidence on births, deaths and migration to calibrate an alternative projection. This alternative is an important comparison to the SNPP given the impact of the economic downturn since 2008;

- Employment-led Scenario – This is the first of two ‘constrained’ projections. This scenario takes the migration-led scenario as its base and constrains the population to the latest employment forecasts, which run to 2031 (taken from the Labour Market Future Profiles produced by Advantage West Midlands). These forecasts show the impact of the recession from 2006 and then generally a slow and steady recovery across Worcestershire, with growth increasing from 2026 to 2031. There are notable distinctions at an authority level which are explored in greater detail under the scenario. The scenario assumes that economic activity rates, unemployment rates and the commuting ratio for the authorities continue to reflect average recent performance levels; and

- Dwelling-led Scenario – The second ‘constrained’ scenario also takes the migration-led scenario as its base but models the impact of a future house building trajectory that is based on average ‘completion rates’ from the last six years (2004/05 – 2009/10).

6.21 Each of these scenarios are considered in turn below. These are then brought together at the end of the section in a simple table comparing the differing levels of household change overall and per annum under each scenario. A number of sensitivities are then explored based on the analysis prior to the presentation of a range of hypothetical net dwelling requirements, which could be used to inform policy.

6.22 Prior to examining the scenarios the use of updated headship rates, which are used to translate population projections into household projections, is explained.

Updating Headship Rates (Household Size)

6.23 The analysis in section 4 presented the headship rates provided through the DCLG 2008 base SNHP and contrasted these with locally sourced estimates of occupied properties. The two figures were closely aligned although for a number of authorities there were some slight discrepancies. In the modelling we have used the Council Tax data which is a historically-based dataset that is calibrated to known sources i.e. the number of occupied properties, in preference to a reliance on household totals that are derived from 'modelled' headship rates, as is used in the ONS sub-national household projections. This is an important factor as it means that the number of households is a fixed element, as is the revised population estimate, with the headship rates being the updated variable.

6.24 The population estimates produced by the ONS are therefore divided by this known number of occupied properties to arrive at a set of 'updated' household sizes. These are then used to recalibrate the household projections from the population projections using updated and linked assumptions around headship rates. The impact for all authorities is relatively minor but represents an important correction of the ONS datasets. It is important to note that the release of Census 2011 data will provide a further comprehensive base data position which should be taken account of in future monitoring.

Core Scenario 1 – SNPP

6.25 This scenario uses the ONS 2008-based Sub National Population Projections (SNPP) and the accompanying DCLG 2008-based Sub National Household Projections (SNHP). The mid-year ONS estimates (MYE) of population, analysed within the Socio-Economic section of the SHMA, provide the base historical data for the SNPP, which are produced every two years. These datasets provide projections for a 25 year time-horizon from 2007/08, for each district and the County. The projections represent an important part of any assessment of future household change and are specifically referenced within the DCLG SHMA Guidance.

6.26 Assumptions used by the sub-national population projections are based on recent evidence on births, deaths and migration, plus they incorporate evidence from an expert panel which has provided guidance on likely future trends in fertility, mortality and migration. SNPP are constrained to the total population estimated in the national population projections (NPP).

6.27 SNPP provides the basis for the SNHP for England. This dataset again provides projections for a 25 year time-horizon, for each district and the County. As noted above the projections are derived through the application of projected *headship rates*, by household type, to the age-sex composition of the population projection.

6.28 Recent historical evidence is a key driver of the trend projections. For Worcestershire, and the individual authorities the MYE components of change drivers, illustrated in earlier sections, determine the pattern of future population change. As a result, any error that might be evident in the MYE will be magnified over the 25 year projection horizon. This is an issue explored in the sensitivities sub-section and one which can have a fundamental impact on future projected levels of growth.

6.29 The two official sub-national datasets are presented throughout as a benchmark against which to compare alternative scenarios.

6.30 The following table shows the projected uplift in the private household population (note institutional populations are removed), change in household size and the resultant projected change in households between 2006 and 2030, including an average annualised figure under Core Scenario 1. This table is replicated in each of the scenarios explored below to allow comparison.

Figure 6.2: Core Scenario 1 – Population and Household Projection data

Scenario 1 - Sub-National Population Projections (SNPP)	Private Household Population			Household Size			Households			
	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	Annual Change (24 years)
Bromsgrove	89,241	102,079	12,838	2.46	2.28	-0.17	36,319	44,720	8,401	350
Malvern Hills	71,426	79,152	7,726	2.36	2.14	-0.22	30,218	37,008	6,790	283
Redditch	78,072	82,438	4,366	2.33	2.14	-0.19	33,443	38,527	5,084	212
Worcester City	91,705	98,628	6,923	2.25	2.10	-0.15	40,766	46,902	6,136	256
Wychavon	114,327	125,439	11,112	2.42	2.21	-0.20	47,322	56,718	9,396	391
Wyre Forest	96,435	103,281	6,846	2.29	2.08	-0.21	42,060	49,598	7,538	314
Worcestershire	541,206	591,017	49,811	2.35	2.16	-0.19	230,128	273,472	43,344	1,806

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

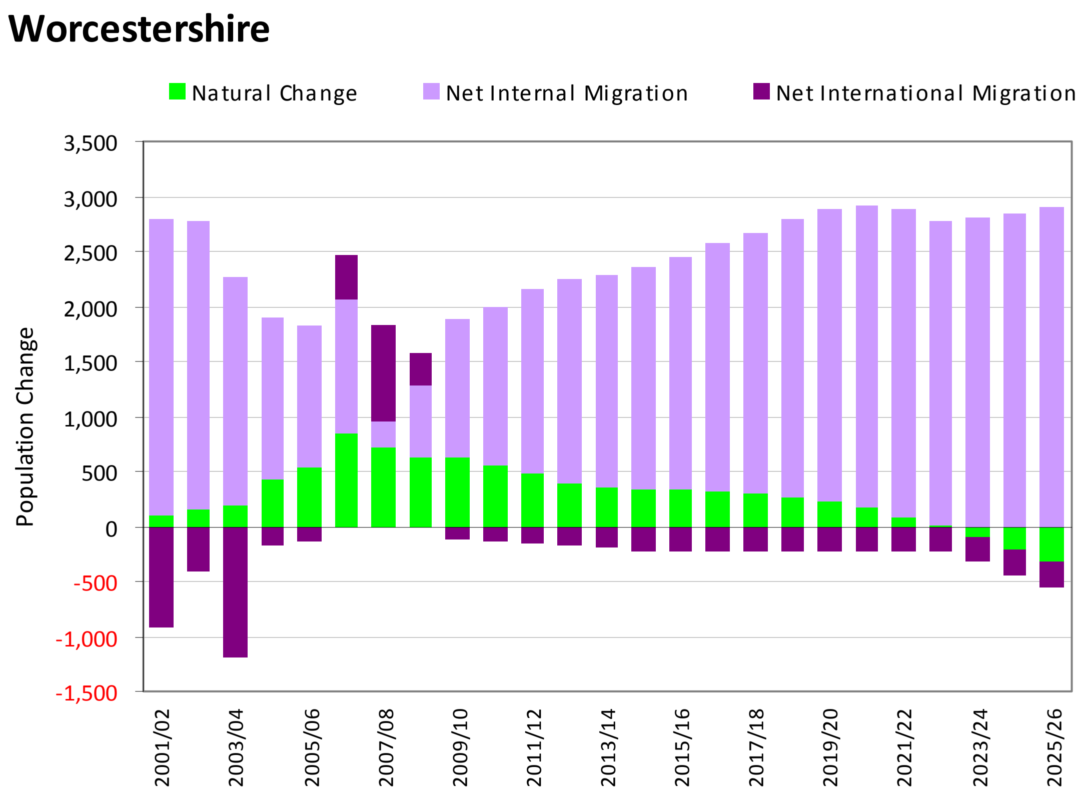
6.31 The SNPP clearly projects a growth of population in all of the authorities. Bromsgrove and Wychavon in particular stand out as having the highest levels of population growth, noting however, in the case of Wychavon that it has the largest base population in the County.

6.32 The translation of population projections into household projections also shows that under this scenario all of the authorities are projected to grow their household base substantially. Indeed Worcestershire is projected to grow by almost 43,350 households, translating into a rate of just over 1,800 households per annum. The South

Worcestershire authorities are projected to contribute approximately 22,300 households to this total growth.

6.33 The following chart shows the interplay between the different components of change under this scenario.

Figure 6.3: Components of change - SNPP Core Scenario 1



Source: Edge Analytics, 2011

6.34 The chart clearly shows the significant projected role of UK migration into the area in driving population growth over the projection period. This reflects the high average trends seen between 2002/03 and 2007/08, in particular the high levels seen at the beginning of this period. Over the projection period the levels of internal migration are projected to increase to over 2,500 persons net per annum coming to live in Worcestershire. This net impact is offset, however by a decline in the net natural change contribution which whilst declining over the projection period actually records a negative level from 2023/24.

Core Scenario 2 – Natural Change

6.35 Using the POPGROUP suite of software Edge Analytics have developed a scenario of population change which removes the impact of migration from 2008 onwards. This therefore assumes that the existing population is not changed by migratory factors and that population change is constrained only to natural change from the population (i.e. births and deaths).

6.36 The breakdown of the population projections underpinning Core Scenario 1 into the three components show that at a Worcestershire level natural change has, since 2001, played an increasingly significant part in contributing towards population growth, albeit there has been a slight reduction in absolute terms since 2006/07.

6.37 It is important to recognise that this scenario is a hypothetical scenario with the reality of the operation of the housing market meaning that migration could never be constrained to zero.

Figure 6.4: Core Scenario 2 – Population and Household Projection data

	Private Household Population			Household Size			Households			
Scenario 2 - Natural Change (zero migration)	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	Annual Change (24 years)
Bromsgrove	89,241	88,355	-886	2.46	2.27	-0.19	36,319	38,906	2,587	108
Malvern Hills	71,426	68,601	-2,825	2.36	2.23	-0.14	30,218	30,785	567	24
Redditch	78,072	84,389	6,317	2.33	2.17	-0.17	33,443	38,978	5,534	231
Worcester City	91,705	99,420	7,715	2.25	2.07	-0.17	40,766	47,920	7,155	298
Wychavon	114,327	112,084	-2,243	2.42	2.24	-0.18	47,322	50,030	2,708	113
Wyre Forest	96,435	94,696	-1,739	2.29	2.11	-0.19	42,060	44,952	2,893	121
Worcestershire	541,206	547,544	6,338	2.35	2.18	-0.18	230,128	251,571	21,443	893

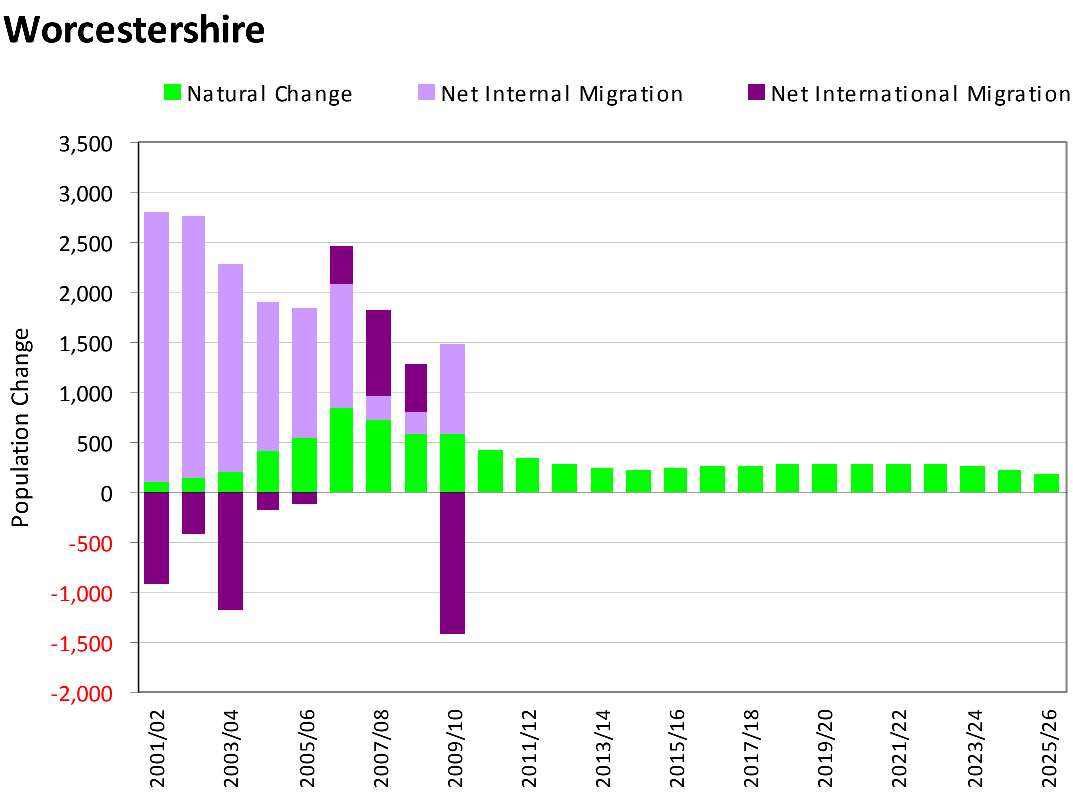
Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

6.38 Under this Core Scenario a considerably lower level of population and household growth is suggested across Worcestershire. Indeed with the exception of Redditch and Worcester the populations of each of the authorities would fall, highlighting the role of in migration in driving growth in the majority of authorities.

6.39 Worcester and Redditch however, would both project relatively strong levels of population and household growth under this Scenario. In particular in Redditch this highlights the negative impact of out-migration on population change suggested under the preceding scenario. When considering the demographic drivers of the population change in Redditch it is important to acknowledge the impact of the authority's historical development, in particular its rapid growth in housing and population terms between 1964 and 1985 as a result of the New Town programme. This has a fundamental impact on the existing population's characteristics and age profile, an issue which is explored in greater detail within Appendix 4.

6.40 The following chart shows the interplay between the different components of change under this scenario.

Figure 6.5: Components of change – Natural Change Core Scenario 2



Source: Edge Analytics, 201

6.41 The chart clearly illustrates the impact of removing any projected migration in the future, with change solely focussed around natural change factors. This shows as noted above a small positive net increase annually resulting from a higher number of births than deaths across the County.

Core Scenario 3 – Migration-led

6.42 This is a further demographic 'trend-based' scenario. As with the SNPP (Core Scenario 1) this projection takes no account of any future levels of housing development (supply) across the authorities, but rather projects forward a continuation of recent historical demographic trends of growth or decline.

6.43 The main difference to Core Scenario 1 is that this scenario takes account of the latest available trend data around the three components of population change. The projection bases its trend on the period 2003/04 – 2008/09 with the mid 2009 ONS Official mid-year estimates used as the basis from which to project forward the trend. This is important as this additional year of data represents an important change in the economic direction or performance of the UK economy, which in turn is likely to have impacted on the flows of people across and in and out of the UK.

Figure 6.6: Core Scenario 3 – Population and Household Projection data

	Private Household Population			Household Size			Households			
Scenario 3 - Migration-led	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	Annual Change (24 years)
Bromsgrove	89,241	99,558	10,317	2.46	2.27	-0.19	36,319	43,894	7,575	316
Malvern Hills	71,426	75,978	4,552	2.36	2.15	-0.21	30,218	35,294	5,076	211
Redditch	78,072	76,131	-1,941	2.33	2.10	-0.23	33,443	36,256	2,813	117
Worcester City	91,705	102,078	10,373	2.25	2.09	-0.16	40,766	48,891	8,126	339
Wychavon	114,327	117,465	3,138	2.42	2.19	-0.23	47,322	53,687	6,365	265
Wyre Forest	96,435	95,652	-782	2.29	2.06	-0.23	42,060	46,338	4,279	178
Worcestershire	541,206	566,863	25,657	2.35	2.14	-0.21	230,128	264,361	34,233	1,426

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

6.44 Population and household growth within all of the authorities, with the exception of Worcester City, are lower under this Core Scenario. Examining recent population trends, as shown in section 4, highlights why this is the case. All of these authorities have seen a slow down in the levels of growth over the last 2 – 3 years, including lower levels in 2008/09, with reduced levels of internal migration an important factor. In part this is likely to be linked to market mobility issues, affordability challenges and a reduction in the supply of properties available. It is important to consider whether these fundamental challenges are likely to be sustained for the short-medium term. If they are, then these levels of population and household change are more likely to represent a sound basis for establishing demographic led future projections.

6.45 Wyre Forest and Redditch, under this scenario, both register a population decline. Within Wyre Forest this reflects the trends since 2007, which have shown a small rise in population in 2008 and then a population decrease in 2009. This has been driven by a significant reduction in longer-term trends of net migration.

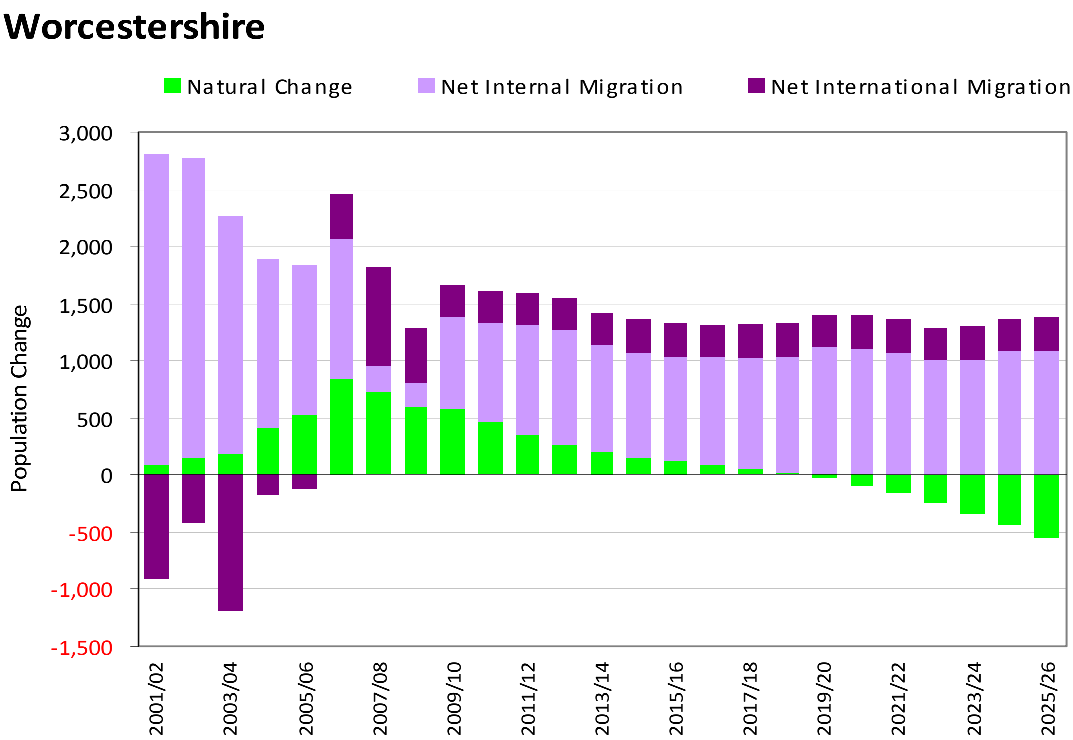
6.46 The Mid-Year Estimates for Redditch, as analysed in section 4, suggests a population which has grown and declined on an almost annual basis over the last nine years. The overall result being a small decline in its population base. Whilst Redditch's population profile is distinct from other parts of the County, linked to the New Town expansion between 1964 and 1985 and the influx of a new population, the statistics however, do not necessarily correspond with other evidence of the changing nature of the population as documented within GP registrations data and other administrative sources[38]. It is considered likely that the official statistics have not sufficiently captured the role of international migration within the authority with this considered in greater detail within the first Sensitivity Scenario later in the section.

6.47 Within Worcester City a greater level of projected population and household growth is suggested through this Core Scenario than Core Scenario 1. This reflects the buoyant growth of the City over recent years, with a number of drivers likely to have contributed to this growth, including the expansion of the University from 2005 and the relatively healthy supply of accommodation over this period compared to other authorities across Worcestershire. Indeed this growth drives a projected growth in total households across South Worcestershire authorities of almost 19,600.

6.48 The following chart shows the interplay between the different components of change under this Scenario at a Worcestershire level.

[38] Edge Analytics have been involved in analysing these datasets as part of a research project for Leeds University examining the use of alternative administrative datasets to estimate migration levels.

Figure 6.7; Components of Change – Migration-led Core Scenario 3



Source: Edge Analytics, 2011

6.49 This clearly illustrates the sustained role that internal migration plays under this scenario based on migration trends over recent years. The net flow of internal migrants into Worcestershire is however lower than that estimated within Core Scenario 1, reflecting the lower average net position calculated when data from 2008/09 is utilised and the factoring in of large flows recorded earlier in the decade is removed. As with Core Scenario 1 the net positive impact of international migration seen between 2007/08 and 2009/10 is also projected forward under this scenario as shown in the chart.

Core Scenario 4 – Employment-constrained

6.50 This scenario is a constrained scenario rather than a trend based scenario. Demographic trends, driven by the migration-led scenario, are aligned with employment forecasts produced by Advantage West Midlands[39], as presented in section 4.

[39] Source: AWM Labour Market Future Profiles

6.51 The construction of this scenario is achieved by applying parameters which measure the relationship between the population and the labour force (economic activity rate) and between the labour force and the number of jobs in an area (labour force: jobs conversion factor). This takes into account the level of unemployment but also the degree to which residents live and work within the area in question. In an employment constrained scenario, net in-migration will occur if the size of the labour force is insufficient to match the number of jobs forecast to be created. This assumes that commuting patterns remain constant alongside economic activity / unemployment levels. Net out-migration will occur if there are too few jobs for the labour force.

Population and Household Projections

6.52 The application of the assumptions above to the demographic projections under Core Scenario 3, result in the following levels of population and household change.

Figure 6.8: Core Scenario 4 – Population and Household Projection data

	Private Household Population			Household Size			Households			
Scenario 4 - Employment Constrained	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	Annual Change (24 years)
Bromsgrove	89,241	103,637	14,396	2.46	2.28	-0.18	36,319	45,441	9,122	380
Malvern Hills	71,426	86,288	14,862	2.36	2.20	-0.16	30,218	39,210	8,992	375
Redditch	78,072	94,730	16,657	2.33	2.14	-0.19	33,443	44,187	10,744	448
Worcester City	91,705	105,190	13,485	2.25	2.09	-0.16	40,766	50,222	9,456	394
Wychavon	114,327	126,046	11,719	2.42	2.21	-0.21	47,322	57,148	9,826	409
Wyre Forest	96,435	109,538	13,103	2.29	2.10	-0.20	42,060	52,262	10,203	425
Worcestershire	541,206	625,429	84,223	2.35	2.17	-0.18	230,128	288,472	58,344	2,431

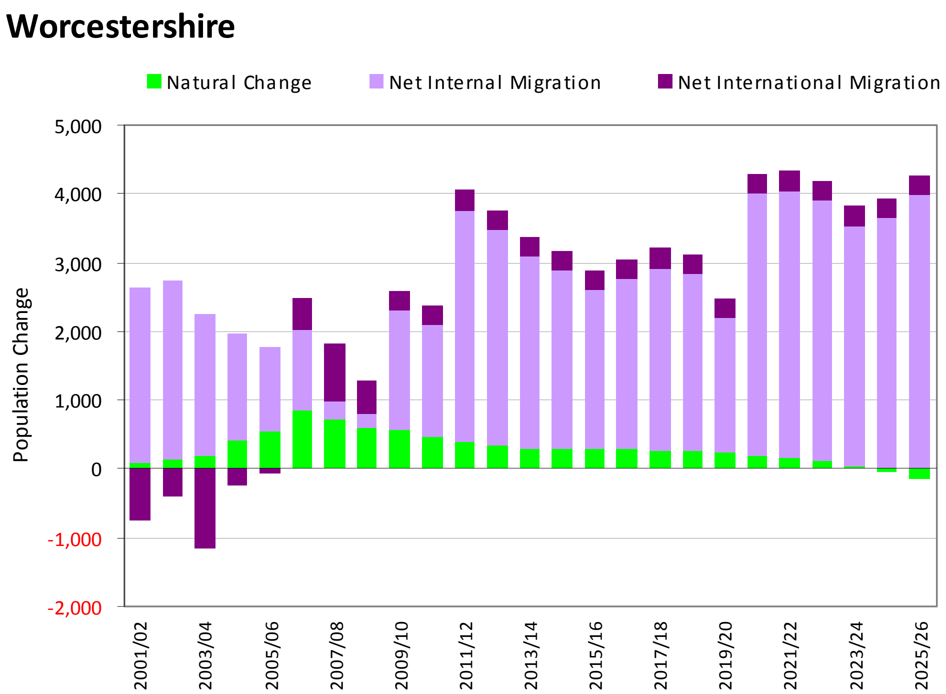
Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

6.53 Under this Core Scenario all of the authorities see elevated levels of population and household growth against the preceding scenarios examined. This reflects the current and projected demographic make-up of many of the authorities. As the analysis in section 4 identifies households and people of non-working age make up a notable proportion of the demographic profile of all of the authorities, Worcester City having the 'youngest' overall profile, with this component projected to grow over the projection period. This does not align well with the projected change in the economy, even where the forecasts suggest a relative stabilisation or even a small decline in job numbers.

6.54 Redditch in particular records a high level of population growth under this scenario. When considering the outputs of this analysis for the authority it is important to recognise that the current age profile of the authority is heavily influenced by the impact of the extensive influx of new households, of similar ages, between 1964 and 1985 as a result of the New Town Programme. The retained elements of this population are obviously 'ageing' through the modelling at a similar time impacting substantially on the proportion of non-working age population through the projection period.

6.55 The following chart shows the interplay between the different components of change under this scenario.

Figure 6.9: Components of change – Employment constrained Core Scenario 4



Source: Edge Analytics, 2011

6.56 The chart clearly shows the uplifted levels of in-migration of people from other parts of the UK to fill employment opportunities. It is important to note that this scenario uses the migration-led scenario as its base and therefore the levels of international migration are not adjusted beyond Core Scenario 3 levels. A similar trend is also shown in relation to the natural change component. Under this scenario the natural change component remains positive until closer to the end of the projection period displayed as the influx of new generally working-age in-migrants to take up employment opportunities model through and increases the number of children. Over the longer term even with this higher level of in-migration the rebalancing of the profile does not offset in totality the ageing of the population and therefore the natural change component eventually does become a net negative factor.

6.57 The AWM economic forecasts assume no public sector support for job creation and there are a number of initiatives and projects which may result in higher rates of job creation than assumed. Any population and household growth resulting from the Worcestershire economy growing faster than forecast needs to be carefully monitored and will be additional to the predictions in this report.

Core Scenario 5 – Dwelling-led

6.58 Under this scenario demographic trends under Core Scenario 2 are constrained by a hypothetical future supply projection. An average completion rate, based on levels of development recorded between 2004/05 and 2009/10, is projected forward to 2030. The number of properties built therefore constrains the population that can be accommodated using the same household size assumptions as the other scenarios[40].

Population and Household Projections

6.59 The application of this 'constraint' produces the following household and population projections for the authorities.

Figure 6.10: Core Scenario 5 – Population and Household Projection data

Scenario 5 - Development constrained	Private Household Population			Household Size			Households			
	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	Annual Change (24 years)
Bromsgrove	89,241	95,993	6,752	2.46	2.26	-0.20	36,319	42,563	6,244	260
Malvern Hills	71,426	76,466	5,040	2.36	2.15	-0.21	30,218	35,485	5,267	219
Redditch	78,072	81,265	3,193	2.33	2.11	-0.22	33,443	38,479	5,035	210
Worcester City	91,705	103,240	11,535	2.25	2.09	-0.16	40,766	49,392	8,626	359
Wychavon	114,327	116,819	2,492	2.42	2.19	-0.23	47,322	53,432	6,110	255
Wyre Forest	96,435	99,351	2,917	2.29	2.07	-0.22	42,060	47,921	5,861	244
Worcestershire	541,206	573,135	31,929	2.35	2.14	-0.21	230,128	267,270	37,142	1,548

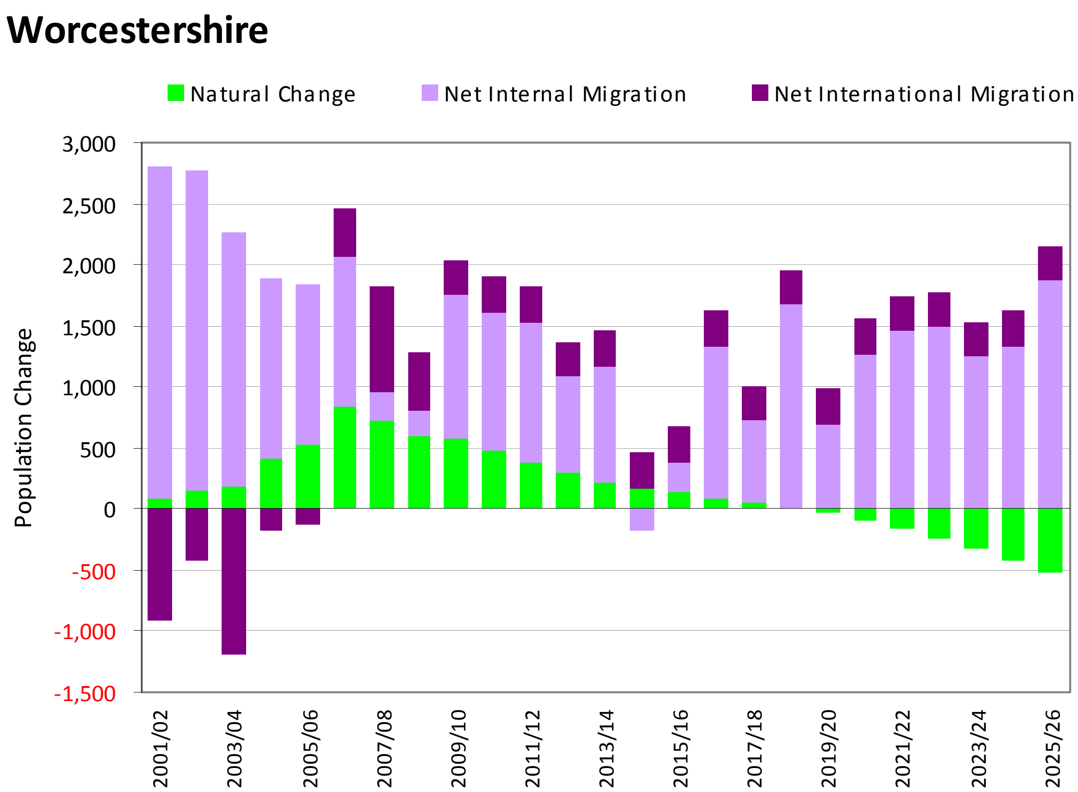
Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

40 This represents the reversal of the calculation for other scenarios i.e. the population here is generated by allocating people, using assumptions around average household size, to the new properties projected as being delivered. In the other scenarios the projected population is split into households using the same headship rate assumptions to create a number of households and therefore dwellings.

6.60 As would be expected this scenario suggests relatively similar levels of household change to Core Scenario 3, with the relationship between supply and demand over recent years an important link. Significantly the biggest difference between the two scenarios is shown for Redditch with the numbers under Core Scenario 3 considerably lower, again this serves to highlight a potential issue around the modelling of demographic components of change within the ONS dataset for the authority, with the demographic trend not appearing to reflect the levels of development seen within the authority over recent years.

6.61 The following chart shows the interplay between the different components of change under this scenario.

Figure 6.11: Components of change – Dwelling constrained Core Scenario 5



Source: Edge Analytics, 2011

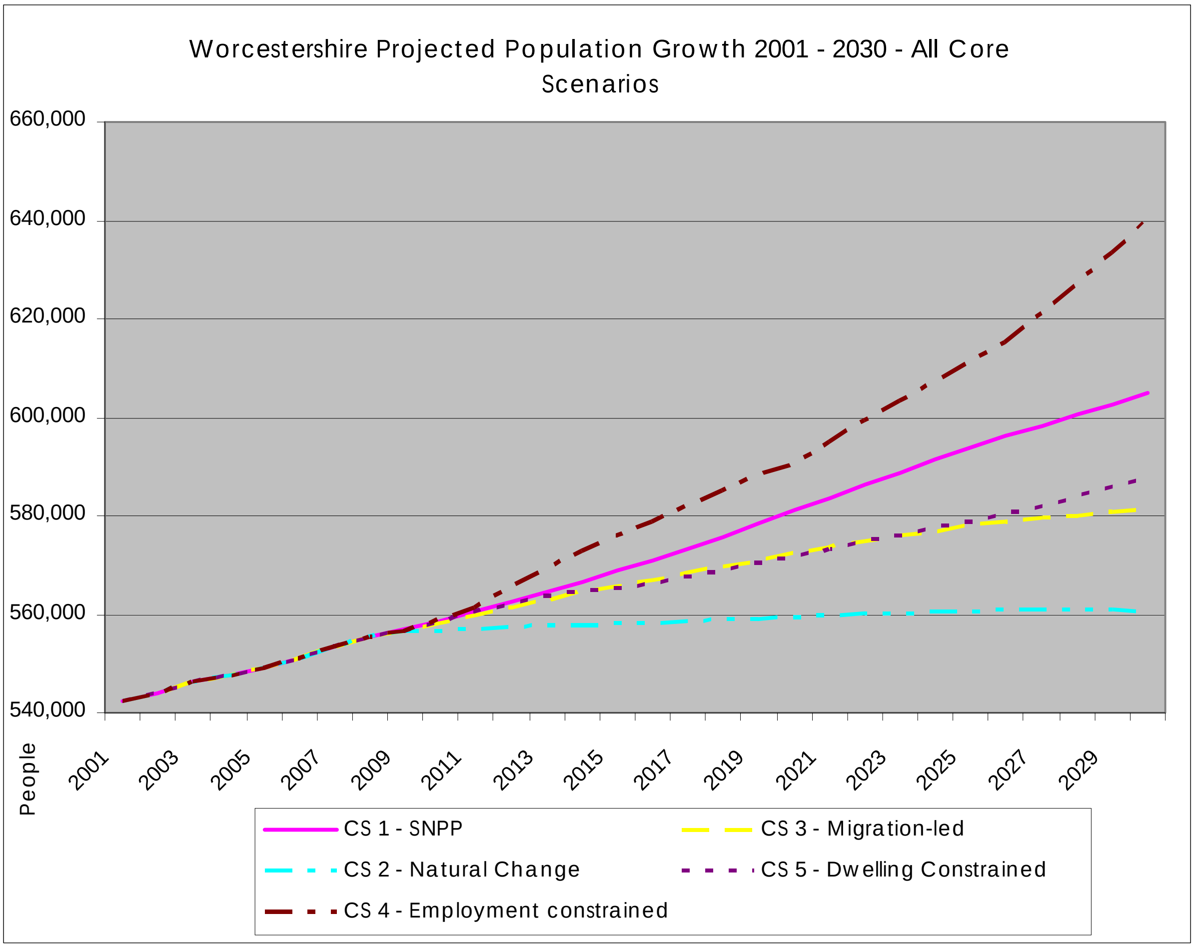
6.62 The chart clearly shows the constraining of migration flows into the authorities, where development rates are reduced.

6.63 This Core Scenario, while providing an important benchmark is not considered to represent a robust projection of growth as it simply constrains future change to historical supply. The current challenges in the development industry will have an impact on short-medium term demographic trends, however replicating the past does not necessarily link well to future policy aspirations.

Contrasting the Projections under the 5 Core Scenarios

6.64 The following chart shows the trajectory of population change for each of the scenarios for the whole of Worcestershire.

Figure 6.12: Population Projections – The Five Core Scenarios



Source: Edge Analytics, 2011, GVA, 2011

6.65 Evidently the spectrum of projections ranges from the very low level of growth projected under the Natural Change scenario to the considerably higher growth projected under the Employment-constrained scenario.

6.66 The following table compares the levels of projected household change under each Core Scenario. This is broken down into two time periods 2006 – 2026 and 2006 – 2030.

Figure 6.13: Household Projections – The Five Scenarios

Worcestershire								
	Households				Households			
Scenario	2006	2026	Change 2006 - 2026	Annual Change (20 years)	2006	2030	Change 2006 - 2030	Annual Change (24 years)
Scenario 1 - Sub-National Population Projections (SNPP)	230,130	266,890	36,760	1,840	230,130	273,470	43,340	1,810
Scenario 2 - Natural Change (zero migration)	230,130	249,160	19,030	950	230,130	251,570	21,440	890
Scenario 3 - Migration-led	230,130	260,060	29,930	1,500	230,130	264,360	34,230	1,430
Scenario 4 - Employment Constrained	230,130	274,980	44,850	2,240	230,130	288,470	58,340	2,430
Scenario 5 - Development constrained	230,130	260,960	30,830	1,540	230,130	267,270	37,140	1,550

Source: Edge Analytics, 2011, GVA, 2011

6.67 A number of interesting conclusions can be drawn from analysis of the Core Scenarios:

- Under the Natural Change scenario, with the exception of Worcester and Redditch, this scenario results in the lowest levels of projected household growth. Given that this scenario is hypothetical in nature and assumes zero migration in and out of the authorities this conclusion is to be expected. The higher levels for Redditch and Worcester reflect their comparatively high numbers of younger persons, in Worcester's case this is also impacted by the location of the University;

- Across Worcestershire as a whole the migration-led scenario shows a lower level of household growth than the SNPP scenario reflecting the lower levels of migration into authorities over the last couple of years. This is particularly pronounced in Redditch. Within Redditch migration serves as a drag factor with a net flow outwards year-on-year. This trend has become further accentuated over the last three years (2006 – 2009) of available data with this resulting in an actual projected population decline under this scenario in the authority. As noted this issue is explored in greater detail within the following sensitivity analysis. Again, Worcester is also an exception to this wider trend. Looking at the recent dynamics of the components of change in Worcester the last few years have seen an estimated increase in the net effect of international migration and a reduced net outflow of internal migrants. This has an impact on the projection forward under the migration-led scenario with recent years of data having a greater effect on the trend.

- The dwelling-led scenario across Worcestershire closely mirrors the migration-led scenario. This illustrates the impact of the dynamic between supply and demand, with recent supply trends clearly influencing the recent levels of household change in an area and therefore their projection forward.

- Finally the employment-led scenario shows the highest levels of annual household growth of all the scenarios. This is true particularly in Redditch, Wychavon and Wyre Forest. All three of these authorities are projected, under the demographic trend based scenarios, to see a significant reduction in the working age population. If this trend is realised then even with zero growth or even a forecast loss of employment the balance between jobs and workers becomes increasingly out of balance with an insufficient labour force to take-up employment opportunities. It is important to recognise that this scenario assumes that current economic factors continue, with the exception of changes in employment levels. In reality the link between the labour force and employment is likely to change over the plan period, for example given the rise in pension ages and wider changes to pensions it is considered likely that people will work to an older age. This will have an impact on the levels of in-migration assumed to be required with the existing labour-force filling jobs to a greater extent. This issue is explored within the sensitivity analysis in the final part of this section.

Sensitivity Scenarios

6.68 This sub-section responds to the issues highlighted above in relation to the Core Scenarios and applies a number of sensitivities in order to add an element of refinement to the analysis. This approach reflects the guidance within PPS 3 that suggests that a range of factors need to be considered in determining appropriate levels of local housing provision[41].

6.69 The two sensitivities considered are summarised below:

- Considering the role of International Migration – the analysis of the components of change presented in the MYE for Redditch highlighted a potential issue in the treatment of international migration within the authority. The historical population

[41] Planning Policy Statement 3, DCLG, June 2010 – Paragraph 33 lists the factors to be considered

estimates show considerable variance year-on-year and the overall trend of population decline does not reflect development activity nor other evidence sources and local perception. A review has been undertaken by Edge Analytics of other modelled local information to assess the validity of MYE data around this component. This identified that there was an evidenced potential high level of undercounting in recent years within Redditch. The first sensitivity therefore focuses solely on Redditch and uses locally sourced demographic data to 'correct' these historical estimates and therefore the trend-based demographic projections[42];

- Economic Activity rates of older working age groups – going forward the average age of retirement is likely to change. In a number of the authorities a greater inflow of working age migrants is assumed to be required as a result of an ageing population. Arguably, however, this may be mitigated in part by the existing labour-force being extended in its overall scale through individuals choosing or being required to work beyond current retirement ages. This is therefore considered through a varying of Economic Activity Rates for 50 – 64 and 65+ elements of the labourforce/population.

Sensitivity Scenario 1: 'Correcting' the International Migration component of Change

6.70 The challenging of official statistics is a valid sensitivity to be considered as the datasets are based on the best information available consistently nationally. Often local data for example, GP Registrations data or Council Tax data (illustrating occupied properties) provides a better local proxy for confirming recent historical trends in population and household changes. These trends can then be used to model a more accurate projection.

6.71 Noted irregularities in the volatility of the population of Redditch based on the ONS MYE datasets identified the need to test the assumptions which underpin the dataset. Further information of this approach is set out below.

[42] Note: a similar refinement could be made to other authorities following the release of the ONS Indicative Mid-Year Population Estimates updates (2006 – 2010) in November 2011 (these were released after the modelling was undertaken within this SHMA). This dataset reinforces the importance of correcting Redditch's estimates in particular and there projection forward based on a trend of population increase rather than stabilisation over recent years. These datasets and subsequent releases by the ONS will need to be considered through the annual monitoring of the SHMA.

Overview of the ONS Approach

6.72 The ONS employs a robust cohort component methodology for the calculation of its Mid Year Estimates (MYE). This methodology is a tried and tested approach, used by many national statistical agencies and researchers for estimating and projecting demographic change.

6.73 As with all estimation 'models', the cohort component methodology is very reliant on robust and reliable data inputs. The UK does not have a population register and therefore relies on a number of data sources to measure the three core components of population change as explored above (Natural Change, Net Internal Migration and Net International Migration).

6.74 The components of change estimated within the MYE rely on data which have different levels of accuracy and robustness. Natural change is derived from vital statistics registers, providing accurate data on the annual impact of births and deaths within each local authority area. Internal migration is derived from General Practitioner (GP) registration statistics; a robust source particularly with the recent improvements in the handling of student flows. International migration is the most difficult component to estimate, relying on the International Passenger Survey (IPS) to produce a national 'sample' of immigrants and emigrants, from which local authority totals are derived. In 2010, ONS revised its methodology for estimating international migration and incorporated improvements to the use of student, internal migration flows. As a result all MYE since 2002 were retrospectively re-calculated and re-released.

6.75 The ONS continues to develop new and alternative methods for estimating international migration as part of its ongoing Migration Statistics Improvement Programme (MSIP). What complicates this challenging programme of improvement is the sheer complexity of the process of international migration, with a huge diversity of origin/destination countries, migrant types and durations of stay to consider.

6.76 Research at the University of Leeds, to develop population projections for ethnic groups, has scrutinised the methods and data sources used by ONS to estimate international migration and has identified some discrepancies between the immigration estimates which underpin local authority MYE and evidence from local administrative datasets, specifically on immigration. This research has contributed significantly to the debate on the statistical robustness of estimation methods. Output from the research has been shared with ONS and the alternative methods suggested for immigration estimation now form the basis of the MSIP's planned improvements to international migration estimates to 2011[43] (see Boden & Rees, 2010 for more detail[44]).

6.77 The 'alternative' methodology retains the ONS 'national' estimate of international migration but distributes data direct to local authorities using a combination of evidence from three administrative datasets: GP registration of foreign nationals, National Insurance Number registrations (NINO) and the Higher Education Statistical Agency's (HESA) count of international student numbers. The methodology removes the requirement for a regional and intermediate geographical hierarchy and maximises the use of local administrative evidence on international migrant populations. The methodology redresses the regional imbalances that are evident in existing estimates and removes any biases created by the use of the *intermediate* geography.

6.78 In considering this analysis the research has identified that Redditch, given the potential issues identified within the trend shown from the official ONS mid-year estimates datasets, has the most notable potential discrepancy in terms of the ONS data, Analysis by Edge Analytics showed that the broad estimates of net change in international migration do not show a notable move away from trends evidenced in other local datasets for the other authorities across Worcestershire[45]. On this basis this sensitivity only looks to update the demographic trend data for Redditch, with the sensitivity scenario presented below.

Updating the Redditch Migration-led Scenario

6.79 The following chart shows the two different estimates of net international migration for Redditch. The Blue bars represent the ONS MYE datasets and the Grey bars illustrate net immigration based upon a number of administrative data sets (NINO, GP Registrations and HESA) which have been analysed across the UK.

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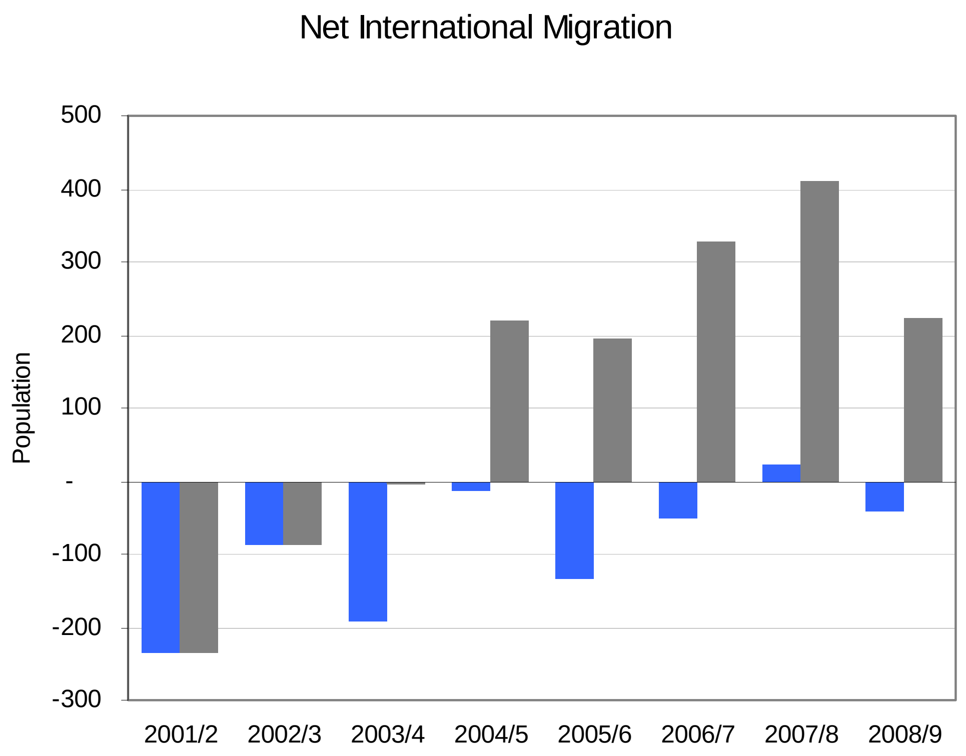
43 Note: the ONS published indicative datasets resulting from an improved run of its modelling in November 2011. This post-dated the analysis and modelling work undertaken within this SHMA report.

44 **Boden P** and **Rees P** (2010) International migration: the estimation of immigration to local areas in England using administrative sources, *Journal of the Royal Statistical Society, Series A (Statistics in Society)*, in press

45 As per footnote 43 the ONS released an indicative dataset updating MYE data back to 2006 following the analysis undertaken in this SHMA. The impact of these changes to other authorities will need to be considered in future updates and monitoring.

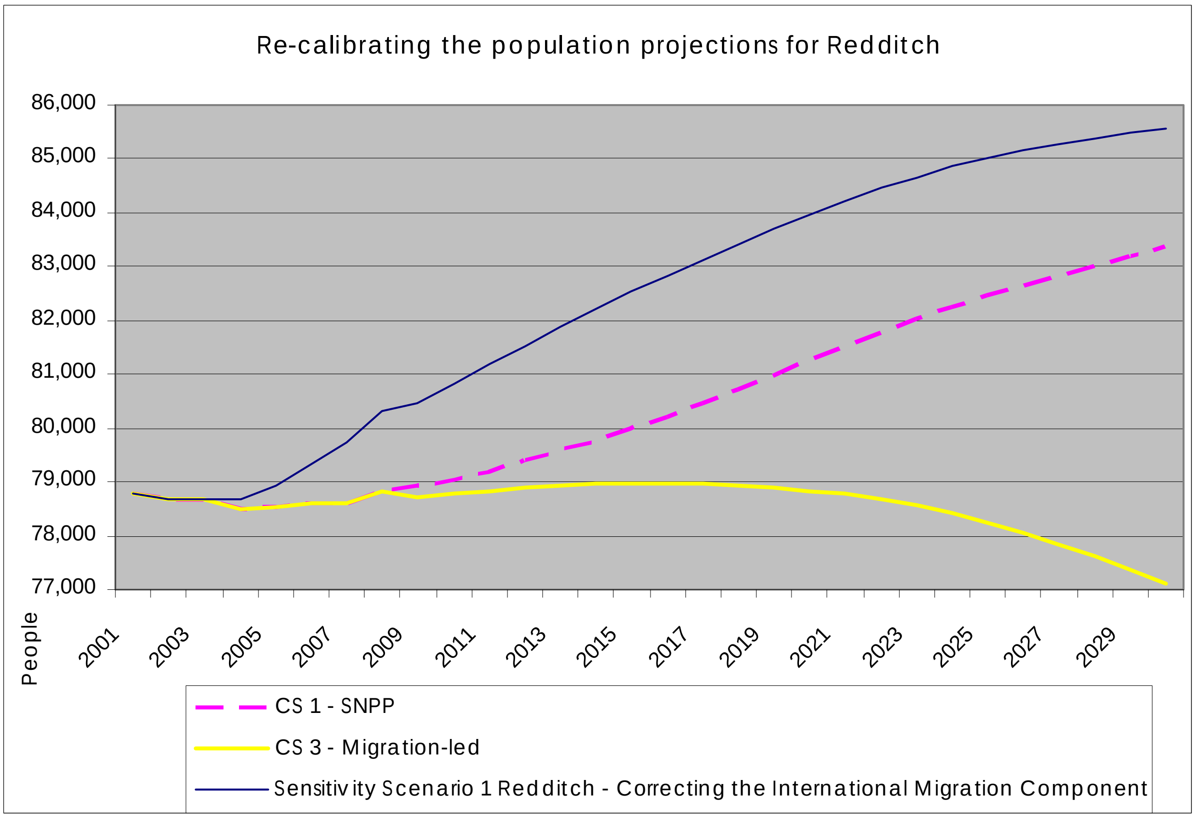
Figure 6.14: Redditch – Net International Migration Correction



Source: Edge Analytics, 2011, NINO, GP Registration Data, HESA data, 2011

6.80 This Sensitivity Scenario applies the updated locally based estimates of net international migration and re-runs Core Scenario 2 with these components integrated. This serves to change the historical population estimates as well as the future projections from 2003 onwards. This is considered to represent a better estimate of how the population in Redditch has changed over recent years, in turn creating an improved projection of future change.

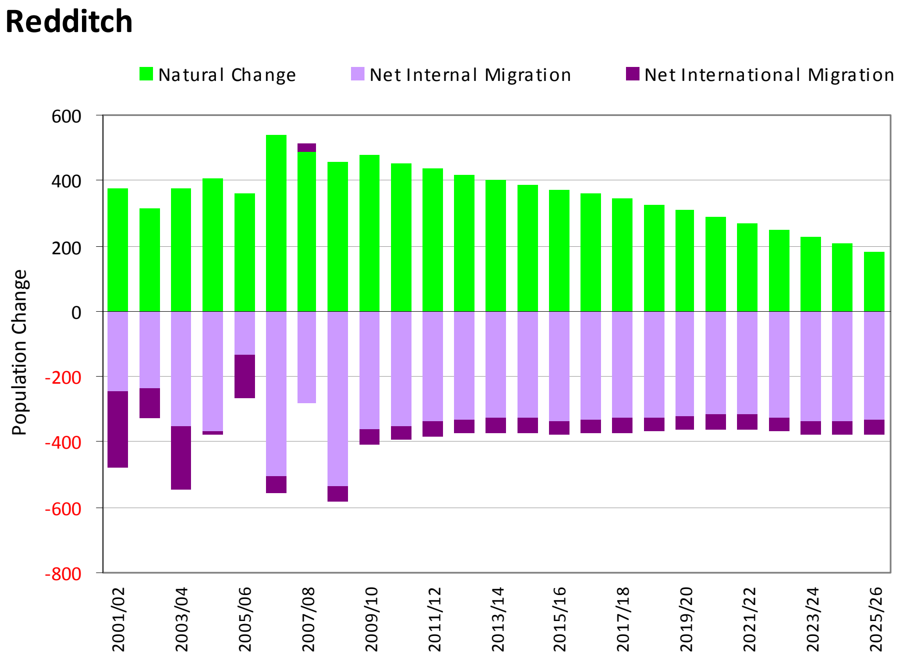
Figure 6.15: Alternative Population Projections – Sensitivity Scenario 1, Core Scenario 1 and 2



Source: GVA, 2011, Edge Analytics, 2011

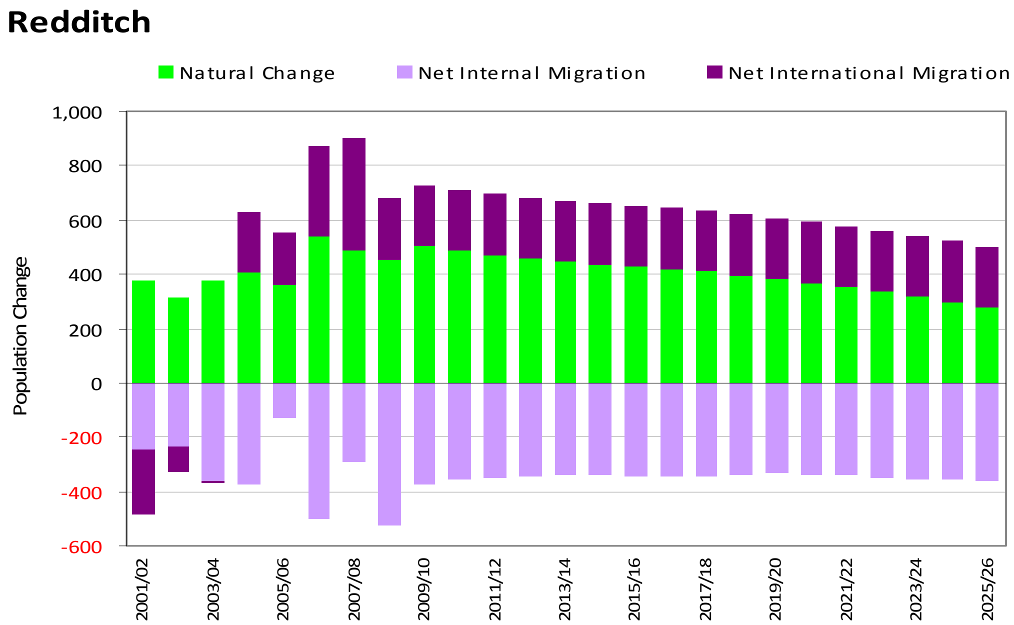
6.81 The following charts demonstrate the changes to the international migration component under this scenario. The first chart presents Redditch's population change under Core Scenario 3 and the second under Sensitivity Scenario 1.

Figure 6.16: Components of Change Redditch – Core Scenario 3 Migration-led



Source: Edge Analytics, 2011

Figure 6.17: Components of Change Redditch – Sensitivity Scenario 1



Source: Edge Analytics, 2011

6.82 The impact of the Sensitivity Scenario in terms of population and household change is illustrated through the following table.

Figure 6.18: Sensitivity Scenario 1: Population and Household Projection Data

Sensitivity Scenario Redditch - Correcting the International Migration Component	Private Household Population			Household Size			Households			
	2006	2030	Change 2006 – 2030	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 – 2030	Annual Change (24 years)
Core Scenario 3 - Migration-led	78,072	76,131	-1,941	2.33	2.10	-0.23	33,443	36,256	2,813	117
Sensitivity Scenario Redditch - Correcting the International Migration Component	78,800	84,516	5,716	2.34	2.12	-0.21	33,734	39,778	6,044	252

Source: Edge Analytics, 2011, GVA, 2011

6.83 This Sensitivity is considered to present a more accurate demographic based projection for Redditch and is therefore used to underpin the second Sensitivity which is applied to all authorities and focuses on the economic activity rates of older persons in the future.

Sensitivity Scenario 2: Altering Economic Activity Rates of Older Persons

6.84 Core Scenario 4 aligns employment forecasts with the projected labour force within each authority, based on the demographic trend-based Core Scenario 3. This alignment process keeps a number of key assumptions constant, including Economic Activity Rates.

6.85 For the majority of authorities the projections under Core Scenario 4 show a significantly greater level of population growth. This is largely driven by <u>the assumption that each authority needs to accommodate further in-migration of working age people to service new jobs or indeed existing jobs as the population ages and retires</u>. In reality it is likely that the existing labour force will expand its capacity naturally through higher levels of economic activity of those in the upper age bands of the active workforce. This reflects <u>plans to raise pensionable ages[46] and a sustained</u>

[46] Note: Key Changes include – Gradual increase of the State Pension for women born on or after 6th April 1950 to 65 between 2010 and 2020; the State Pension age for men and women will increase from 65 to 66 between April 2024 and April 2026 (DWP, Changes to the State Pension, 2009); and from the 6th April 2020 the State Pension age will be 65 for both men and women (NI Direct, Changes to the State Pension, 2010).

pressure on many people to continue to supplement potential pensions with income from employment.

6.86 This Sensitivity Scenario therefore modifies the Economic Activity rates of this particular age cohort, with the following assumptions applied:

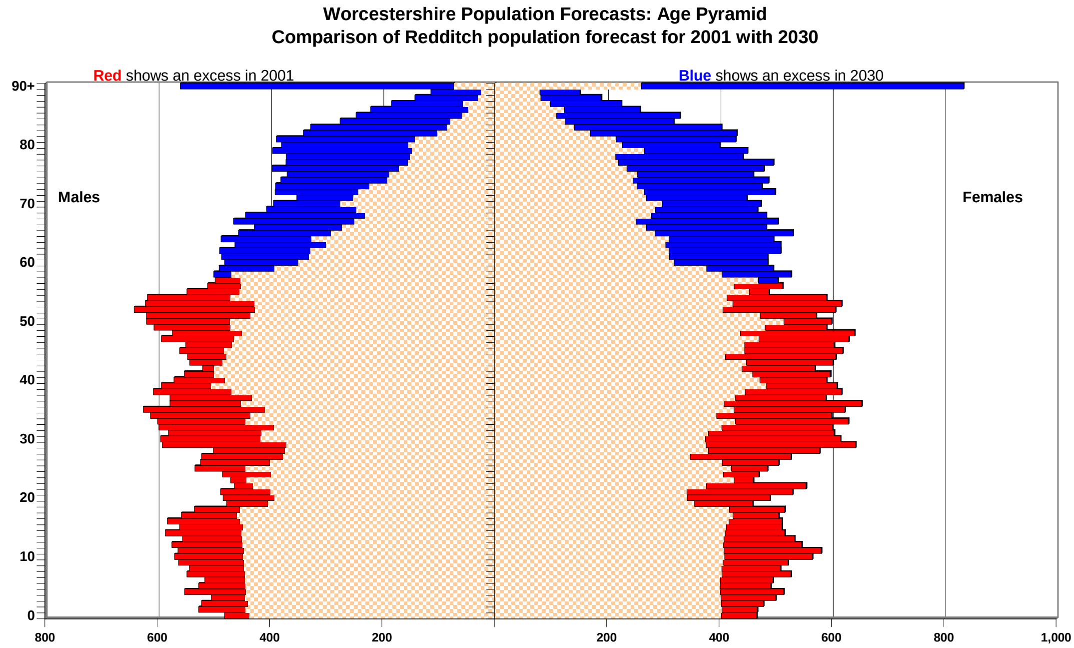
- 50 – 64 years – Economic Activity rates incrementally increased by 10% between 2011 and 2030. An incremental approach is applied to reflect the gradual impact of this employment factor; and
- 65+ years – Economic Activity rates are incrementally increased by 50% over the same time period.

6.87 The application of these assumptions serves to expand the latent capacity of the existing labour force rather than require the same levels of in-migration of working age people to match job forecasts. This is considered to represent more accurately the way in which the labour force will change in the future. This is important even for those authorities where current economic forecasts show a relative stabilisation or indeed decline in total employment.

6.88 The impact of altering the activity rates of these older elements of the population is illustrated when looking at the age pyramids of the individual authorities, with Redditch included for reference below. The age pyramid illustrations overlay data for 2001 and 2031. Red bars indicate a population higher in 2001 than 2031. Blue bars illustrate the reverse is true i.e. the population is higher in 2031 than 2001.

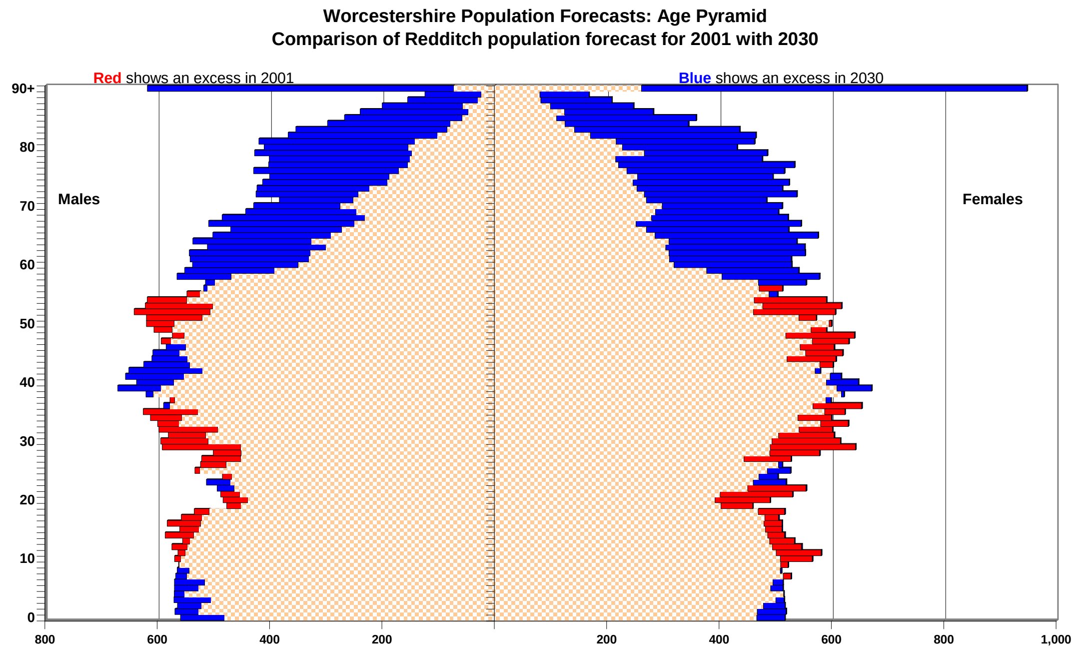
6.89 The age-pyramid for Core Scenario 3 shows that the population will age considerably with a 'shrinking' of young age cohorts including the working-age population but a considerable growth in the older population groups. By contrast the age-pyramid for Sensitivity Scenario 2 illustrates the impact of aligning the population with employment forecasts. This serves to significantly reduce the reduction in the size of population of younger / working age groups, with the ageing of the local population countered by an increase in the levels of in-migration of younger working age residents. It is important to recognise that under this scenario the older population still continues to grow, the overall impact therefore being an overall higher growth in the population.

Figure 6.19: Redditch Age Pyramids Comparison of population forecasts for 2001 with 2030 – Migration-led Projection (Core Scenario 3)



Source: Edge Analytics, 2011

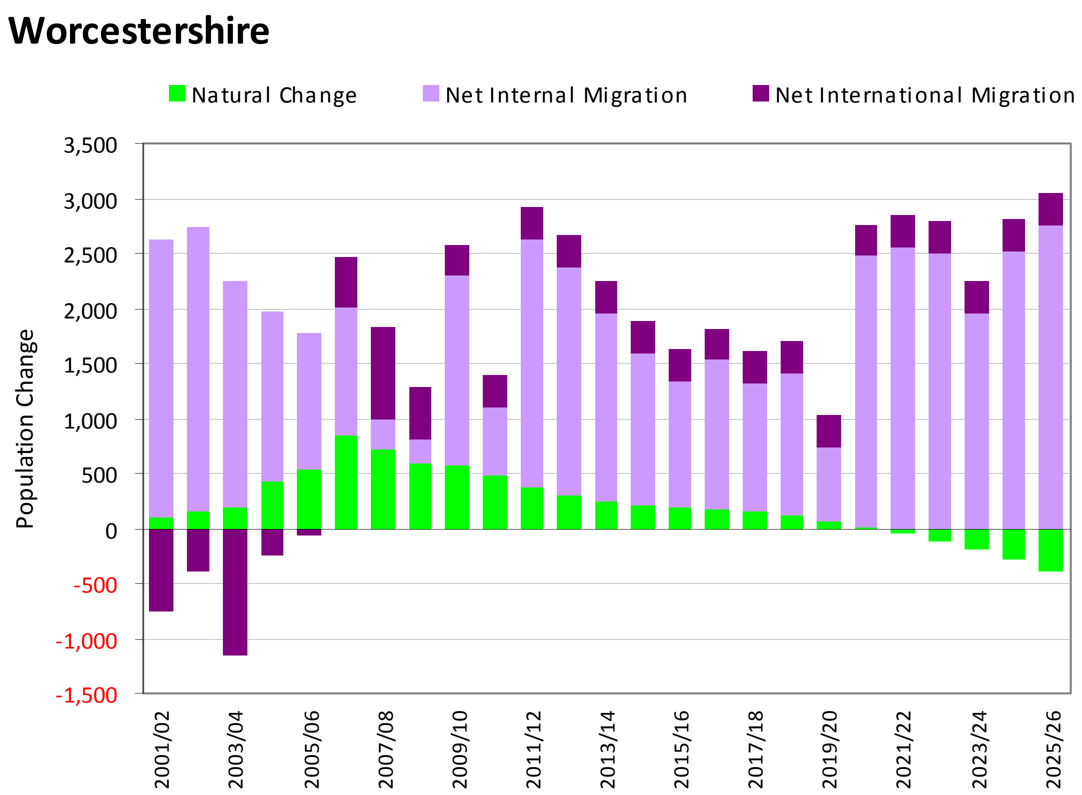
Figure 6.20: Redditch Age Pyramids Comparison of population forecasts for 2001 with 2030 – Sensitivity Scenario 2



Source: Edge Analytics, 2011

6.90 The following chart illustrates the impact this sensitivity has on levels of migration into Worcestershire. When contrasted with the Core Scenario 4 Components of Change Chart it is evident that as a result of re-balancing the workforce far less in-migration is required to match employment opportunities.

Figure 6.21: Components of Change – Worcestershire Sensitivity Scenario 2



Source: Edge Analytics, 2011

6.91 The key outputs of the Sensitivity in terms of population and household growth are displayed in the following table.

Figure 6.22: Sensitivity Scenario 2: Population and Household Projection Data

Sensitivity Scenario 2 - Altering the Economic Activity Rates of Older Persons	Private Household Population			Household Size			Households			
	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	2006	2030	Change 2006 - 2030	Annual Change (24 years)
Bromsgrove	89,241	98,953	9,712	2.46	2.26	-0.19	36,319	43,697	7,378	307
Malvern Hills	71,426	81,801	10,376	2.36	2.18	-0.18	30,218	37,523	7,305	304
Redditch	78,800	92,486	13,685	2.34	2.14	-0.19	33,734	43,176	9,442	393
Worcester City	91,705	101,676	9,971	2.25	2.09	-0.16	40,766	48,675	7,909	330
Wychavon	114,327	119,709	5,382	2.42	2.19	-0.22	47,322	54,603	7,281	303
Wyre Forest	96,435	104,323	7,888	2.29	2.08	-0.21	42,060	50,042	7,982	333
Worcestershire	541,934	598,948	57,014	2.35	2.16	-0.20	230,418	277,717	47,298	1,971

Source: Edge Analytics, 2011, GVA, 2011

6.92 This Sensitivity is grounded in a robust assumption around the changing nature of employment patterns based on more recent trends and emerging policies. This is particularly important across Worcestershire where many of the authorities have an ageing population but one which is likely to continue to contribute importantly to the economic growth of the area. This therefore represents a refined iteration of Core Scenario 4 which balances economic and demographic factors, an important consideration in the development of policy.

A Review of all of the Scenarios

6.93 The following table presents the range of household forecasts produced through the PHASE process for Worcestershire as a whole, including the Sensitivity Scenarios. The table includes a summary for each scenario of the key assumptions and a headline appraisal of the points of consideration in their application in projecting household growth over the longer-term.

Figure 6.23: Worcestershire Range of Future Household Projections

Scenario	Key Assumptions	Scenario Appraisal
Core Scenario 1: SNPP	Underpinned by SNPP and SNHP data from the ONS and DCLG. Incorporates alignment of households to Council Tax occupied property data. This assumption is applied to all other scenarios	Projections use longer term trends to project forward change. The analysis of the relative influence of migration in particular has highlighted notable changes in many of the authorities in recent years, with net levels reducing probably linked to market mobility and supply issues. These factors are likely to continue to play a role in the short-medium term impacting on levels of household formation. Over the longer-term trends may resort back to these longer-term trends, however the overall level of absolute growth will therefore be affected.
Core Scenario 2: Natural Change	Removal of any migration elements from the projections. This serves to illustrate levels of growth which will be driven solely from natural change in the existing local authority populations. Important to note that this is a hypothetical scenario only.	Useful benchmark to understand how the population will change based solely on births and deaths of the current population. Scenario cannot be realised in reality and is therefore not considered a valid basis from which to plan policy.
Core Scenario 3: Migration-led	Modelled using ONS MYE data with greater weight placed on more recent years data. Additional year of data used from the 2008 based SNPP.	As noted under the appraisal of CS 1 the greater weighting applied to recent trends is considered to present a more representative demographic led projection. This therefore represents an improved evidenced basis from which to consider setting current policy.
Core Scenario 4: Employment-constrained	Alignment of the demographic trend projections modelled under CS 2 with AWM economic forecast data. Other economic assumptions are held constant e.g. commuting ratios, economic activity rates, unemployment.	The alignment of economic change with demographic factors is important in terms of joining these two drivers together in policy development. The impact is significant in many of the authorities as a result of a projected ageing of the population. In reality while this is likely to occur employment habits in turn are likely to respond with an increasing proportion of older cohorts in the labour force working for longer to supplement incomes and linked to a planned raise in pension age.
Core Scenario 5: Dwelling-constrained	Constraining of the projected population under CS2 to historic rates of completion between 2004 and 2009.	While this again provides a useful benchmark in terms of providing a check on future demand driven projections in relation to supply trends, historic development rates should not necessarily be used to set future policy.
Sensitivity Scenario 1: International Migration Correction Redditch	Use of local datasets to provide an alternative estimate of the impact of international migration on historical population estimates. An updated set of net international migration assumptions has been embedded within CS 2 to provide a corrected demographic trend based projection for Redditch	The historical ONS population data for Redditch has been identified as showing a lack of consistency with other data sources. The treatment of international migration appears to under-represent growth. Analysis of other evidence sources supports this and provides a 'corrected' demographic projection for the authority. This is considered to represent the best demographic scenario for the authority and is used to underpin Sensitivity Scenario 2.
Sensitivity Scenario 2: Economic Activity Rates of Older Persons	Economic activity rates have been modified for the age cohorts 50 - 64 and 65+ on the basis of the appraisal of CS4. CS4 has been re-run applying these assumptions.	This sensitivity is considered to provide a refined analysis of the assumptions underpinning CS4 to provide a robust projection aligning demographic and economic factors.

Source: GVA, 2011, Edge Analytics, 2011

Bringing the Analysis of Population and Household Growth Together – Considering Housing Requirements

6.94 Under the previous Labour Government regionally set housing targets were an important component of working to ensure levels of development met need at a regional and local level. These statutory targets are in the process of being revoked and a new policy approach is starting to emerge. Although policies have yet to be finalised the retention of housing targets remains a core element of the Core Strategy informing the authority's position in terms of its five year land supply. There now exists greater flexibility for housing targets to be shaped to reflect local understanding of demand for housing.

6.95 The DCLG Guidance recognises that a range of projections and therefore requirements can be appropriate and the household growth projections presented previously should be considered to represent a spectrum of potential future outcomes for consideration in the development of locally appropriate policy.

6.96 This research has been conducted at a sub-regional or county scale. Individual authorities will be further developing their own evidence bases to reflect local policy and supply factors, neither of which have been considered in detail within this section. The intention here is therefore not to arrive at a 'preferred' scenario of household growth for the whole County but to present a spectrum of potential growth rates illustrating their sensitivity to drivers of change.

6.97 Based upon the analysis within this section a number of recommendations are reached regarding the various iterations of the scenarios presented:

- Core Scenario 2 could be viewed as representing one end of a spectrum of demand. This scenario is based upon recent trends in demographic change, which have in turn been driven by the economic and property market context which has evolved significantly since 2007. At this point in time it is considered likely that these drivers will continue to affect the market over the short-medium term and therefore represent a realistic perspective from which to consider a more market moderated scenario. It is important to recognise that Core Scenario 2 for Redditch has been amended to take account of the analysis presented under Sensitivity Scenario 1, which highlighted the evidenced discrepancy in the treatment of international migration within the ONS MYE; and

- Sensitivity Scenario 2 could be viewed as representing a projection which takes account of potential economic drivers. Importantly this factors in an important potential driver of change in the relationship between employment and the labour force in terms of economic activity rates of the upper age bands of the working age population.

6.98 The levels of household growth from these projections, considered to represent a robust spectrum underpinning the evidence base of this SHMA, are shown in the following table.

Figure 6.24: Household Projections – Core Scenario 2, Sensitivity Scenarios 1 and 2

Authority	Annual Change in Households 2006 - 2030 (24 years)		
	Core Scenario 3 - Migration-led	Sensitivity Scenario 1 - Redditch Correction	Sensitivity Scenario 2 - Altering the Economic Activity Rates of Older Persons
Bromsgrove	320		310
Malvern Hills	210		300
Redditch		250	390
Worcester City	340		330
Wychavon	270		300
Wyre Forest	180		330
Worcestershire	1,560		1,970

Source: GVA, 2011, Edge Analytics, 2011

6.99 The household projection derived from these two scenarios are translated into draft hypothetical net dwelling requirement figures to help inform policy development.

6.100 In calculating dwelling requirements from household projections a standard uplift of 3% has been applied to allow for 'churn' or turnover within the housing market. A factor of 3% has been commonly used in previous rounds of RSS dwelling requirement calculations.

6.101 The recent supply of completions are factored into the overall requirement recognising that these can be netted off the level of household growth projected from 2006.

Figure 6.25: Hypothetical Net Dwelling Requirements – 2011 – 2030: Core Scenario 3 and Sensitivity Scenario 2

Scenario	Forecast Household Change (2006-2030)	Forecast Dwelling Requirement - factoring in vacancy allowance of 3%	Housing Delivered Gross 2006 - 2011 (5 years)	Theoretical Dwelling Requirements 2011/12 - 2029/30 (19 years)	
				Net Dwelling Requirement (rounded)	Net Annual Average Dwelling Requirement (rounded)
Bromsgrove					
Core Scenario 3	7,580	7,800	823	6,980	370
Sensitivity Scenario 2	7,380	7,600	823	6,780	360
Malvern Hills					
Core Scenario 3	5,080	5,230	1,183	4,050	210
Sensitivity Scenario 2	7,310	7,520	1,183	6,340	330
Redditch					
Sensitivity Scenario 1	6,040	6,230	1,101	5,120	270
Sensitivity Scenario 2	9,440	9,730	1,101	8,620	450
Worcester City					
Core Scenario 3	8,130	8,370	1,796	6,570	350
Sensitivity Scenario 2	7,910	8,150	1,796	6,350	330
Wychavon					
Core Scenario 3	6,360	6,560	1,144	5,410	280
Sensitivity Scenario 2	7,280	7,500	1,144	6,360	330
Wyre Forest					
Core Scenario 3	4,280	4,410	1,176	3,230	170
Sensitivity Scenario 2	7,980	8,220	1,176	7,050	370
Total Worcestershire					
Core Scenario 3 & Redditch Sensitivity Scenario 1	37,460	38,590	7,223	31,370	1,650
Sensitivity Scenario 2	47,300	48,720	7,223	41,490	2,180

Source: GVA, 2011, Edge Analytics, 2011 (Note the Redditch Analysis is driven from Sensitivity 1 and 2[47]

6.102 It is recognised that beyond the SHMA evidence base further consultation work will be required within the various authorities and with neighbouring authorities outside of the

[47] Note: the total household change figures may not directly align with the multiplication out of average household change figures replicated in figure 6.24. This is due to rounding.

scope of this commission, to translate this evidence base into local housing requirements to be adopted as policy.

6.103 As noted at the start of this section Wyre Forest is the only one of the six authorities to have an adopted Core Strategy at the time at which this research was conducted. This assigned average annual requirement of 200 per annum which falls within the range identified in figure 6.25. This forms an important context for the future process of setting housing requirements for the remaining authorities across Worcestershire.

Projected Household Profile

6.104 The DCLG Guidance outlines the importance of estimating the broad breakdown of change in not only the number of households but also there composition or type. The selected scenarios are built from the construction of a population profile which takes into account the changing age profile, which is then translated into a household projection with assumptions around household formation. In addition the translation of population into households applies ONS assumptions around household size and make-up which enables the profile to be broken down into standard categories of household type.

6.105 The following table presents the projected changing profile of households by type for Core Scenario 3 (Sensitivity Scenario 1 in the case of Redditch). This is followed by a comparable table showing change under Sensitivity Scenario 2. These scenarios are consistently used throughout this sub-section in the presentation of additional analysis.

Figure 6.26: Projected Change by Household Type (2006-2030) – Core Scenario 3 (Redditch Sensitivity Scenario 1)

Migration-led Scenario – Core Scenario 3 (Redditch Sensitivity Scenario 1)		Household Change 2006 - 2030						
Household Type	Description	Bromsgrove	Malvern Hills	Redditch	Worcester City	Wychavon	Wyre Forest	Worcestershire
OPMAL	One person households: Male	2,948	1,027	2,586	2,230	2,305	1,847	12,943
OPFEM	One person households: Female	3,224	3,398	3,438	2,676	3,361	4,000	20,097
FAMC0	One family and no others: Couple: No dependent children	2,575	2,499	1,035	2,604	4,453	1,750	14,916
FAMC1	One family and no others: Couple: 1 dependent child	-99	-264	-324	531	-464	-379	-998
FAMC2	One family and no others: Couple: 2 dependent children	-154	-638	-780	-341	-1,107	-1,145	-4,164
FAMC3	One family and no others: Couple: 3+ dependent children	-318	-304	-9	-197	-453	-240	-1,520
FAML1	One family and no others: Lone parent: 1 dependent child	456	140	270	528	149	113	1,655
FAML2	One family and no others: Lone parent: 2 dependent children	170	137	173	151	24	88	744
FAML3	One family and no others: Lone parent: 3+ dependent children	152	28	96	94	29	79	478
MIX C0	A couple and one or more other adults: No dependent children	-980	-669	-804	-378	-1,202	-879	-4,913
MIX C1	A couple and one or more other adults: 1 dependent child	-194	-215	-101	-198	-355	-243	-1,305
MIX C2	A couple and one or more other adults: 2 dependent children	-103	-47	-79	136	-131	-94	-320
MIX C3	A couple and one or more other adults: 3+ dependent children	-39	18	50	57	-39	-43	3
MIX L1	A lone parent and one or more other adults: 1 dependent child	9	12	35	110	-29	-37	101
MIX L2	A lone parent and one or more other adults: 2 dependent children	29	0	6	1	14	-3	46
MIX L3	A lone parent and one or more other adults: 3+ dependent children	10	-4	-6	0	0	2	2
OTHHHH	Other households	-111	-40	458	120	-193	-537	-302
TOTHH	Total	7,575	5,076	6,044	8,126	6,365	4,279	37,464

Source: Edge Analytics, GVA, 2011

Figure 6.27: Projected Change by Household Type (2006-2030) – Sensitivity Scenario 2

Sensitivity Scenario 2		Household Change 2006 - 2030						
Household Type	**Description**	**Bromsgrove**	**Malvern Hills**	**Redditch**	**Worcester City**	**Wychavon**	**Wyre Forest**	**Worcestershire**
OPMAL	One person households: Male	2,943	1,381	3,232	2,185	2,443	2,437	14,620
OPFEM	One person households: Female	3,223	3,799	4,058	2,646	3,526	4,657	21,909
FAMC0	One family and no others: Couple: No dependent children	2,523	3,156	1,731	2,592	4,770	2,816	17,587
FAMC1	One family and no others: Couple: 1 dependent child	-138	-98	-59	498	-384	-73	-254
FAMC2	One family and no others: Couple: 2 dependent children	-220	-453	-558	-389	-1,049	-920	-3,589
FAMC3	One family and no others: Couple: 3+ dependent children	-332	-227	177	-216	-425	-91	-1,113
FAML1	One family and no others: Lone parent: 1 dependent child	453	227	437	519	188	276	2,099
FAML2	One family and no others: Lone parent: 2 dependent children	167	219	297	140	48	218	1,088
FAML3	One family and no others: Lone parent: 3+ dependent children	152	54	152	88	39	148	632
MIX C0	A couple and one or more other adults: No dependent children	-989	-606	-683	-379	-1,180	-730	-4,565
MIX C1	A couple and one or more other adults: 1 dependent child	-197	-204	-30	-201	-351	-206	-1,188
MIX C2	A couple and one or more other adults: 2 dependent children	-108	-29	-55	133	-128	-83	-270
MIX C3	A couple and one or more other adults: 3+ dependent children	-39	26	81	52	-39	-32	49
MIX L1	A lone parent and one or more other adults: 1 dependent child	8	25	70	106	-24	-13	173
MIX L2	A lone parent and one or more other adults: 2 dependent children	28	9	22	2	17	15	93
MIX L3	A lone parent and one or more other adults: 3+ dependent children	9	-1	-1	-1	2	14	22
OTHHHH	Other households	-106	27	571	135	-170	-451	5
TOTHH	Total	7,378	7,305	9,442	7,909	7,281	7,982	47,298

Source: Edge Analytics, GVA, 2011

6.106 Projecting household change forward the profile in 2030 is even more heavily skewed towards single person and couple households. Over the 24 years there is projected to be an additional 48,000 single person and couple households under Core Scenario 3 across Worcestershire. Under Sensitivity Scenario 2 this increases further to 54,100 additional households of this type. This reflects the matching of job opportunities with younger persons who have a propensity to form these household types.

6.107 Significantly family households are forecast to grow at a far slower rate across the County.

6.108 The following tables simplify the categories to emphasise these conclusions.

Figure 6.28: Projected change in broad household types – Core Scenario 3

Household Type	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest
One Person	6,172	4,425	6,024	4,906	5,666	5,847
Couple Household or Mixed Adult Household	1,595	1,829	231	2,226	3,251	871
Family Household (Adults and Children)	-82	-1,138	-668	873	-2,360	-1,902
Other Households	-111	-40	458	120	-193	-537
Total	**7,575**	**5,076**	**6,044**	**8,126**	**6,365**	**4,279**

Source: GVA, Edge, 2011

Figure 6.29: Projected change in broad household types – Sensitivity Scenario 2

Household Type	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest
One Person	6,165	5,180	7,290	4,831	5,969	7,095
Couple Household or Mixed Adult Household	1,534	2,550	1,048	2,213	3,590	2,087
Family Household (Adults and Children)	-216	-452	534	731	-2,107	-748
Other Households	-106	27	571	135	-170	-451
Total	**7,378**	**7,305**	**9,442**	**7,909**	**7,281**	**7,982**

Source: GVA, Edge, 2011

6.109 These trends in part reflect the historic migration patterns over recent years with younger households attracted to a number of the authorities, including Worcester and Redditch to take up new employment opportunities and study. It is also, however, driven by the ageing of the population with older person households making up a large proportion of these single and couple households.

6.110 Clearly the age profile of households is important with the following tables showing the changing profile by age groups (based on the head of household) as well as by household type for the two scenarios at a Worcestershire level (note this includes Redditch Sensitivity Scenario 1). Further tables showing the future projected age profile of the authorities are included within the individual Authority Overview Reports.

Figure 6.30: Projected households by age of head of household 2006 – 2030 – Core Scenario 3

Worcestershire	Change in age of head of household 2006 - 2030 - Core Scenario 3 (Redditch Sens Scenario 1)									
Household Type	**0-14**	**15-24**	**25-34**	**35-44**	**45-54**	**55-59**	**60-64**	**65-75**	**75-84**	**85+**
One Person	0	175	1,315	1,772	919	473	1,615	4,024	11,235	11,513
Couple Household or Mixed Adult Household	0	-332	93	-1,776	-4,558	-3,435	1,491	9,745	5,111	3,666
Family Household (Adults and Children)	0	-57	-1,527	-4,171	-491	183	363	160	97	164
Other Households	0	6	-65	-440	-856	-505	-324	-95	940	1,037
Total	**0**	**-207**	**-185**	**-4,615**	**-4,987**	**-3,284**	**3,145**	**13,835**	**17,383**	**16,380**

Source: Edge Analytics, GVA, 2011

Figure 6.31: Projected households by age of head of household 2006 – 2030 – Sensitivity Scenario 2

Worcestershire	Change in age of head of household 2006 - 2030 - Sensitivity Scenario 2									
Household Type	**0-14**	**15-24**	**25-34**	**35-44**	**45-54**	**55-59**	**60-64**	**65-75**	**75-84**	**85+**
One Person	0	296	1,979	2,377	1,253	647	1,826	4,334	11,770	12,048
Couple Household or Mixed Adult Household	0	-282	766	-1,540	-4,141	-3,160	1,855	10,369	5,331	3,825
Family Household (Adults and Children)	0	30	-580	-2,778	-34	267	392	172	102	171
Other Households	0	32	9	-421	-821	-492	-310	-67	1,001	1,074
Total	**0**	**76**	**2,173**	**-2,363**	**-3,743**	**-2,738**	**3,763**	**14,808**	**18,205**	**17,118**

Source: Edge Analytics, GVA, 2011

6.111 It is evident from the tables that a large proportion of the one person households are made up by older person households under both scenarios. The same is also true of couple households, with declines actually projected across Worcestershire under both scenarios of couple household aged 15 – 24 and 35 - 59.

6.112 In terms of family households the trend appears to be a projection towards a growth in family households where the age of head of household is above 55. Importantly the level of decline in projected younger family households is much less pronounced under the Sensitivity Scenario 2 than the demographic driven Core Scenario 3. This reflects the increased levels of in-migration assumed under Sensitivity Scenario 2 to balance the working age population with the job opportunities available.

6.113 Without quantifying these trends directly into the types and sizes of properties required, the following propositions can be raised:

- The substantial projected growth in one person households overall suggests a sustained demand for smaller properties. The market analysis in section 5 highlights that this demand will not solely be reflected in aspirations for flatted properties. In reality a notable proportion of current housing stock is occupied by single person households who aspire to have additional space and the options available through a house;
- Importantly, however, the large projected growth in single older person households does set an important context. The analysis in section 8 of this particular demographic group considers the issue in more detail, however, research undertaken across the County highlights the desire of many older person households to remain within their own property. This presents potential challenges for individuals and the market as a whole in terms of realising the potential of stock which could be better suited to families. The provision of custom built, targeted housing for older persons will be important, particularly for the large projected uplift in households aged over 85;
- The rise in couple households, a large proportion of which are made up of older person households further supports the conclusions above around the need to deliver attractive smaller properties in locations with good transport linkages; and
- Finally, the uplift in older family households suggests a sustained demand for larger family stock. The profile of housing across Worcestershire currently suggests that there is a relatively strong supply of this type of housing, noting the current under-occupancy issues above, however, in order to accommodate demand and the aspirations of households new supply of this type and size of housing will be required over the plan period.

Bringing the Evidence Together

6.114 The analysis and findings of the research presented in this section contribute towards a number of the core outputs set out in the DCLG Guidance. Section 9 pulls together these findings under these outputs, however, a summary of the key points drawn out through this section are set out below:

- The importance of understanding the likely level of future household growth across the County and the component Local Authorities is particularly important in informing future policy development and in ensuring that the provision of new housing matches demand. The anticipated revocation of regional planning policy will mean that an evidenced appreciation of this issue at a local authority level will have greater importance for emerging Planning Policy.

- Five Core Scenarios and two Sensitivity Scenarios have been considered through the analysis. The recommendation is reached that a demographic scenario, Core Scenario 3 (factoring in the correction applied to Redditch's migration component) should be considered to represent the minimum level of demand that should be planned for. The moderated employment constrained projection, Sensitivity Scenario 2, should be considered to represent an upper limit for the Local Authorities to consider when setting a housing target. This will ensure that the Authorities are able to enable employment growth over the plan period.

- These 'Preferred Scenarios' show a varying level of demand from household growth of 37,500 new households across Worcestershire up to 47,300 between 2006 and 2030. When recent completions are factored in this equates to an annual dwelling requirement across the County of between 1,650 and 2,180 per annum.

- Considering the changing nature of household composition implied under these two 'Preferred Scenarios' illustrates that the County, and each of the component Local Authorities, are likely to see a continued growth in single person and couple households, with a relatively small increase in family households.

- In terms of the age of households under Core Scenario 3 the County will reduce its working age population significantly. This is offset under Sensitivity Scenario 2 with a forecast growth in younger person households. Under both scenarios the County is projected to see a considerable growth in older person households, an issue examined in more detail within section 8.

7. Meeting the Needs of Households

The preceding sections have identified that, in terms of both the operation of the current market and the future direction of travel projected, affordability issues are a key factor for the authorities of Worcestershire. A detailed examination of the short-term level of households in affordable housing need is therefore of importance for this research.

As set out in PPS3, housing need is defined as 'the quantity of housing required for households who are unable to access suitable housing without financial assistance'.

In line with the current CLG SHMA Guidance (August 2007) this report assesses need under a series of stages, to arrive at a short-term (five years) assessment of the level of need for affordable housing across Worcestershire and within each individual authority. These stages include; current need, future need and the supply of affordable housing available.

The role of the three forms of affordable housing; social rented, intermediate products and Affordable Rent, is explored to understand the potential for these forms of affordable housing to meet needs.

In addition the analysis examines the relative levels of need and demand for different property sizes drawing on a detailed assessment of waiting list data supplied by the Worcestershire authorities.

Research findings within this chapter relate directly to:

Core Output 4: Estimate of households in housing need

Core Output 5: Estimate of future households requiring affordable housing

Core Output 7: Estimate of the size of affordable housing required

7.1 Housing affordability has, over the last decade, become a well recognised challenge to the operation of the housing market. The ability of households to access housing in which they aspire to live, and are indeed able to afford, is fundamental in ensuring that each authority's stated housing objectives are achieved.

7.2 The Coalition Government is starting to release new components of its reform to the planning system. The draft National Planning Policy Framework (NPPF) (July 2011)[48] continues to highlight the importance of Local Planning Authorities setting realistic and deliverable affordable housing targets through planning policy, with the expectation that these targets will be met in full through an enabling planning system.

7.3 Emphasis is very much being placed on Local Planning Authorities delivering the number of affordable homes that are evidenced as being needed within their Strategic Housing Market Assessments. This is both reflective of the changing political and market context, where meeting 'local' housing requirements is becoming increasingly important and is equally challenging due to the current economic and housing market conditions.

7.4 It is therefore vital that Local Planning Authorities undertake a robust and evidenced approach in assessing affordable housing need within their authorities – in line with the DCLG SHMA Guidance (August 2007). The analysis within this section follows this general principle and recognises the increasing pressures on establishing both realistic assessments of need and the wider challenges of delivery of non-market housing in the current property and economic climate.

7.5 There are three core elements of future need for affordable housing:

- Backlog – There is a range or spectrum of 'need', from those in urgent need of housing, to those who are living in overcrowded or substandard homes, and those who would like social housing but are not in urgent need of re-housing.

- Short-term need – Social housing need is likely to see a peak over the next few years, as the recession impacts on the ability of households to access either private rented accommodation or to service mortgages.

- Long-term need – Demographics, housing market trends and employment forecasts examined in the preceding section have set out suggested overall levels of demand for housing. Considering how affordable housing will feature in this demand is important.

7.6 It is important to recognise that these delivery challenges are likely to represent a challenge over a number of years based upon the current financial and property climate. While the analysis in this section presents an assessment of the levels of affordable housing required to address future needs, in reality a proportion of these needs could be met through alternative approaches depending on the availability of public funding. This is an issue touched upon within this section and considered

[48] Draft National Planning Policy Framework (July 2011) DCLG

through other sections of the report, in particular section 8. Further detail is also provided within the individual Local Authority Overview Reports.

Defining Affordable Housing Needs

7.7 'Housing need' refers to households who lack their own housing or live in unsuitable housing and who cannot afford to meet their needs in the market. It is for those in housing need (i.e. those who cannot meet their housing requirements in the private sector) that the state needs to intervene in the market to ensure that all households have access to suitable housing.

7.8 Establishing an estimation of the level of current and future housing need ensures that policy aimed at providing new affordable housing is responsive to the needs of households within the authority.

7.9 PPS3 defines affordable housing as follows:

- Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:
- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and house prices.
- Include provision for the home to remain at an affordable price for future eligible households, or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

7.10 In June 2011 PPS 3 was reissued to include technical definitions changes in Annex B. As noted in section 3 this included a new separate entry under 'affordable housing' for 'affordable rented housing'. This defines this affordable housing product as:

"Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent" (PPS 3, Annex B: Definitions, June 2011)

7.11 Looking at indicators of demand for affordable housing nationally (e.g. waiting lists), while housing supply has been falling, the need for affordable housing has clearly increased. There are two core elements of establishing the current and short-term future levels of need for affordable housing in more detail:

- Backlog – At the current point in time as a result of sustained affordability issues over a number of years the majority of areas have an existing ‘backlog’ of households classified as in need. This backlog comprises a range of types of household in ‘need’, from those in urgent need of housing i.e. without a current permanent home, to those who are living in overcrowded or substandard homes, and those who have an aspiration to live in non-market housing but are not in urgent need of re-housing.

- Future need – The sustained need for affordable housing is driven by a range of factors. As with market housing there is an underlying level of demand as new households form and require a property. In the context of the current economy and the housing market a significant proportion of these newly forming households face significant challenges in gaining entry to market housing therefore driving demand for affordable housing. In addition to new households existing households also represent a driver of housing need. As a result of any number of factors households circumstances can change resulting in their current housing situation no longer being appropriate. It is more than likely that need for social housing is likely to continue to be high or indeed grow further over the next few years, as the recession impacts on the financial circumstances of households and therefore their ability to access either private rented accommodation or to service existing mortgages.

7.12 As the analysis in the preceding section illustrates over the long-term demographic and economic factors will continue to place increasing pressures on the existing supply of housing, with new stock required in order to maintain the long-term balance between demand and supply. Based on the short-term factors considered above and the nature of this growth in households, with this including younger households as well as a large proportion of older households, it is likely that a proportion of these households will require affordable housing. While the analysis within this section focuses on the short-term this long-term sustained demand represents an important challenge and context for the interpretation of the findings and conclusions of this section.

Previous Assessment of Affordable Housing Need

7.13 The previous assessment of affordable housing need across the Worcestershire authorities was undertaken through the Worcestershire Housing Market Assessment Monitoring Report (2009/10)[49]. This is an annual update to the sub-regional Strategic Housing Market Assessment 2005/06 for the South Housing Market Area (April 2007).

7.14 The approach used within the annual HMA monitoring report builds on the original 2005/06 SHMA (April 2007). The approach used for the monitoring has been adapted and evolved since this, building on that from previous monitoring documents, and is in accordance with the latest DCLG SHMA Guidance (August 2007).

7.15 The monitoring utilised the resources of Worcestershire County Council's Research and Intelligence Unit, in addition to the six authorities in Worcestershire and a number of Registered Social Landlords (RSLs).

7.16 The Worcestershire Housing Market Assessment Monitoring Report (2009/10) found that there was an annual shortfall of 1,402 affordable dwellings across Worcestershire. Key contributing factors included:

- Estimated backlog need of 7,899 across Worcestershire. A five year period is used to address need (i.e. 20% reduction per annum) which equates to an annual backlog of 1,580 households.
- New gross household formation of 4,520 per annum with 33% unable to afford market housing (buy or rent) equating to 1,510 newly forming households in need per annum.
- 701 existing households falling into need on an annual basis.
- Gross annual housing need (backlog, newly-forming and existing) of 3,791 households.
- Existing supply – 2,389 social re-lets identified per annum (not including transfers).
- New dwelling supply - An additional 466 new affordable dwellings (social rent) per annum identified to offset need during 2010/11.

7.17 This was broken down by a detailed analysis, split by tenure, at the Worcestershire and individual authority scales.

[49] Worcestershire Housing Market Assessment Monitoring (2009/10) (December 2010) Worcestershire County Council

Ascertaining Affordable Housing Need utilising Secondary Data

7.18 The current DCLG SHMA: Practice Guidance (August 2007 Version 2) advocates an approach to calculating housing need that moves away from a purely primary survey based approach to one which is based on secondary data sources.

7.19 This methodology satisfies the requirements of the DCLG SHMA Guidance to include the analysis of secondary information through a collation and 'cleansing' of secondary data sources, including waiting list data and planned stock intervention to produce a housing needs assessment.

7.20 While the previous annual monitoring reports also drew solely from secondary data sources it is important to note that the methodology used within this new iteration of the SHMA is slightly different from that applied in the previous needs assessments for Worcestershire and its component local authorities. While the overall calculation approach is similar, in our experience there are often differences between the scale of inputs at various phases of the calculation process as a result of the different data sources used. These are drawn out within this section at the appropriate juncture in the needs calculation.

7.21 While the two approaches will not directly mirror one another it is important to highlight reasons for differences and the implications regarding the level of need for Worcestershire.

The Housing Need Calculation – DCLG Stepped Model

7.22 The model adopted is structured around four key stages which are consistent with the DCLG SHMA Guidance and are used to assess the overall surplus or shortfall of affordable housing. These are:

- Existing Need (Backlog)
- Newly-arising Need (Newly forming households and existing households)
- Supply of Affordable Units (Social re-lets and new development)
- Total Housing Need (Net Annual)

7.23 To summarise the process, the estimated net annual level of housing need is calculated through the assessment of the difference between the annual supply of affordable housing units and 'need' for them (arising from the backlog which has built up and that which is expected to arise). A key feature of the model is that both need and supply are considered in terms of annual flows. The final element of the analysis is the identification of the Total Housing Need (Net Annual).

7.24 The calculation of affordable housing need is therefore intended to provide a short-term assessment to estimate the volume of affordable housing required on an annual basis to meet of need across a 5-year period. This conforms to the DCLG SHMA Guidance[50], which states:

'Partnerships should avoid using a period of less than five years in which to meet unmet current need. If a five-year period is used, this means that 20 per cent of current unmet need should be addressed each year. The output of this should be an annual quota of households who should have their needs addressed'.

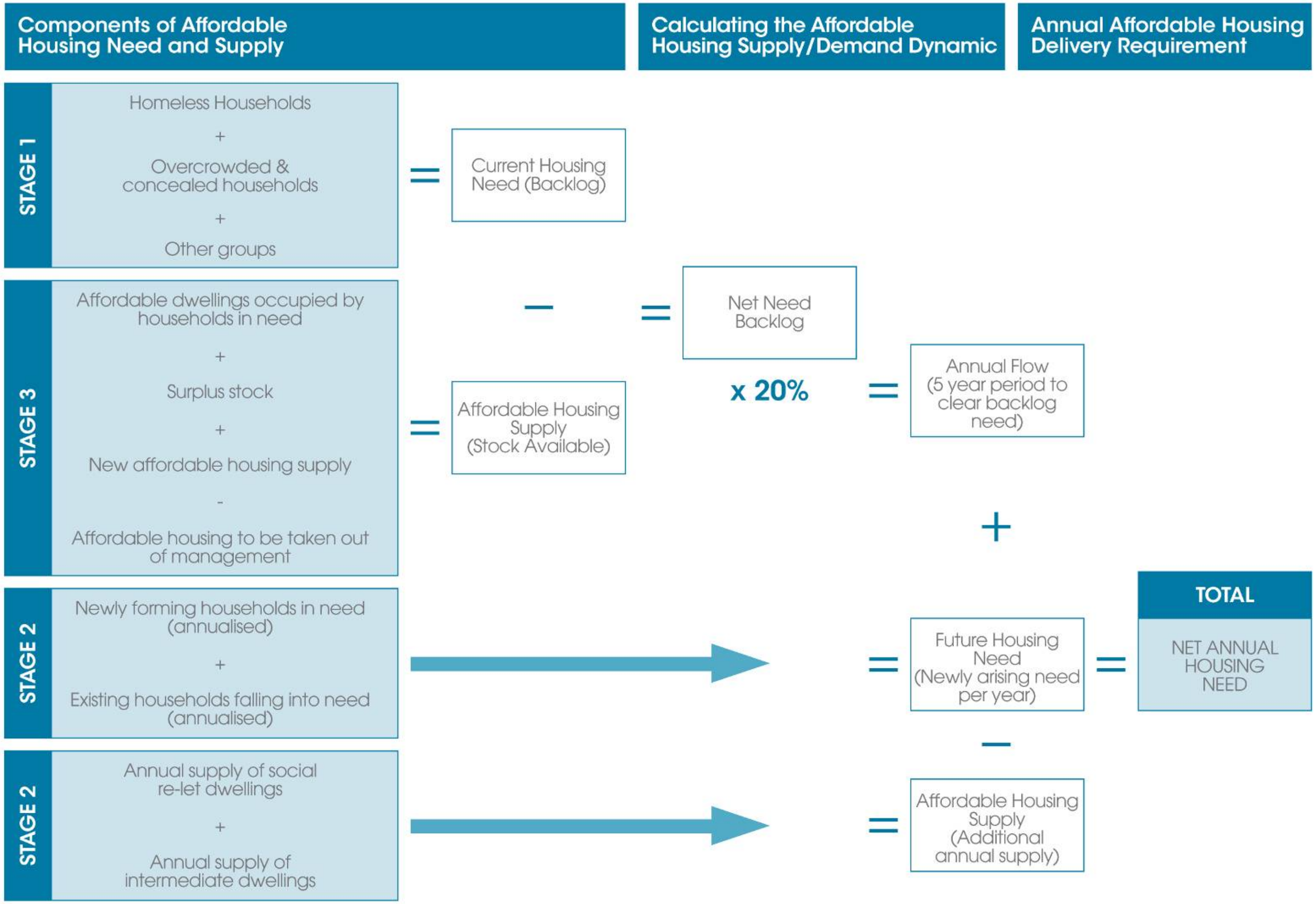
7.25 The DCLG 2007 SHMA Guidance version 2 (August 2007) provides a steer as to the inputs and analysis required under each of the stages of the calculation as well as identifying potential data sources.

7.26 As new data sources have emerged and in response to a changing economic and financial context for the housing market the approach to specific inputs to the calculation have continued to evolve and improve. Within this section we clearly set out the data used to drive the analysis and the underpinning assumptions.

7.27 The process is illustrated in a flow diagram, presented overleaf.

[50] SHMA Practice Guidance Version 2 (August 2007) DCLG p.52

Figure 7.1: Housing Needs Calculation – Flow Diagram



Source: GVA, 2011

Key Datasets informing the Housing Needs Calculation

7.28 A number of key datasets and sources are utilised to inform the housing needs calculation. It is important to reference the valuable inputs of a number of housing and planning officers from the Worcestershire authorities since spring 2011 in providing datasets to refine numbers and inform the calculations within an iterative process. The informing datasets are presented in the following figure:

Figure 7.2: Summary of Key Datasets Utilised in Housing Needs Assessment

Summary of Key Datasets Utilised in Housing Needs Assessment		
Model Step	**Data Source**	**Overview of Approach Followed**
1.1 - 1.4, 2.3, 3.1 and 3.6	Worcestershire authorities 'Home Choice Plus' housing register waiting list and lettings information Redditch Council 'Home Choice' housing register waiting list and lettings information	Utilised to calculate: - households currently designated as within 'significant need' of affordable housing (backlog) – reflecting 'reasonable preference' groups and affordable dwellings currently occupied by households in 'significant need' (i.e. transfers) - number of homeless households and those in temporary accommodation - number of households classified into 'significant need' banding status annually (excluding transfers and newly forming households) to calculate the number of existing households in each district falling into need of affordable housing each year - affordable housing re-let to a new household in need each year (supply)
2.1	Annual Average Gross Household Formation (Edge Analytics supplied) – drawing on Natural Change Scenario as presented in section 6	Utilised to estimate the number of newly forming households in each of the Worcestershire authorities on an annual basis. This utilises the Natural Change scenario, which excludes migration trends to establish the internal level of new household formation. New household formation is constrained to households aged 15-44 years.
2.2	Housing market information – DCLG Lower Quartile House Prices, Rightmove.co.uk (rental prices), Land Registry, English Housing Survey / Survey of English Housing	Utilised to calculate the proportion of newly forming households unable to afford low cost (lower quartile) private sector owner occupied and rental property within Worcestershire (i.e. access open market) and therefore requiring subsidised affordable housing.
2.2	Household income - Household income sourced from CACI data (2010)	
3.2	Council calculation of the number of long-term vacant social sector dwellings (6+ months)	Utilised to calculate the current supply of social dwellings that could be brought back into use to accommodate households in need on an annual basis (i.e. only applicable where vacancy exceeds 6 months and is classed as a long-term vacancy. Short-term vacancy is seen as necessary to facilitate stock turnover).
3.3	Council calculation of the committed forward supply of new affordable social and Affordable Rent dwellings (up to 5-year pipeline of committed supply)	Utilised to estimate the future supply of social dwellings that could be used to accommodate households in need on an annual basis.
3.4	Council calculation of the dwellings to be taken out of management (i.e. through demolition or sale)	Utilised to discount from the supply of social dwellings that could be used to accommodate households in need

3.7	Council calculation of the committed forward supply of new Intermediate rent/sale dwellings (5-year pipeline of committed supply)	Utilised to estimate the annual supply of intermediate dwellings available for sale or let at sub-market levels

Source: GVA, 2011

The Calculation of Housing Need

7.29 The calculation of affordable housing need for Worcestershire, and each of its authorities, is contained within the following model. This is presented to follow the stepped process set out within the DCLG SHMA Guidance. This draws on evidence obtained from secondary data sources. Details are provided throughout the analysis of the inputs used.

Figure 7.3: Housing Needs Assessment Model

Stage 1 – Current Housing Need (Gross Backlog)								
Step	**Methodology / Source**	**Bromsgrove**	**Malvern Hills**	**Redditch**	**Worcester City**	**Wychavon**	**Wyre Forest**	**Worcestershire**
1.1 Number of Homeless households and those in temporary accommodation	Local Authority - Reasonable Preference - Statutory Homeless	9	5	5	54	31	47	146
1.2 Number of Overcrowding and concealed households 1.3a Other Groups	Choice Based Lettings Waiting List - 'Reasonable Preference' (Taken as single Step)	490	474	924	1007	1122	939	4,956
1.3b Other Groups - Transfers	Of which transfers - current occupiers of affordable housing in 'reasonable preference'	236	215	320	375	289	321	1,756
1.4 Total current housing need (gross) = (1.1 + 1.2 +1.3a) - 1.3b	**(1.1 + 1.2 +1.3a) - 1.3b**	**263**	**264**	**609**	**686**	**864**	**665**	**3,351**

Stage 2 - Future Housing Need (Annual)								
Step	**Methodology / Source**	**Bromsgrove**	**Malvern Hills**	**Redditch**	**Worcester City**	**Wychavon**	**Wyre Forest**	**Worcestershire**
2.1 New Household formation (annual)	Household Projections (Gross Formation - Natural Change Scenario – aged 15-44 years)	706	571	715	1,033	868	903	4,796
2.2 Newly forming households in need (annualised)	Proportion of households unable to afford to purchase or rent in the open market **(Assumes PRS absorbs need - LQ)**	57%	55%	55%	56%	54%	48%	54%
	Number of households unable to afford to purchase or rent in the open market **(Assumes PRS absorbs need - LQ)**	403	314	394	581	470	435	2,598
2.3 Existing households falling into need	CBL Waiting List - Households registering as in significant need (annual)	34	30	120	45	33	71	332
2.4 Total newly arising need (gross per year) = (2.1 x 2.2) + 2.3	**(2.1 x 2.2) + 2.3**	**437**	**344**	**514**	**626**	**503**	**506**	**2,930**

Stage 3 - Affordable Housing Supply (Annual)								
Step	**Methodology / Source**	**Bromsgrove**	**Malvern Hills**	**Redditch**	**Worcester City**	**Wychavon**	**Wyre Forest**	**Worcestershire**
3.1 Affordable dwellings occupied by households in need	Number of households identified in 1.3b which are transfers	**Accounted for at Step 1.3b**						
3.2 Surplus Stock	Long-term Vacant (i.e. 6 months plus)	0	0	1	0	13	0	14
3.3 Committed supply of new affordable housing	Social Housing & Affordable Rent	113	72	219	130	127	152	813
3.4 Units to be taken out of management	Demolitions (programmed) and Right to Buy (trend)	25	0	4	9	0	69	107
3.5 Total affordable housing stock available = 3.1 + 3.2 + 3.3 - 3.4	**3.1 + 3.2 + 3.3 - 3.4**	**88**	**72**	**216**	**121**	**140**	**83**	**720**

Stage 3 - Affordable Housing Supply (Annual)								
Step	Methodology / Source	Bromsgrove	Malvern Hills	Redditch	Worcester City	Wychavon	Wyre Forest	Worcestershire
3.6 Annual supply of social re-lets (annual net)	Lettings to households from other tenures (2010/11) (3 year average in Redditch)	227	220	405	366	372	404	1,994
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	Intermediate dwellings committed for development (annualised across next 5 years)	26	31	20	15	7	8	107
3.8 Annual supply of affordable housing = 3.6 + 3.7	**3.6 + 3.7**	**253**	**251**	**425**	**381**	**379**	**412**	**2,101**

Stage 4 - Total Housing Need (Net Annual)								
Step	Methodology / Source	Bromsgrove	Malvern Hills	Redditch	Worcester City	Wychavon	Wyre Forest	Worcestershire
Total net need = 1.4 - 3.5	**1.4 - 3.5**	**175**	**192**	**393**	**565**	**724**	**582**	**2,631**
Annual flow (20% of total net need)	**20% of total net need (Assume five year period to relieve backlog of need)**	**35**	**38**	**79**	**113**	**145**	**116**	**526**
Net annual housing need = (2.4 + Annual flow) - 3.8	**(2.4 + Annual flow) - 3.8**	**219**	**131**	**168**	**358**	**268**	**210**	**1,355**

Source: GVA, 2011

7.30 The housing needs analysis indicates that Worcestershire will be required to provide for a **net annual affordable housing need of approximately 1,355 dwellings per annum over the next 5 years,** in order to both clear the existing waiting list backlog and meet future arising household need.

Comparing the Approach with the Previous Needs Assessment (2009/10)

7.31 This section considers key differences in methodology between the previous needs assessment - the Worcestershire Housing Market Assessment Monitoring Report (2009/10) – and the methodology adopted for the needs assessment within this SHMA.

7.32 Analysis is segregated into sub-sections to reflect the appropriate stage, and step, within the needs assessment.

Stage 1: Current Need (backlog)

7.33 The calculation of the 'backlog' of current households in affordable housing need within this SHMA represents a more stringent approach than applied in the previous 2009/10 Monitoring Report. Further information is provided within section 5 regarding the way in which the waiting list has been disaggregated to select out 'significant need' households.

Stage 2: Future (Newly Arising) Housing Need

7.34 There are several differences in the approach taken in Stage 2 of this report, when compared to previous reports. As a result, this Stage is a key factor in the different level of net annual affordable housing need identified.

Step 2.1 – New Household Formation (gross annual)

7.35 The previous assessment identified a new household formation rate of 4,520 households per annum in 2010. The approach utilised is set out in Appendix 6 of the sub-regional Strategic Housing Market Assessment 2005/06 for the South Housing Market Area (April 2007). This is a gross household number (i.e. does not subtract households that are dissolved/deceased or out-migrate).

7.36 This SHMA takes a similar, but not identical approach, to arrive at a calculation of annual gross household formation drawing on the POPGROUP model and limiting analysis of households forming to those aged below 45. An average annual level of formation is calculated over a ten year period from 2011. The use of this longer time period smoothes out the projection and provides a robust estimate of new household formation.

7.37 The assessment of gross households forming each year is taken from the natural change demographic scenario (as presented in section 6), excluding migratory impacts, to estimate newly forming households from within each authority in Worcestershire.

7.38 The Natural Change scenario is utilised in order to ensure that the housing need estimate calculates levels of locally derived need. Additional pressure will continue to be placed on the existing social rented stock from households moving into the area and requiring this tenure of housing, however, this will need to be carefully monitored as policy and strategy changes nationally regarding the allocation of social housing properties.

7.39 The approach to using long-term demographic projections to calculate this factor is acknowledged in the DCLG SHMA Guidance[51] as a robust method for assessing the number of newly forming households.

Step 2.2 – Proportion of Newly Forming Households Unable to Buy or Rent in the Market

7.40 The 2009/10 Monitoring Report tested the number of newly forming households estimated as being unable to buy or rent in the open market – these households were classed as being in affordable housing need. The approach to establishing household income against which to benchmark lower quartile house prices and private rents is detailed in Appendix 7 of the sub-regional Strategic Housing Market Assessment 2005/06 for the South Housing Market Area (April 2007). To summarise, the previous assessment drew on income data for newly forming households using a triangulation of the national Survey of English Housing and local level income data from CACI to discount average household income to reflect newly-forming households.

7.41 This SHMA follows a similar approach to that set out above, utilising CACI all - household income data (2010) as a basis for adjustment to reflect the incomes of newly forming households. To establish an appropriate adjustment rate, this report has drawn upon trend analysis of the incomes of newly forming households as recorded within the Survey of English Housing (now English Housing Survey[29]). This establishes that the average income of newly-forming households is approximately 70% of the average income for all households.

7.42 To calculate the proportion of newly forming households unable to afford market housing, this report utilises the benchmark household income required to privately rent a small entry-level family home at the lower quartile price[52]. The newly forming households estimated as being unable to afford entry into the open market are classed as being in affordable housing need. This approach is acknowledged in the DCLG SHMA Guidance[53] as a robust method for assessing the proportion of newly forming households unable to afford market housing.

[51] Strategic Housing Market Assessments – Practice Guidance (Version 2) (August 2007) DCLG (p.45 & Annex B)

[52] This ranges from £22,560 in Wyre Forest district to £27,600 in Bromsgrove district.

[53] Strategic Housing Market Assessments – Practice Guidance (Version 2) (August 2007) DCLG

Step 2.3 – Existing Households Falling into Need

7.43 The current DCLG SHMA Guidance[29] advises partnerships to assess the level of existing households from other tenures outside social housing that have registered as being in affordable housing need and have been re-housed within a single year. Using data provided by the Worcestershire authorities, this SHMA has followed this approach by calculating an annual average level of existing households falling into need based on lettings data from 2009/10 and 2010/11 in each authority.

7.44 The approach taken within the 2009/10 Monitoring Report is broader than recommended by the current DCLG SHMA Guidance. The previous assessment takes all eligible homeless households and subtracts those households who are no longer accommodated by parents, relatives or friends, or have left an institution.

Stage 3: Affordable Housing Supply

7.45 The approach to analysis within Stage 3 of the housing needs assessment is seen to differ only slightly between the previous 2009/10 monitoring assessment and this report.

Step 3.2 – Surplus Affordable Housing Stock

7.46 This SHMA factors into the level of affordable housing supply the potential for supply levels to be increased by bringing long-term vacant (6+ months) social stock back into use. This was not considered in the 2009/10 monitoring assessment.

Step 3.3 – Committed Supply of New Affordable Housing (Social Rent / Affordable Rent)

7.47 Step 3.3 takes into account the level of new affordable dwelling supply (annually) to meet affordable housing needs. This SHMA utilises data provided by each local authority that details the number of social rent and Affordable Rent tenure affordable dwellings that are committed on site (e.g. signed S106 on sites with planning permission) over the next 5 years. This is seen as appropriate in the current volatile housing market, where previous trends are not necessarily likely to reflect future development levels.

7.48 This differs to the 2009/10 monitoring assessment, which drew upon analysis of previous development levels and committed housing supply to reach an estimate.

Step 3.4 – Units to be Taken out of Management

7.49 Under step 3.4 this SHMA factors into the level of affordable housing supply the potential for supply levels to be reduced by demolition programmes or through Right-to-Buy. Information has been provided by local authority officers on the number of units committed for demolition, and the 3-year trend of Right-to-Buy sales (annualised). This is not considered in the 2009/10 monitoring assessment.

Step 3.6 – Annual Supply of Social Re-lets (net)

7.50 This SHMA utilises lettings data provided by each local authority to establish the number of social re-lets to new tenants (i.e. excluding existing social tenants) equalling the number of dwellings available to absorb housing need. The analysis utilises the past year's data (2010/11) for all authorities.

7.51 This is a similar approach to that taken in the 2009/10 monitoring assessment, which drew on the local authorities HSSA returns to Government to establish a 3 year trend (annualised).

7.52 Consideration of both approaches, suggests that the level of re-lets to new applicant households has decreased from 2,389 in the previous assessment (2009/10) to 1,994 in the 2011 assessment. This aligns with the market trends detailed in section 5 which highlighted the impact of market mobility challenges on the numbers of households able or wanting to move in all tenures.

Need for affordable housing by different sizes of property

7.53 Core Output 7 of the DCLG Guidance requires an estimate of the breakdown of the sizes of property required by households identified in need of affordable housing. The intention is to estimate the relative pressure on different property sizes. In particular this analysis will help to further understand how policy should be structured to assist in alleviating the current backlog of housing need and provide a profile of affordable housing which responds to the future need over the short-term.

7.54 In order to arrive at this estimate, data has been drawn from the waiting list for each district. The data provides a bedroom standard tested property size requirement, by number of bedrooms, for each household considered within 'significant need' of affordable housing. This therefore provides the most robust estimate of the dwelling size requirements of affordable housing required within each authority over the next 5 years in order to meet its affordable housing need. The analysis for each authority is presented in the following figure[54].

Figure 7. 4: Estimated Size Requirements for Affordable Housing

Authority	Estimated Size of Affordable Housing Required			
	1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Bromsgrove	45%	33%	14%	7%
Malvern Hills	66%	25%	5%	3%
Redditch	43%	29%	14%	14%
Worcester	52%	34%	9%	4%
Wychavon	44%	37%	14%	4%
Wyre Forest	60%	29%	9%	2%

Source: Local authority waiting lists, GVA Analysis, 2011

7.55 There are slight variances in the size of affordable housing required going forward over the next five years within Worcestershire. Overall, however, a relatively consistent trend is evident. There is a predominant requirement for smaller 1 and 2 bedroom dwellings across all authorities within Worcestershire.

7.56 There is also, albeit to a lesser extent, a continued requirement to deliver medium and larger family-size dwellings consisting of 3 and 4+ bedrooms in all districts.

The Impact of High Demand for Sheltered Housing

7.57 The analysis of housing need by dwelling size, as presented in Figure 7.4, indicates a substantial proportional requirement for 1 bedroom affordable housing across all authorities within Worcestershire. It is important that this is understood in more detail – particularly considering the impact of demand / need for sheltered accommodation from older person households.

7.58 Analysis of the volume of households in housing need aged 60+ years has therefore been used as a proxy to determine the volume of households requiring sheltered housing and the bedroom standard test applied to establish the volume of these households requiring a 1 bedroom dwelling.

[54] Note: To minimise the likelihood of inaccuracy arising in this estimate (from changing re-let rates or slippages in the delivery timescale of committed new development) the figures presented are gross. As a result, this analysis does not take account of the future supply (re-lets / planned new development) of different sizes and types of affordable dwellings.

7.59 The following figure presents this analysis and cross-references the level of need for 1 bedroom sheltered homes against the level of total stock of this type and the volume of re-lets on an annual basis within each authority.

Figure 7.5: Analysis of Supply and Need for 1 Bedroom Sheltered Housing

Authority	Households in Need of 1 Bedroom Sheltered Home (Aged 60+)	Total 1 Bedroom Sheltered Housing Stock	Annual Lettings - 1 Bedroom Sheltered Housing (2010/11)	Turnover of 1 Bedroom Sheltered Housing as % of Total Stock
Bromsgrove	511	816	73	9%
Malvern Hills	425	482	48	10%
Redditch	575	1,214	138	11%
Worcester City	400	843	108	13%
Wychavon	709	652	119	18%
Wyre Forest	1,016	345	107	31%
Worcestershire	**3,636**	**4,352**	**593**	**14%**

Source: Worcestershire HMA Monitoring Report 2009/10, Home Choice Analysis, 2011

7.60 The analysis indicates that there are currently in excess of 3,600 households in Worcestershire that are registered as being in need of 1 bedroom sheltered housing – incorporating both households currently living in affordable or sheltered housing and in other tenures. This constitutes a considerable level of backlog demand for smaller affordable housing.

7.61 Importantly, when this demand/need position is considered in the context of available supply – it is apparent that demand/need considerably outstrips supply for 1 bedroom sheltered homes across Worcestershire. In total Worcestershire has approximately 4,350 dwellings of this tenure and size, yet less that 600 (or 14%) are re-let to a household in need on an annual basis (based on 2010/11 lettings data).

7.62 In conclusion, this low level of re-lets and limited total supply is both likely to be generating greater pent up demand/need for this size and tenure of affordable home – creating a backlog of older person households (aged over 60 years) on the waiting list, as well as swelling the overall need for the development of new 1 bedroom affordable homes across the Worcestershire authorities as demonstrated in Figure 7.4.

7.63 Further analysis of the housing and service requirements of older persons is presented in Section 8.

Ward Level Need for Affordable Housing

7.64 This section firstly focuses on understanding where the current backlog of affordable housing need, as evidenced by those households in 'significant need' registered on each local authority waiting list, is most acute. Analysis is presented at ward scale for each district in the accompanying appendix documents with summary mapping included in this overview report. This information provides a robust disaggregation of the level of affordable housing need below the local authority scale.

7.65 To add a further layer of detail, additional consideration is also given to the analysis in section 5, which examined house price affordability pressures across Worcestershire.

Spatial Distribution of Pressure on Affordable Housing

7.66 The analysis in section 5 has clearly highlighted the significant challenges facing first-time buyers and low-income households from entering into owner-occupation across Worcestershire. The analysis also demonstrates that there is clear geographic variance in affordability between authorities.

7.67 The analysis within this section has subsequently demonstrated the variance in the volume of households in 'significant need' of affordable housing at the authority scale.

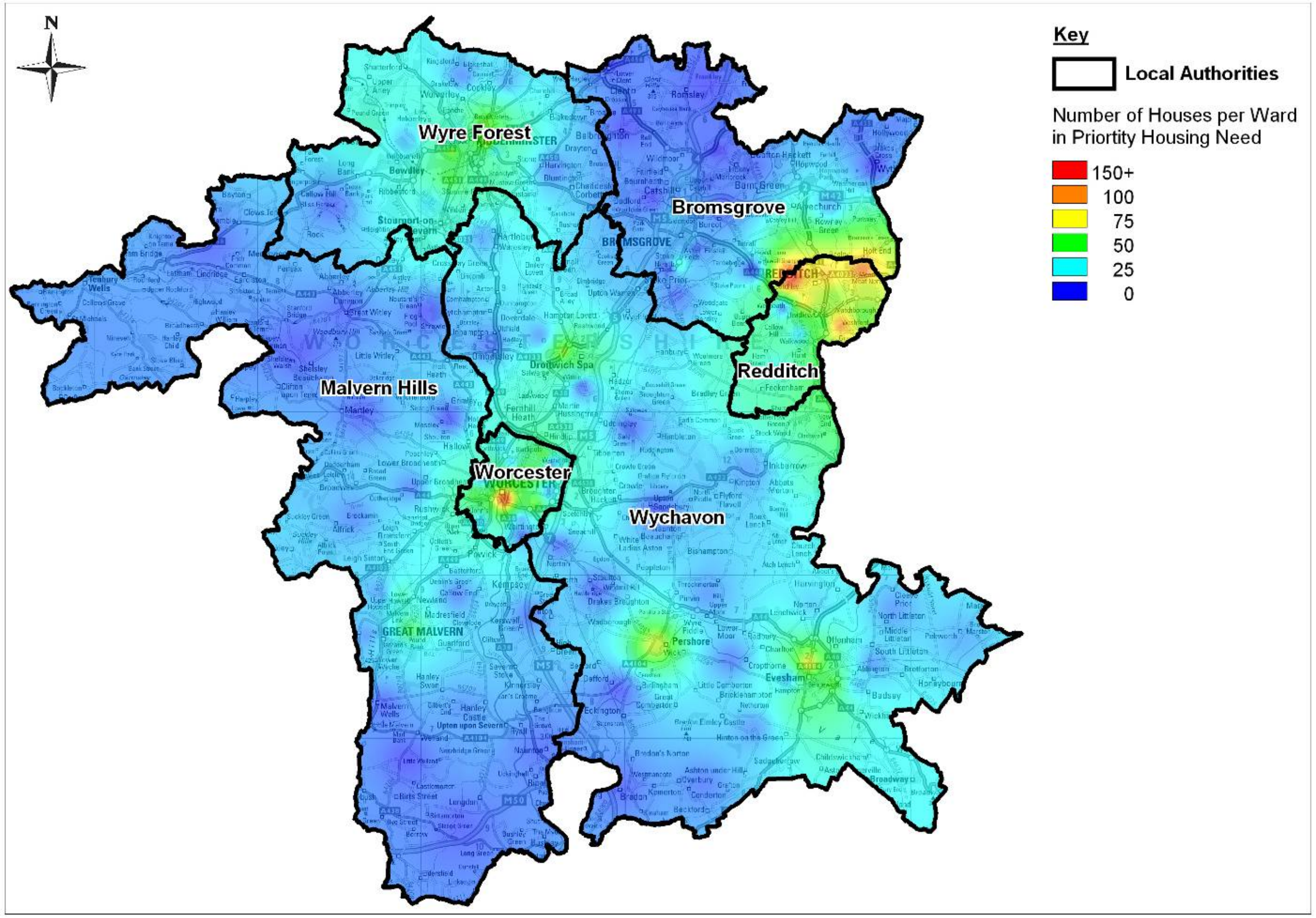
7.68 In order to understand the locations of greatest pressure for affordable housing across Worcestershire it is important that both of these measures are considered in tandem. Therefore, Figure 7.5 presents a ward scale analysis in a mapped format to illustrate current 'hotspots' of acute affordable housing need across Worcestershire. This indicator presents the distribution by volume of households currently registered on each local authority waiting list and classified within 'significant need' – disaggregated to their current ward of residence in Worcestershire. It therefore represents those households considered (and included) within steps 1.1 to 1.3a of the housing needs assessment presented within Figure 7.2, but not the total net affordable housing need.

7.69 Figure 7.6 repeats Figure 5.31 – presenting key areas of affordability pressure within each authority – in order for a comparison between the relative affordability of locations across Worcestershire and areas with an acute concentration of households currently living in 'significant need' of affordable housing. A full ward-level breakdown of affordability ratios for each authority is presented within the Local Authority overview reports.

- Bromsgrove: The wards with the highest affordability ratios are Linthurst and Uffdown, where the median average house price exceeds the median household income by 9 times and 8 times respectively.
- Malvern Hills: The wards with the highest affordability ratios are Teme Valley and Martley, where the median average house price exceeds the median household income by 9.7 times and 9.1 times respectively.
- Redditch: The wards with the highest affordability ratios are Abbey, Astwood Bank and Feckenham, and Batchley and Brockhill, where the median average house price exceeds the median household income by more than 5 times. Even the highest affordability gearing within Redditch at a ward scale is the lowest when contrasted with those presented for the other districts– suggesting a closer alignment between income and house prices than elsewhere across Worcestershire.
- Worcester City: The wards with the highest affordability ratios are St John and Battenhall, where the median average house price exceeds the median household income by 6.8 times and 6.5 times respectively.
- Wychavon: The wards with the highest affordability ratios are Ombersley, South Bredon Hill, and Elmley Castle and Somerville, where the median average house price exceeds the median household income by 11.3 times, 9.3 times and 9.2 times respectively. These are the highest affordability gearings across Worcestershire – suggesting the limited affordability within these locations.
- Wyre Forest: The wards with the highest affordability ratios are Rock and Wolverley, where the median average house price exceeds the median household income by 8.1 times and 7.7 times respectively.

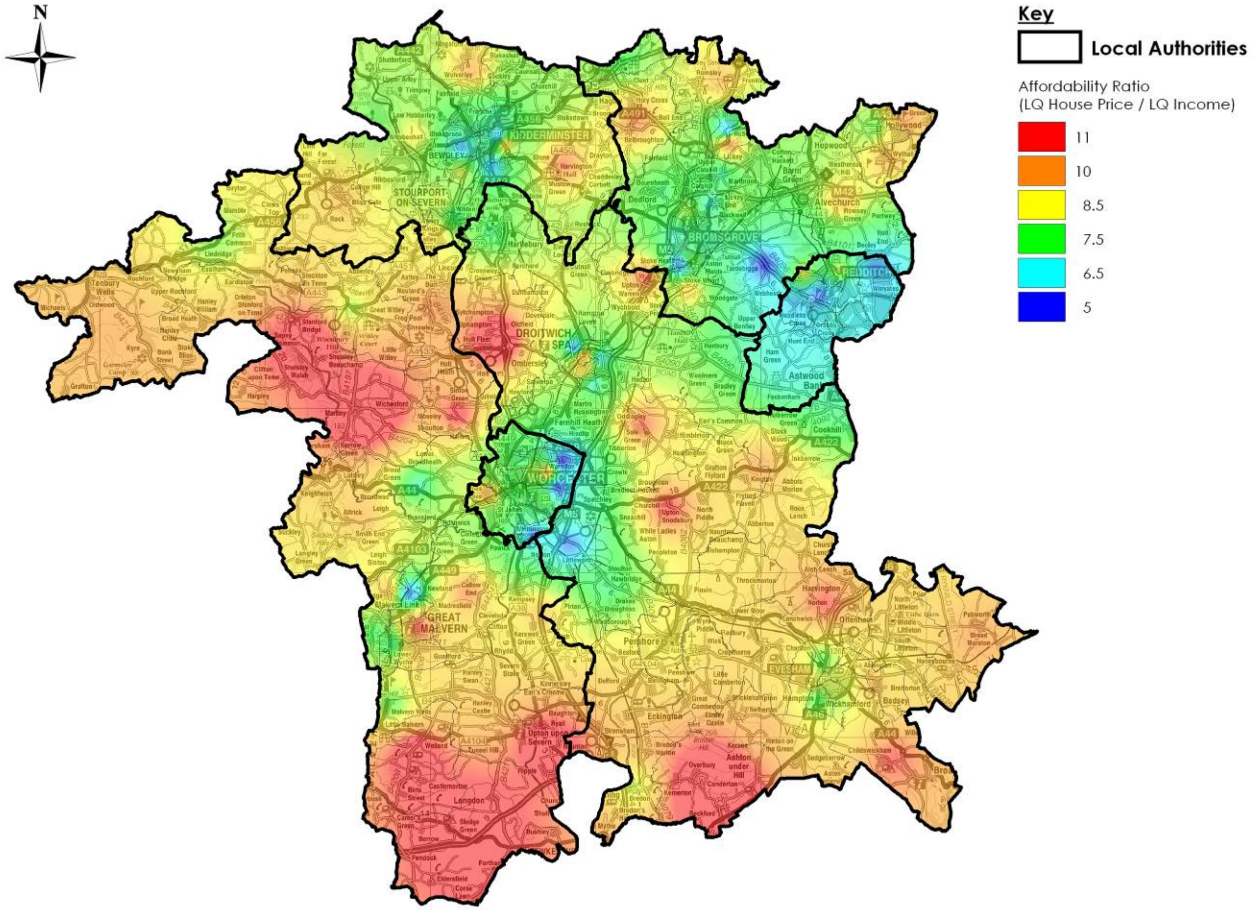
7.70 When Figure 7.5 and Figure 7.6 are considered together it is evident that there are concentrated locations of current affordable housing need (backlog) across Worcestershire – with the highest concentrations in Worcester City and Redditch. This is linked to both the current pattern of affordable housing supply as well as those households with the lowest incomes. Interestingly, there is little overlap with those areas exhibiting the highest affordability ratios across Worcestershire. Instead, it is these locations that are likely to drive future affordable housing need arising from the open market sector.

Figure 7. 6: Spatial Disaggregation of Current Housing Need – 'Hotspot' Map



Source: Local authority waiting lists, GVA Analysis, 2011

Figure 7. 7: Affordability Ratios 2011



Source: Land Registry, 2011, CACI, 2010

Intermediate Housing

7.71 Intermediate housing products can provide an important role in bridging the financial gap between social renting and owner-occupation, some of which allow households to 'staircase' towards owner-occupation by renting alongside acquiring equity in their property.

7.72 The current DCLG SHMA Guidance cites that the number of households whose needs could be met by intermediate affordable housing is likely to fluctuate, reflecting the changing relationship between market rents, social rents and incomes alongside the variance in intermediate products available. The latest iteration of PPS 3 (June 2011) provides an updated definition of affordable housing which suggests that intermediate affordable housing includes:

- Shared equity products (e.g. HomeBuy); and
- Other low cost homes for sale and intermediate rent

7.73 Importantly intermediate affordable housing products do not include Affordable Rent housing which is defined as a separate sub-sector of affordable housing and explored later in this chapter. In addition the definition for intermediate affordable housing does not include homes provided by private sector bodies or provided without grant funding that does not meet the definition above, for example, 'low cost market' housing.

Affordability of Intermediate Dwellings

7.74 This section considers the potential role of intermediate housing in meeting affordable housing need through analysis of demand for intermediate products and the relative affordability of intermediate products across each local authority in Worcestershire utilising secondary data.

7.75 The analysis draws on the income tests presented earlier in this section to establish the number, and proportion, of households in need of affordable housing that are likely to be able to afford an intermediate housing product, and those for which only social rented housing is affordable.

7.76 To establish the income threshold within which households in need could afford access to intermediate housing, the analysis has set the upper limit at the income required to access the private market (in line with the housing needs assessment - as set out in paragraph 7.43). The lower limit was set at the income required to afford a 55% equity share in a small family house at the lower quartile price. This has been set to allow for a 50% equity purchase alongside a 5% deposit. It is therefore considered appropriate that the income parameters applicable to intermediate tenure housing products are constrained to fall between the income required to access open market housing (upper threshold) and the income below which social housing is required in each authority (lower threshold).

7.77 The following figure illustrates the upper and lower income thresholds within which it is assumed households can afford intermediate housing across each authority within Worcestershire. So for example within Bromsgrove intermediate housing costs are considered potentially accessible to households earning between £21,783 and £27,600 (noting that households earning more can afford open market housing), on the assumption they have insufficient levels of savings to complement their incomes.

Figure 7. 8: Income Thresholds for Affording Intermediate Tenure Housing

Authority	Intermediate Tenure Thresholds	
	Household Income below which Social Housing Required	Household Income Required to Access Open Market
Bromsgrove	£21,783	£27,600
Malvern Hills	£22,118	£26,100
Redditch	£18,071	£26,400
Worcester City	£20,428	£26,400
Wychavon	£21,479	£26,400
Wyre Forest	£17,246	£22,560

Source: GVA analysis

7.78 Utilising the thresholds set out above, the following figure sets out the estimated net annual affordable housing requirement in each authority, and across Worcestershire, by social rented and intermediate tenure.

7.79 The analysis utilises the same calculations as within Figure 7.3 to arrive at the net housing need position (1,355 dwellings per annum across Worcestershire) although the structure of the model has had to be presented differently to ensure Figure 7.6 is easily readable.

7.80 The analysis indicates that across Worcestershire there is a requirement for an additional 1,086 additional units of social rented housing and 269 intermediate housing units on an annual basis in order to meet affordable housing need over the next five years. This equates to a split of 80%:20% in favour of social rented housing.

Figure 7. 9: Annual Affordable Housing Need (5 Years) by Affordable Housing Type (Intermediate / Social Rent)

	Net Affordable Housing Requirement - by Tenure (Annual – next 5 Years)					
	Social Rented			Intermediate		
Authority / County	Supply	Net Need (Total)	Net Need (%)	Supply	Net Need (Total)	Net Need (%)
Bromsgrove	227	186	85%	26	33	15%
Malvern Hills	220	127	97%	31	4	3%
Redditch	405	100	60%	20	67	40%
Worcester City	366	297	83%	15	61	17%
Wychavon	372	221	82%	7	48	18%
Wyre Forest	404	154	73%	8	56	27%
Worcestershire	**1,994**	**1,086**	**80%**	**107**	**269**	**20%**

Source: GVA analysis

7.81 At the authority scale, there are considerable differences in the required tenure split of new affordable housing development. Importantly, this is in part reflective of the capacity of the committed pipeline of affordable housing in each authority to meet housing needs.

7.82 Malvern Hills, for example, records a strong tenure split in favour of social housing (97%). However, the gross level of need for new intermediate housing in Malvern Hills is 35 per annum / 175 over the next 5 years. The reason why the tenure split shows a low future demand for intermediate tenure development is reflective of the strong annual supply of intermediate housing already committed for development within the authority within the next five years (at 31 per annum). In net terms, this supply should absorb the majority of existing and emerging demand from households in 'significant need' estimated over the next 5 years. This should not suggest that a further supply of intermediate dwellings be discouraged as the analysis in Section 5 clearly highlights the affordability issues facing many households, which is likely to result in further demand for intermediate housing that can form a bridge between social rented and market housing.

7.83 Bromsgrove, Worcester City and Wychavon demonstrate a relatively similar required affordable housing tenure split ranging from 82% - 85% in favour of social rented housing. In comparison, Wyre Forest and Redditch demonstrate a lower proportional requirement for social rented housing at 73% and 60% respectively.

7.84 When considering a suitable proportion of intermediate tenure dwellings to be sought as an affordable housing contribution within policy, it is recommended that the economic viability of delivery is also considered in line with the requirements of PPS3.

Consideration should therefore be made to the recommendations of the Economic Viability Assessment (EVA) within each authority.

The Affordable Rent Model

7.85 The Government's Localism Act includes measures to introduce a new form of affordable housing model – the 'Affordable Rent' model – the objective of which is to enable Registered Social Landlords (RSL) and Housing Associations (HA) to deliver flexible tenancies to social renting households and deliver a greater number of affordable homes. Emerging policy highlights the important role that Affordable Rent is considered to need to play in meeting future affordable housing needs, following a planned reduction in the levels of public grants available to subsidise the development of traditional social rented housing.

7.86 In June 2011 PPS 3 was reissued to include technical definitions changes in Annex B. As noted in section 3 this included a new separate entry under 'affordable housing' for 'affordable rented housing'. This defines this affordable housing product as:

"Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent" (PPS 3, Annex B: Definitions, June 2011)

7.87 In February the Homes and Communities Agency (HCA) published a Framework setting out the details of the new Affordable Homes Programme of investment, inviting registered providers (RPs) to put forward proposals for £2.2bn of funding (out of the overall £4.5bn funding pot) for affordable housing during the 2011-15 Spending Review period. The Framework outlines the changes in affordable housing provision being introduced for 2011-15, and how this new approach will meet the Government's ambition to deliver up to150,000 new homes over the next four years.

7.88 The Affordable Rent model is key to this programme – aiming to provide a more flexible form of social housing that will allow providers to charge <u>up to 80%</u> of market rent on properties, with the potential to increase registered providers revenues and reduce the level of Government investment in affordable homes. As part of the new funding offer, providers will also have the flexibility to convert a proportion of their social rented homes to Affordable Rent as part of a package agreed by the HCA.

7.89 It will therefore be important for each Council to work with local Social Housing Providers to agree the appropriate level of Affordable Rent for the local area to meet the optimum level of affordable housing need (as well as the provider's revenue priorities). The following section considers at what level Affordable Rent could be capped at within each authority across Worcestershire.

Affordability of Affordable Rent Dwellings

7.90 The differential between Affordable Rent charged at 80% and 70% of the open market rent[55], and social rents, is presented in the following figure for each authority within Worcestershire. This analysis is undertaken for a 3 bedroom dwelling.

Figure 7. 10: Cost Differential - Affordable Rent and Social Rent

Authority	Rental Prices (Social Rent & Affordable Rent - monthly)			Difference Between Affordable Rent and Social Rent (3 Bed Property)	
	Social Rent	80% Market Rent	70% Market Rent	80% Market Rent	70% Market Rent
Bromsgrove	£346	£552	£483	£206	£137
Malvern Hills	£383	£528	£462	£145	£79
Redditch	£369	£535	£468	£166	£99
Worcester City	£332	£557	£487	£225	£155
Wychavon	£369	£584	£511	£215	£142
Wyre Forest	£338	£486	£425	£148	£87

Source: Rightmove.co.uk (April 2011), RSR (2010), GVA Analysis, 2011

7.91 The analysis indicates that the introduction of affordable rent, as a replacement for social rent, would generate significantly higher rental returns for RP's than traditional social rents. Worcester City in particular records the greatest differential – equivalent to £225 per month for 80% market rent, and £155 per month for 70% market rent.

7.92 Initially this suggests that the potential uplift in rental returns for affordable rent is likely to be appealing to RP's active in Worcestershire. The associated uplift in rentals, however, is likely to pose an affordability challenge to many households within lower income bands.

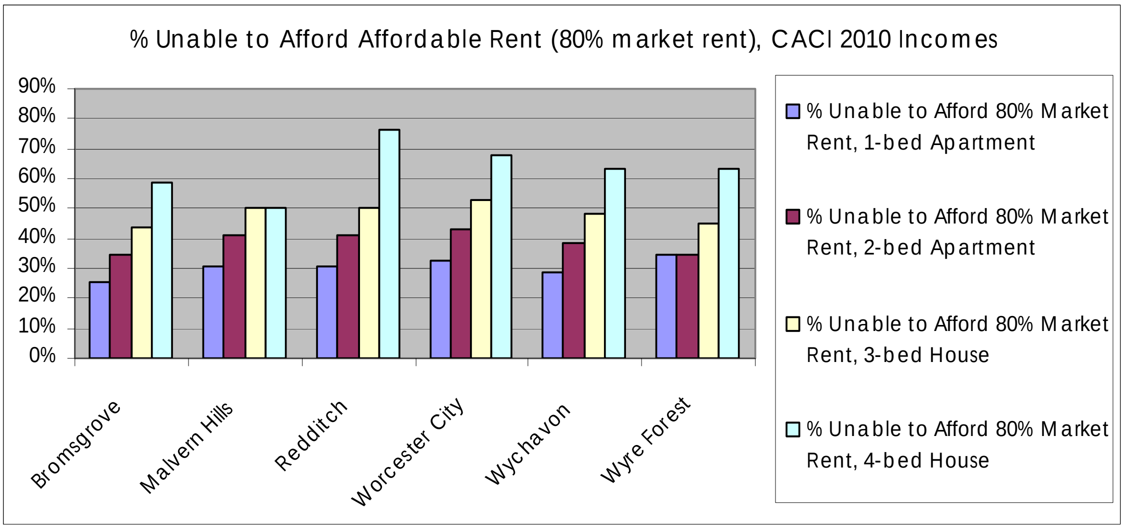
7.93 Affordable Rents must have regard to the ability of households to pay them, therefore the analysis next considers the ability of all households to afford Affordable Rent at 80% of market rent for a 1-bedroom and 2-bedroom apartment, a 3-bedroom house and a 4-bedroom house. The analysis is based on household expenditure on rent not

[55] Note: Market rents are drawn from the analysis of advertised rental levels source through Rightmove presented within section 5. These were built up from key settlements across each authority. Rental levels will vary across smaller geographical areas based on the type of stock available for rent. Further research into this market, in conjunction with Registered Housing Providers, will be need to underpin emerging approaches to affordable rent across the County.

exceeding 25% of total household income. The following figure illustrates the proportion of households in each authority that would be excluded from affordable rent housing on affordability grounds.

Figure 7. 11: Proportion of Households Unable to Afford Affordable Rent Housing

Authority	% Unable to Afford 80% Market Rent, 1-bed Apartment	% Unable to Afford 80% Market Rent, 2-bed Apartment	% Unable to Afford 80% Market Rent, 3-bed House	% Unable to Afford 80% Market Rent, 4-bed House
Bromsgrove	25%	35%	43%	59%
Malvern Hills	31%	41%	51%	51%
Redditch	30%	41%	50%	77%
Worcester City	33%	43%	53%	68%
Wychavon	29%	39%	48%	64%
Wyre Forest	34%	34%	45%	63%



Source: CACI 2010, GVA Analysis, 2011

7.94 The analysis suggests that the affordable rent tenure, when introduced across Worcestershire at 80% of market rents, could be a useful tenure in delivering further affordable housing and meeting some affordable housing needs.

7.95 The effectiveness of this product, however, is likely to vary considerably between authorities – linked to household incomes and the achievable differentials between social and Affordable rents. Notably, testing of the financial capacity of all households in each authority does suggest that Affordable Rent – charged at 80% of open market rent – will not eradicate the requirement for the continued provision of a traditional lower-cost social rent product.

7.96 Importantly, linked to this conclusion, the assessment of income levels suggests that the introduction of this product will be more likely to impact on the wider housing waiting list, i.e. those categories defined as being in lower levels of need (bronze bands and below). Given the size of the full waiting list, as set out within section 5, this clearly remains important, however, it is important to recognise that where the needs of these households are met this will not serve to reduce the overall net affordable housing requirement for each authority identified in this section.

7.97 Delivery of Affordable Rent properties will also be subject to issues of economic viability and the appetite of registered providers locally. The viability of development potentially may impact on the levels of rent sought and amended rents will need to be compared against household need and the resources of these households classified as in significant need following a similar approach as that set out within this sub-section.

7.98 Importantly the provision of new Affordable Rental properties may also not serve to directly assess the backlog identified in the housing need calculation. The allocation of these properties to non 'significant need' categories of households e.g. Bronze Plus or Bronze, is likely given the higher rental levels and the individual resources available to 'significant need' households.

7.99 The analysis has been undertaken at a time when the impact of amendments to Housing Benefit payments (introduced by the Government) is not clear – and the incomes reflected in the analysis will include households receiving benefits under the system pre April 2011. From April 2011 the introduction of a reduced Local Housing Allowance (LHA), benefits cap and other welfare policy amendments are likely to further decrease household incomes. This may concurrently reduce the proportion of households able to afford affordable rents.

7.100 It will be for each Council across Worcestershire to produce a tenure strategy to address these issues and develop supporting planning policy, as appropriate.

Long-term requirements by tenure

7.101 This section builds upon the analysis of current and short-term future affordability issues and looks to project forward, to 2031, the proportion of future households who will require market and affordable housing. The analysis only assesses long-term future requirements and does not take account of backlog need for non-market housing or the annual supply of affordable stock.

7.102 The analysis in this section has provided a full assessment of the short-term requirement for affordable housing. At the current point in time, as the analysis in sections 4 and 5 have identified, tightening mortgage-lending criteria, coupled with the impact of the recession in terms of income reduction and job losses, have created a significant pressure in terms of demand for non-market housing. The analysis around affordability benchmarking in section 5 clearly illustrates this issue when comparing household income levels against the price of entry into different tenures.

7.103 It is difficult to accurately assess how house prices and the financial requirements of households to obtain mortgage credit will change. Clearly these are important informing influences on the future split of market and non-market housing required. It is possible however, to look at the forecast change in the profile of the economy and in particular the projected increase and decrease in employment in different occupations. This, when coupled with incomes associated with these occupations, allows for a longer-term projection of the likely split of requirement by these broad tenures. Given the issues associated with forecasting house price and rental changes the current thresholds are used and held constant alongside incomes, therefore ensuring that the relationship between the two is maintained.

7.104 The following table shows the forecast change in employment levels by occupation as projected by the AWM forecasts presented in section 4, by authority. The average income for each occupation[56] is benchmarked in the table to illustrate where incomes sit in relation to those occupations forecast to change. The table ranks the professions by the incomes associated, with managers and senior officials commanding the highest salaries on average and sales and customer service occupations the lowest.

[56] Note: Income data is sourced from the ASHE for the West Midlands 2010. This provides the most robust assessment of income by occupation.

Figure 7.12: Occupation Change vs West Midlands Incomes by occupation

Authority	Residents in employment by occupation - Change 2010 – 2031 (AWM Forecasts)							ASHE West Midlands 2010
	Bromsgrove	Malvern Hills	Redditch	Worcester City	Wychavon	Wyre Forest	Worcestershire	
Managers and senior officials	2,300	2,400	1,900	1,900	2,700	1,800	13,000	£33,541
Professional occupations	1,200	1,700	800	1,800	2,300	800	8,600	£32,626
Associate professional and technical occupations	1,800	900	1,300	1,400	1,400	1,400	8,200	£25,076
Skilled trades occupations	-800	-700	-900	-1,400	-2,000	-1,600	-7,400	£22,363
Process plant & machine operators	-300	-300	-300	-500	-700	-600	-2,700	£20,285
Administrative clerical & secretarial occupations	-800	-300	-800	-900	-1,600	-1,200	-5,600	£15,454
Personal service occupations	1,200	700	1,500	700	800	800	5,700	£12,178
Elementary occupations	-600	-900	-500	-1,000	-1,400	-1,500	-5,900	£11,205
Sales and customer service occupations	100	100	0	100	100	0	400	£9,823
Total	3,900	3,800	3,100	2,200	1,700	-200	14,500	

Source: ASHE, 2010, AWM, 2011, GVA, 2011

7.105 Looking at the projections around the changes in employment by occupation (resident based) it is clear that across Worcestershire there will be a growth in jobs earning both the higher salaries but also the lowest average salaries. By comparison the sectors in the middle are forecast to show comparatively little change. This would suggest a further polarising of the market across Worcestershire in terms of the ability of households, based upon their financial incomings, to exercise choice in terms of different tenures. This trend is illustrated across all of the authorities.

7.106 Benchmarking the proportional level of change by occupation and the incomes associated with entry into different tenures, market housing (private rented, owner-occupier) and affordable housing (social rented[57]) provides an indication of the likely proportional split between market and affordable housing required for new household demand generated. The analysis uses the benchmarks set in the affordability benchmarking analysis presented in section 5, which are set out below, and contrasts

[57] Note: this analysis does not directly factor in intermediate entry thresholds but simply uses social rents as a proxy for the affordable housing split

the current income levels of different occupations (ASHE 2010) and there projected change based on the AWM occupational sector projections (2010 – 2031).

Figure 7.13: Income required to access housing in market / Social housing

Authority	Market Housing			Social Housing
	Income required to purchase LQ property (assumed 3.5 mortgage multiplier as per DCLG Guidance)	Income required for 2 Bed Lower Quartile private rented property	Income required for 1 Bed Lower Quartile private rented property	Income required for average social rented property
Bromsgrove	£38,375	£27,600	£18,960	£15,106
Malvern Hills	£40,243	£26,100	£21,600	£16,807
Redditch	£30,343	£26,400	£20,400	£14,214
Worcester City	£32,143	£26,400	£21,600	£14,459
Wychavon	£38,571	£26,400	£20,640	£16,216
Wyre Forest	£29,057	£22,560	£17,520	£15,040

Source: GVA, 2011

7.107 If the 1 bedroom lower quartile rent is used as a proxy for entering market housing the following table sums those occupations projected to grow (proportional change) and divides these between market and social housing.

Figure 7.14: Proportional share of growth occupations able to enter each tenure category based upon potential incomes levels

Authority	Long-term Tenure Requirement linked to Forecast Occupation Change	
	Market Housing	Social Housing
Bromsgrove	80%	20%
Malvern Hills	86%	14%
Redditch	73%	27%
Worcester City	86%	14%
Wychavon	88%	12%
Wyre Forest	83%	17%

Source: GVA, 2011

7.108 Dividing the tenure choices in the table above into the classifications of market and affordable produces the long-term estimate that market housing will need to constitute between 73% (Redditch) and 88% (Wychavon) of the overall level of housing requirement forecast through the analysis presented earlier in the section. The remaining growing occupations all have incomes associated with them that suggest they could only afford social rented housing.

7.109 It is important to consider the proportions outlined in the table above as 'pure' estimates of tenure requirements if economic circumstances change for all those looking to enter the market for the first time. They do not take any account of addressing a backlog of housing need for affordable products which has built up over recent years based upon the analysis of the market and affordability issues facing households in section 5. In addition this tenure split does not incorporate other affordable housing products, beyond social renting housing, which will form part of the proportion identified as market housing.

7.110 The analysis of the stock profile in section 4 showed that across Worcestershire affordable housing constituted around 15% of total stock. This varied slightly between authorities, with Redditch having the highest proportion at 22%.This shows a fairly close alignment with the residual demand identified for social rented housing in the analysis above.

7.111 The analysis evidently represents an important long-term context in considering the more detailed analysis of affordable housing need undertaken already in this section. It is important to note that these proportions are long-term modelled estimates, however, and **should not be therefore compared or used instead of the requirements for affordable housing to address housing need over the next five years as presented earlier in this section.**

7.112 Careful monitoring will be required in the future to understand in greater detail the impact of employment change on the financial capacity of households and the need for authorities to continue to increase the overall share that affordable housing makes up of the total stock.

Bringing the Evidence Together

7.113 This section has focussed on assessing the level of need for affordable housing over the next five years. Analysis has been undertaken using a range of data sources following the DCLG Guidance process for calculating need.

7.114 The findings of this section directly relate to a number of the core outputs set out in the DCLG Guidance. Key findings bringing the evidence and analysis together from this section are presented below in:

- The housing needs assessment indicates that Worcestershire will be required to provide for a net annual affordable housing need of approximately 1,355 dwellings per annum over the next five years in order to both clear the existing waiting list backlog and meet future arising household need.

- The analysis highlights that there are slight variances in the size of affordable housing required going forward over the next five years within each authority across Worcestershire. Overall, however, a relatively consistent trend is evident. There is a predominant requirement for smaller 1 and 2 bedroom dwellings across all authorities. There is also, albeit to a lesser extent, a continued requirement to deliver medium and larger family-size dwellings consisting of 3 and 4+ bedrooms in all authorities.

- The analysis suggests that intermediate products could play an important role in improving housing choice and addressing an element of housing need. The potential is identified for this affordable tenure type to accommodate approximately 20% of households currently in housing need (based on their financial capacity to afford a 50% equity stake and a 5% deposit). There remains a continued requirement to develop social rented housing to meet affordable housing need, equating to 80% of the net annual affordable housing need across Worcestershire.

- The introduction of the Affordable Rent model, as an alternative (and addition) to traditional social housing in Worcestershire also holds potential to accommodate households who would otherwise struggle to enter the open market. The potential workability of this model is variable between districts, and the financial capacity of households in housing need suggests that the incomes of households in these locations may well be overstretched if required to reach Affordable Rent charged at 80% of the market rate.

- In terms of long term demand for different tenures the AWM projections show an increasing polarisation of the housing market with each of the authorities projected to increase the number of people in high earning occupations but also in the lower earning occupations of employment. Simply using this as a proxy for future incomes, when compared against current entry levels into market housing it would suggest that there will be a strong level of demand for market housing going forward with around 80% of future household growth requiring this form of tenure over the long-term.

8. The Housing Requirements of Specific Groups

The final section of analysis within the SHMA focuses upon the housing requirements of specific groups. The intention in this section is to draw together existing research already produced by the Local Authorities alongside updated quantitative analysis of future changes to the household and population profile.

The outputs of this section should be read alongside the more detailed studies cited throughout but provide a useful drawing together of key information and insights into the requirements of those specific groups noted in the DCLG Guidance and identified by the Local Authorities as requiring specific attention.

Research findings relate directly to:

Core Output 8: Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people etc...

8.1 The analysis presented within the preceding sections has set out the projected direction of travel for the housing market over the plan period to help inform the development of planning policy and housing strategy.

8.2 This analysis has clearly highlighted that the demographic and economic profile of the County and the individual authorities is likely to change over this period, with the active housing market reacting and in part feeding back into these changes. Different parts of the wider housing market will be affected by these changes in different ways.

8.3 This section selects out a number of specific groups either considered to have specific housing requirements which need to be carefully considered now and in the future or they are groups which are considered to be likely to represent a particularly dynamic part of this changing profile. The DCLG SHMA Guidance (2007) recognises that the SHMA does not need to assess every group in detail and indeed the Local Authorities and the County partnership has already conducted a significant amount of analysis and research around a number of the core groups identified for potential consideration within the DCLG Guidance. Moreover, such groups do not necessarily align with the DCLG defined criteria of housing need as set within section 7, although specific policy or service provision requirements should be informed by an understanding of the specific housing requirements of groups represented across the County.

8.4 Through consideration of analysis presented in preceding sections the SHMA examines the following specific groups in greater detail within this section:

- Older Persons – this particular group is projected to grow strongly nationally, and as the analysis in sections 4 and 6 show Worcestershire is no exception. Older person households exhibit particular requirements and needs that require consideration by the Local Authorities and the County. This is recognised within the 2011 Worcestershire Housing Strategy. It is therefore important that the housing requirements of this group are understood. This section presents analysis of the projected growth in older person households drawing on the household projections set out in section 6 alongside a review of further evidence collated through the development of the Housing Strategy;

- Black and Minority Ethnic (BME) Groups and Migrant Workers – Migration and in particular international migration has been identified through this SHMA as a significant driver of population and household change across the County. This section draws together research already undertaken in the development of the Housing Strategy alongside a review of the projection data to understand how this demographic group will change over the plan period;

- Students, younger households and the private rental market – section 5 includes a detailed overview of the operation of the private rental market and this sub-section expands on this analysis. The student market within Worcester in particular, as identified in sections 3 and 4 has a significant role to play in the operation of specific markets in the city. A review of recent research reports is undertaken alongside analysis of how the younger household element is projected to change and evolve across the County in the future;

- Groups with Specific Needs – Analysis is undertaken of the longer-term projections from the Projecting Adult Needs and Service Information System (PANSI). This is complemented through a review of other studies undertaken recently and stakeholder focus groups / workshops conducted in the development of the Housing Strategy; and

- Gypsy and Travellers – A short summary of the South Housing Market Area Gypsy and Traveller Accommodation Assessment (2008, Rupert Scott) is included as a final component of the section. This is complemented through a review of other evidence prepared to inform policy and telephone meetings held with the County Council Gypsy Service.

8.5 The analysis within this section draws on a range of sources of information, including the following:

- Housing Projections Data – the projections of household change set out in section 6 provide an important steer regarding the likely change in the types and age profile of households over the medium-longer term. This provides an important context for planning to meet the specific identified needs of particular household groups including, for example, older person households. Within this section analysis is presented from Core Scenario 2 and the Sensitivity Scenario 2;
- Recently commissioned research reports or strategies, including:
    - Research into the Housing and Support Needs of Older People within Worcestershire – The Housing and Support Partnership, April 2009;
    - Worcestershire Drug & Alcohol Thematic Profile: Housing – Worcestershire DAAT;
    - Worcestershire's Joint Strategic Needs Assessment, 2010;
    - Worcestershire's Needs Assessment Young People, 2009;
    - Worcestershire's Needs Assessment People with Physical or Sensory Disabilities, 2009;
    - Evidence Gathering for the expansion of the University and provision of meeting student accommodation demand – Joint study between Worcester City Council and the University of Worcester, 2009;
    - Living Well with Dementia: A Strategy for Worcestershire 2011-16 – Worcestershire County Council / NHS Worcestershire, June 2011; and
    - Strategic Review: Mental Health Housing and Support Services in Worcestershire – The Housing & Support Partnership, May 2011.
- Information source through the Estate Agent Consultation exercise documented in section 5;
- Notes and minutes from Focus Groups held as part of the 2011 Worcestershire Housing Strategy development process. Focus Group minutes were made available from:
    - Gypsy and Traveller Families at Pinvin Caravan Site;
    - Young People;

    - The Visually Impaired;
    - Mental Health; and
    - Learning Disabilities.
- Other secondary data sources including the PANSI and POPPI datasets which are built nationally.

Older Person Households

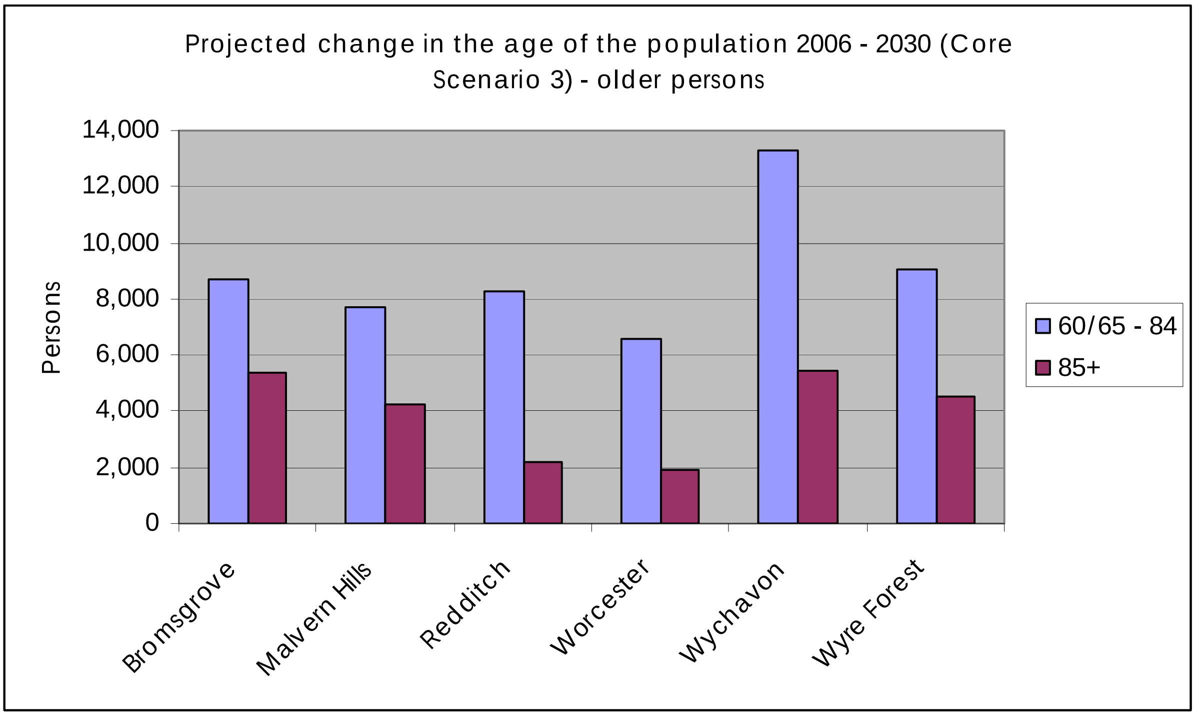
8.6 PPS 3 recognises the need to provide housing for older people as part of achieving a good mix of housing, in the context of an ageing society in the UK.

8.7 The household projections presented in section 6 have clearly illustrated that the national trend will also manifest itself across Worcestershire with the household profile in 2030 including a significantly greater proportion of older person households than currently represented.

8.8 Under Core Scenario 3 (migration-led scenario) the population across Worcestershire is projected to age considerably. This is illustrated in the following chart which shows the projected increase in people aged 60/65 - 74[58] and 85+ by authority across Worcestershire.

[58] Note: over 60s females, over 65 males

Figure 8.1: Change in older persons – Individual authorities 2006 – 2030, Core Scenario 3

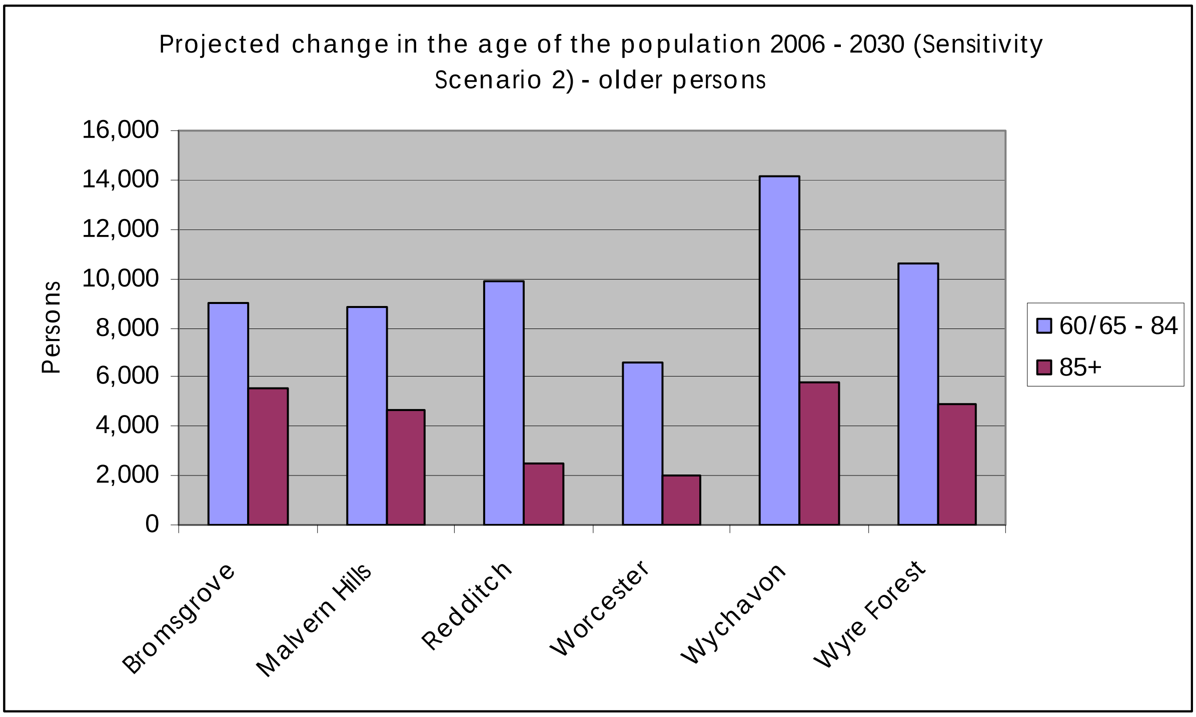


Source: Edge Analytics, GVA, 2011

8.9 It is evident that all of the authorities are projected to see an increase in their older person populations, which will place greater pressures on existing services and stock. Wychavon shows the highest projected increase in older persons. Worcester shows the lowest projected increase of people in these age groups although, with a total of over 8,000 persons above working age this change is still significant.

8.10 Under Sensitivity Scenario 2 which aligns the population with employment opportunities there is a greater projected growth in younger / working age households, as shown in section 6. This growth in the working age population also, in total person numbers terms, results in a further growth of older persons as they progress through the age profiles over the projection period.

Figure 8.2: Change in older persons – Individual authorities 2006 – 2030, Sensitivity Scenario 2



Source: Edge Analytics, GVA, 2011

8.11 This shows comparatively high levels of growth across all authorities. Wyre Forest and Wychavon show the highest levels of growth in people aged 60/65 – 84. Wychavon also shows the highest levels of growth of households aged 85+, followed closely by Wyre Forest.

8.12 Worcester shows the lowest levels of growth of all of the authorities of households in these age bands.

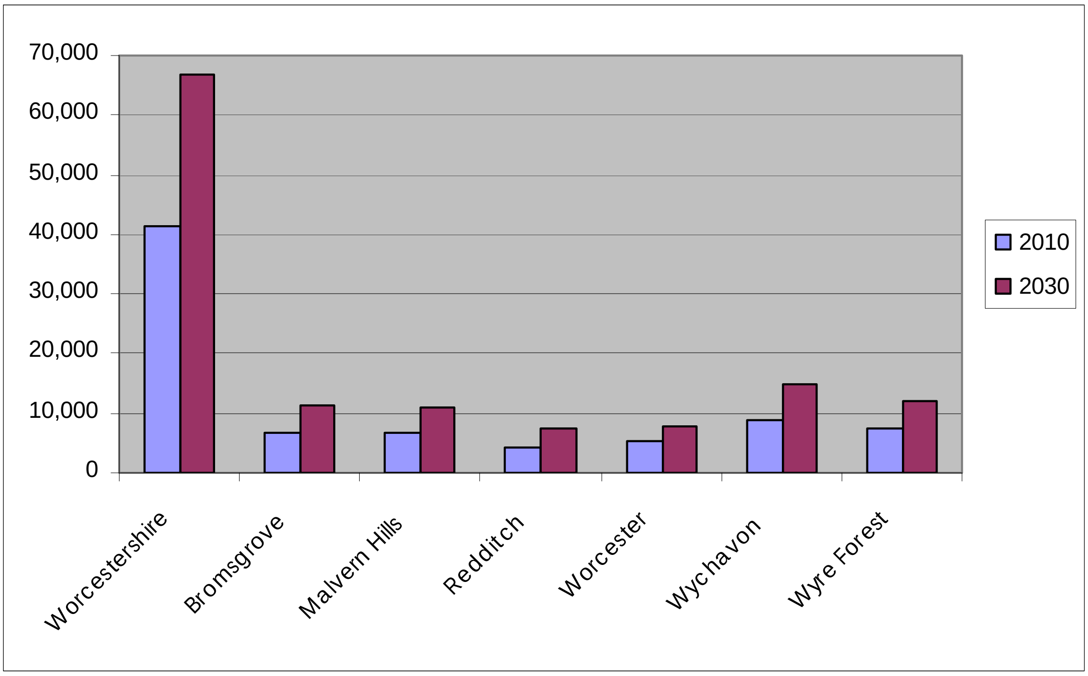
8.13 Over the longer-term the proportionate and absolute increase in older person households will place ever increasing pressures on the existing housing stock. In particular the rise in households where the head of household is aged over 85 will lead to greater requirements for different forms of supported housing which can meet the needs of elderly residents.

8.14 The Projecting Older Person Population Information System (POPPI) developed by the Institute of Public Care (IPC) for the Care Services Efficiency Delivery Programme (CSED) provides a more detailed picture of the changing population age profile of the County and component authorities.

8.15 This dataset confirms that the amount of older persons (aged 65+) living alone in Worcestershire is forecast to increase significantly to 2030. Across the County the amount of people in the older persons age cohort living alone will increase by almost 25,400 (a 62% uplift).

8.16 At an authority level the greatest absolute rises are projected in Wychavon, with an increase of over 6,000 persons. In proportionate terms Redditch is projected to see the greatest rise, with Worcester showing the lowest and absolute and proportionate rise.

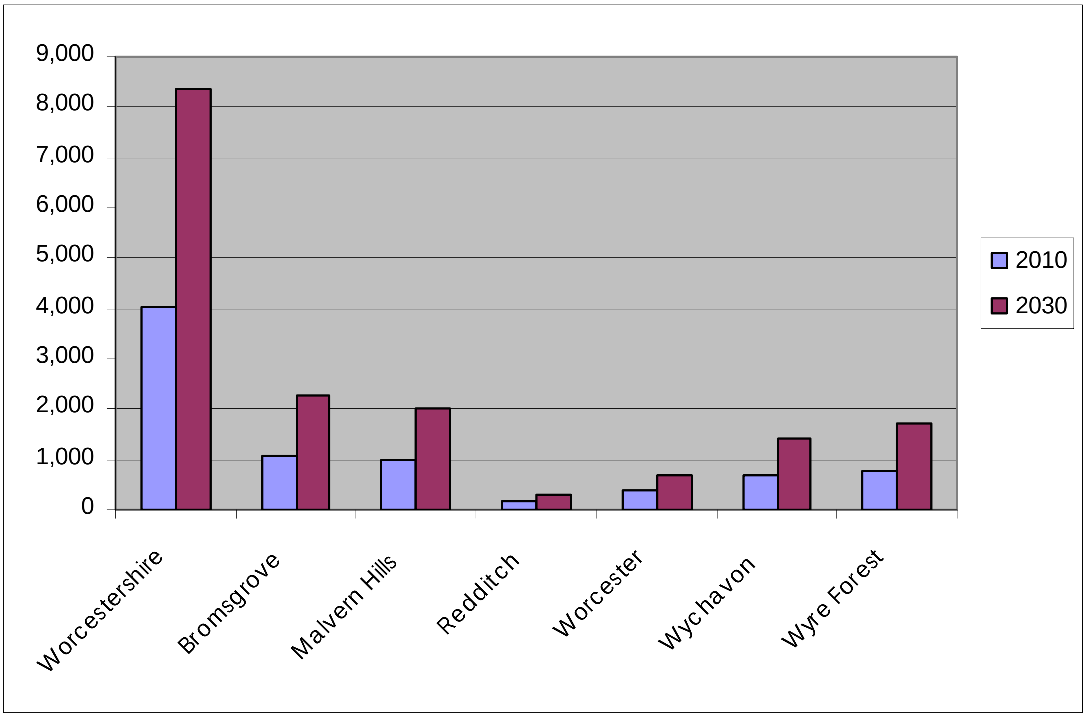
Figure 8.3: Forecast Population Aged 65+ Living Alone, 2010 – 2030, Worcestershire, Local Authorities



Source: POPPI, 2011

8.17 The datasets also project the number of people who will be living in a care home. These are illustrated in the following chart and show a considerable projected growth in this segment of the market. Indeed across Worcestershire numbers are projected to rise by over 4,300 persons, a 107% rise. In absolute terms the greatest rise is projected in Bromsgrove and Malvern Hills, over 1,000 persons apiece. In proportionate terms all of the authorities, with the exception of Worcester, are projected to see at least a 97% rise, with Wyre Forest projected to see a rise of 120%. Worcester has a lower proportionate projected increase of 77%, still suggesting a significant growth in future demand.

Figure 8.4: Forecast Population Aged 65+ Living in a Care Home, 2010 – 2030, Worcestershire, Local Authorities



Source: POPPI, 2010

8.18 The District Councils in collaboration with Worcestershire County Council commissioned research into the housing and support needs of older people across the County over the next twenty years[59] to assist in service and strategy planning. This assists in providing further contextual information to the projection data presented above. The research looked forward The study drew on analysis of the following information:

- A review of present housing and support provision across the district and county;
- Analysis of 2006 based projections of demographic change coupled with locally held data; and
- A postal survey questionnaire, with almost 1,300 returns from the older person population across the County.

8.19 The emerging messages from the research included the following:

[59] 'Research into the Housing and Support Needs of Older People within Worcestershire' (April 2009), The Housing & Support Partnership

- Although life expectancy has increased the period of poor health in later life when care may be needed has also risen, 4.3 years for men and 5.9 years for women. Those with dementia are likely to increase from 7,118 now to around 21,000 by 2025; a 200% increase;

- The number of people who need help with one or more daily activities like going to the toilet or getting out of bed is predicted to rise from 15,728 to 25,632 by 2025;

- Levels of owner occupation amongst older people in Worcestershire are very high at over 80% in the 55-74 age range underlining the importance of planning for all tenures but also the possible role of equity schemes;

- In terms of housing support services for older persons there was a significant geographical variation in the provision of services with Wyre Forest and Redditch being relatively well supplied, and others, particularly Malvern Hills with fewer services. Wyre Forest had more than twice the national average provision of sheltered housing while Malvern Hills has less than half;

- While the provision of care in the home has increased in Worcestershire, much more than across England as a whole, this has not prevented the level of admissions to residential care rising slightly;

- The vast majority of services remain focused on people living in social, often council or former council housing, with almost no provision to people living in privately owned or rented housing;

- Provision of services to frail elderly people and of extra care is at a low level across the County compared with likely demand. There are no housing services specifically for frail elderly people in either Worcester, Wyre Forest or Malvern Hills;

- The survey results showed that the vast majority of respondents (81%) wanted to stay in their present homes in later years; two thirds expect to receive some support to enable them to stay put; 40% would like some adaptations. In addition there was a strong allegiance to the locality with two thirds hoping to stay in Worcestershire as they grow older. Finally the survey revealed a definite interest in extra care housing;

8.20 The research included a quantifying of future demand for different types of properties. This identified, across Worcestershire, a reduction in the number of sheltered houses for rent but a substantial increase in market sale sheltered housing (4,636 required). Considerable future demand for enhanced sheltered housing for sale or rent(1,610 properties required) was identified alongside residential care places (over 3,000 required) and extra care housing for rent or sale (1,938 required). Finally the research identified a need for just over a 1,000 nursing care places across the County.

8.21 In addition to this research in 2010 a needs case was prepared by Sustainable Communities Partnership Ltd to support a Housing with Care Scheme in Redditch[60]. This established the need for accommodation for older people with dementia across Worcestershire but with a specific focus on Redditch. Importantly the research identified that there existed evidence of a significant amount of unmet need which is predicted to continue to increase over the next 10 years.

8.22 This uplift in demand is linked directly to the ageing population noted above and the increased life expectancy of the population. The research noted that current estimates suggest that overall prevalence of dementia is approximately 5% in the over 65's and 20% in the over 80's. These levels are set to double in the next 30 years plus. Further statistical evidence was cited within the Worcestershire's Joint Strategic Needs Assessment 08/09 (JSNA) which identified that the estimated number of people with dementia in the County in 2006 was 6900, with that figure set to rise to approximately 8000 by 2011 and 13,100 by 2026. Therefore by 2026 the number of people in the County with dementia is projected to have risen by 90%.

Black and Minority Ethnic Groups and Migrant Workers

8.23 The following table sets out in more detail the ONS mid-year estimate data (2007) split by ethnicity presented in section 4.

Figure 8.5: Ethnicity – Population Estimates

Authority	Total Households	% White Britis	% White Irish	% White Other White	% Mixed	% Asian	% Black	% Chinese
Bromsgrove	92,300	91.4%	1.1%	1.6%	1.2%	2.9%	1.2%	0.7%
Malvern Hills	74,300	93.8%	0.7%	1.9%	0.9%	1.1%	0.5%	1.1%
Redditch	79,600	90.3%	1.0%	1.4%	1.6%	3.9%	1.1%	0.5%
Worcester	93,700	92.0%	0.7%	2.1%	1.0%	2.6%	0.7%	0.9%
Wychavon	117,100	94.1%	0.7%	2.1%	0.8%	1.3%	0.4%	0.5%
Wyre Forest	98,600	94.0%	0.7%	1.4%	0.9%	1.7%	0.5%	0.5%
Worcestershire	555,400	92.8%	0.8%	1.6%	1.0%	2.2%	0.8%	0.7%

Source: ONS mid-year estimates, 2007, Edge, 2011

[60] 'Need Case: High Dependency Dementia Housing with Care Scheme at 201, Evesham Road, Headless Cross, Redditch' (January 2010), Sustainable Communities Partnership Ltd

8.24 Importantly as noted in section 4 all of the Worcestershire authorities have relatively low proportions of non-white persons. Of the BME groups the largest representation is of Asian persons, with Redditch, Bromsgrove and Worcester showing the highest proportions.

8.25 Importantly though the breakdown of the 'white' categories show that Worcestershire includes a relatively high proportion of 'White Other' people. In particular Worcester and Wychavon record high proportions, with this classification accounting for more than 2% of all people. In absolute terms this ethnic category accounts for nearly 10,000 people across the County.

8.26 A further breakdown of the ethnic population of each authority is provided by the PANSI/ POPPI datasets. This includes a breakdown by age, again using 2007 datasets.

Figure 8.6: Ethnic Group by Age Group, 2007, Worcestershire, Local Authorities

Ethnic Group	Bromsgrove		Malvern Hills		Redditch		Worcester City		Wychavon		Wyre Forest		Worcestershire	
	18-64	65+	18-64	65+	18-64	65+	18-64	65+	18-64	65+	18-64	65+	18-64	65+
White	93.8%	98.4%	96.0%	99.2%	92.9%	97.3%	94.7%	98.8%	96.8%	99.2%	95.9%	98.9%	95.1%	98.7%
Mixed Ethnicity	0.9%	0.1%	0.6%	0.1%	1.0%	0.2%	0.8%	0.1%	0.6%	0.1%	0.6%	0.2%	0.7%	0.1%
Asian of Asian British	3.2%	0.8%	1.2%	0.3%	4.0%	1.4%	2.8%	0.7%	1.3%	0.4%	2.0%	0.6%	2.4%	0.6%
Black or Black British	1.3%	0.4%	0.7%	0.2%	1.4%	0.9%	0.8%	0.3%	0.7%	0.2%	0.7%	0.2%	0.9%	0.3%
Chinese or Other Ethnic Group	0.8%	0.2%	1.5%	0.2%	0.7%	0.2%	1.0%	0.1%	0.7%	0.1%	0.8%	0.1%	0.9%	0.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: POPPI/PANSI, 2007

8.27 No specific analysis of the housing needs of different BME groups has been identified but their needs are recognised through a range of the studies underpinning the Housing Strategy with issues around affordability and accessibility to specialist services representing challenges going forward.

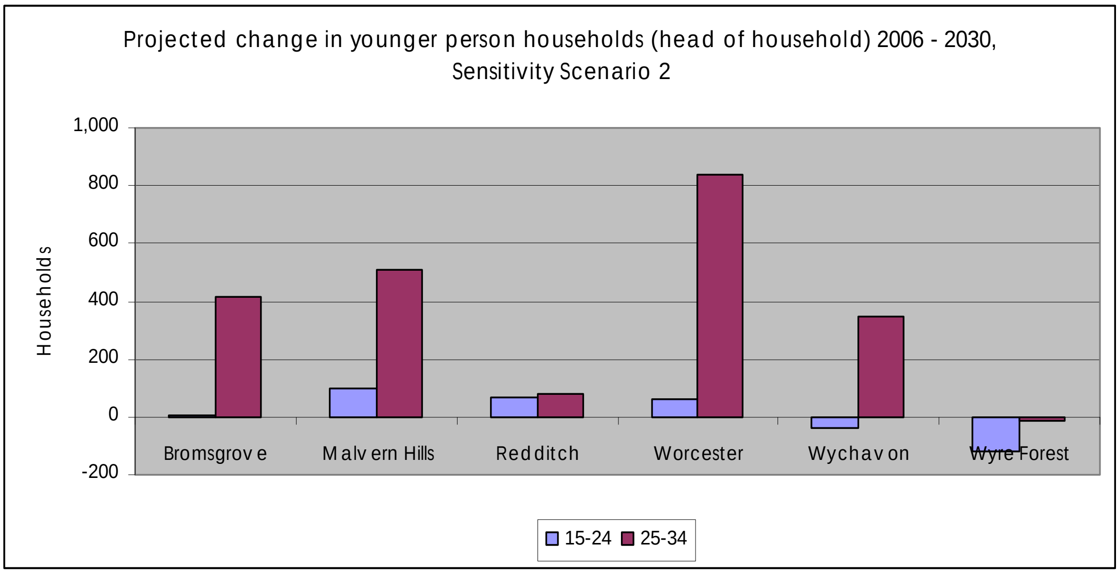
Students, Younger Households and the Private Rented Market

8.28 This sub-section looks at the needs of younger persons within the housing market. This includes a separate area of analysis around student households, primarily associated with further education, with this market dynamic particularly affecting Worcester due to the location of the University of Worcester.

8.29 The household projections analysed in section 6 show a general trend of ageing across the County, however, other age groups including younger households are also projected to grow. This is particularly true under the scenarios which balance demographic growth with employment opportunities, with the creation of new jobs attracting working age people into the area.

8.30 The following chart shows the projected uplift in younger households (households where the head of household is aged 34 or younger) over the period 2006 to 2030 under the Sensitivity Scenario 2 introduced in section 6.

Figure 8.7: Projected change in younger households 2006 – 2030, Sensitivity Scenario 2



Source: Edge, GVA, 2011

8.31 This shows a considerable variation across the individual authorities. Bromsgrove, Malvern Hills and Wychavon all show relatively high levels of projected growth of households with a head of household aged 25 – 34. Worcester shows a very high level of growth in this age category, presumably driven in part through the retention of students and reflecting the comparable levels of employment opportunities in the authority. Redditch and Wyre Forest are projected to see either minimal growth in the case of Redditch or decline in the case of Wyre Forest of younger person households.

8.32 The analysis in sections 5 and 7 highlighted the affordability challenges associated with purchasing property in large parts of the County. This has a disproportionate effect on younger persons as traditionally people of these ages have had less opportunity to create savings and / or build equity in property. This makes the current challenges around accessing housing, linked to incomes, house prices and lending criteria a significant obstacle for many of the younger people across the County.

8.33 Ensuring a suitable delivery of a mix of tenures and products will be important in retaining the younger elements of the population. The private rented sector clearly has an important role alongside the delivery of new social, intermediate or market ownership properties. The analysis within section 5 highlighted the stresses on this tenure currently, with many agents suggesting that demand is outstripping supply. Again younger households are often unable to exercise the same level of choice of households with more stable incomes/jobs and are often left with lower quality and cheaper accommodation.

8.34 The wider economic drivers, as analysed in section 4, further compound these issues. Indeed analysis conducted by the County into Young People and Teenage Parents identified that in 2008/09 5.3% of young people aged 16-18 were not in education, employment or training in Worcestershire. Statistics indicate that this has continued to rise. Unfortunately one extreme symptom of economic and housing pressures is homelessness. The same research identified that 16-24 year olds are one of the largest groups recorded as statutory homeless.

8.35 Comparisons of RSS population projections and UK rates of homelessness showed that the numbers of people aged 16-24 across Worcestershire and classed as statutory homeless was likely to stay constant at around 278 between 2009 and 2013. The distribution of these homeless cases was relatively evenly divided across the authorities with Worcester recording the highest at 55 and Malvern Hills the lowest at 34.

8.36 The Worcestershire Joint Strategic Needs Analysis identified, using Supporting People data (2007/08), that one of the largest issues for this particular client group was eviction. In part this was linked to a shortage of suitable accommodation. Analysis of housing association lettings data within this needs analysis identified that there were 36 lettings to household with a head of household aged 16 – 17 across Worcestershire, and 523 to households with a head of household aged 18 – 24. Higher numbers were recorded in Redditch, Wyre Forest and Worcester. Importantly the analysis does identify that while these figures are useful many young people remain as 'hidden homeless'. This means they may never feature in homeless statistics, as they tend to 'sofa surf' staying with various friends or relatives. This is likely to mean that a higher level of need exists in reality and will require careful monitoring in the future.

8.37 These issues were further illustrated within the focus group held as part of the development of the Worcestershire Housing Strategy. In particular this identified a shortage of suitable accommodation for young people in need of housing within Worcestershire, with households having to move out to Birmingham where properties were more readily available. The need for more supported accommodation within the County was highlighted as an important issue for future planning.

The Student Market

8.38 The student market operates as a unique but important component of the market. Within Worcestershire it is largely contained, as evidenced through the agent consultation documented in section 5, within Worcester. The University of Worcester and Worcester City Council compiled a useful evidence base in March 2009 in order to understand the impact of the Universities expansion.

8.39 This identified that the University had in 2009 a total provision of on and off campus accommodation of 2,075 bedspaces. As the analysis of the private rental market indicated in Worcester private landlords also accommodate a significant number of students, with only first year students directly accommodated within University spaces.

8.40 In 2007/08 the University recruited 5,154 full time students with 1,699 of these living in Worcestershire but not at home or in University of Worcester Accommodation. At the time the number of students was projected to increase to around 6,200. It was noted that evidence existed that increasing numbers were living at home, however, the growth illustrated suggests a sustained demand for University managed accommodation and private accommodation.

8.41 The University has expanded its student accommodation provision, however, it is unlikely that this has significantly offset demand for private accommodation. Indeed the accommodation office suggested, from data released in 2011, that the average rent for a double room was £80-85 per week (exclusive of bills), or £347-368 per month. This clearly represents a very strong market position for private landlords and suggests a healthy level of demand.

8.42 The impact of this sustained demand within Worcester is a reduction in the available supply of private rental accommodation to meet other households in need. The comparative return for student landlords makes it more attractive than providing rental accommodation for households in receipt of benefits or on lower incomes.

Groups with Specific Needs

8.43 Understanding the broad number of households with support, special and/or specific needs, and the breadth of their individual challenges, is important in ensuring that there is an understanding of where and how much purpose-built or adapted housing is required.

8.44 There is not one single data source which enables a thorough assessment to be made of the scale of these issues. This analysis draws on a range of individual reports and analysis prepared by the Local Authorities and the County in the development of the Housing Strategy and service delivery plans as well as longer-term projections of need from the Projecting Adult Needs and Service Information System (PANSI).

Current Requirements / Immediate Need

8.45 A specific Focus Group was conducted in February 2010 as part of the development of the Worcestershire Housing Strategy which looked at investigating the current needs of households with learning disabilities. This identified:

- The importance of improving signposting to available services and facilities;
- The need to ensure that people with carers are allocated a property with a spare bedroom, this needs to be balanced with rents and housing allowance to ensure it is affordable;
- It was noted that in some parts of the County it is difficult to access suitable supply. The location of accommodation is particularly important with close proximity to public transport, friends and family important considerations; and
- The need to provide accommodation in safe areas and ensure community support officers are aware of a vulnerable client group in the area.

8.46 A further focus group was held in July 2010 focusing on mental health and linked housing needs. This identified:

- The importance of matching suitable properties with households with specific needs in this area. Too often inappropriate properties are offered or rented leading to issues for landlords and tenants;

- There is an issue of having enough suitable housing and the need to identify where individual applicants fall within the definition of mental health. New housing developments are expected to include social housing and the potential exists to ensure that a number of these are specifically allocated to people with mental health problems; and
- As well as new supply emphasis should continue to be placed on Disabled Facilities Grants (DFG) to enable people to stay in their own homes.

8.47 The final targeted focus group addressing a specific segment of the population with specific needs looked at the housing needs of the visually impaired. This was held in July 2010 and involved seven people, all of which were over 68 and all but one were owner occupiers. This identified again a need for adaptations with households expressing a desire to remain within their own properties for as long as possible.

8.48 The Worcestershire Supporting People Partnership published, in May 2011, a Strategic Review of Mental Health Housing and Support Services in Worcestershire[61]. This identified in the immediate term that the assessment of future need indicates that by 2013 the estimated net requirement for supported accommodation and housing support will be 650 units per annum over and above what is currently provided by Supporting People funded mental health services. It is evident from the modelling that across Worcestershire the overall need is significantly greater than the current supply of services. The Strategic Review highlights the potential challenge posed by anticipated significant reductions in Supporting People funding over the period 2011 – 2013.

8.49 The Worcestershire Drugs and Alcohol Action Team (DAAT) produced a profile of the housing needs of persons suffering problems associated with substance mis-use. This recognised the national links between drugs/alcohol and vulnerable housing, with the Audit Commission finding that nationally three quarters of homeless people have a history of problematic substance mis-use and with 40% of single homeless people stating that their drug use was the main reason for homelessness. Within Worcestershire the research identified that 9% of adult drug clients reported a housing risk, with this higher than the national average of 7.9%. The Maggs Day Centre in Worcester reported that up to 80% of the homeless people who access their service have drug/alcohol issues. Importantly the St Paul's Hostel, which provides the only emergency direct access hostel accommodation in Worcestershire, had 178 individuals accessing its services in 2009/10, almost 61% of which had drug related needs and almost 50% had alcohol needs.

[61] 'Strategic Review: Mental Health Housing and Support Services in Worcestershire' (May 2011) produced by The Housing & Support Partnership on behalf of the Worcestershire Supporting People Partnership

8.50 Worcestershire County Council and NHS Worcestershire produced a Strategy for addressing housing issues associated with people suffering from dementia in June 2011[62]. This identifies a primary goal of caring and supporting people with dementia in their own home rather than in an institutional care setting. This suggests a growing demand for related services and property adaptations. Importantly though in tandem the Strategy suggests the need to assess care homes in 2011/12 and 2012/13 against the local dementia standard to ensure the County has sufficient care homes that meet the requirements for future placements.

8.51 This future demand for facilities was supported by separate analysis conducted by the Sustainable Communities Partnerships Ltd in January 2010, which provided a needs assessment for a High Dependency Dementia Housing with Care Scheme in Redditch[63]. This identified that the projected growth in older person households, as evidenced again through the latest scenarios in this research, will lead to a substantial uplift in dementia cases, linked largely to extended life expectancies. The research cited the Worcestershire Joint Strategic Needs Assessment (08/09), which suggested that the estimated number of people with dementia in the County was projected to rise from a base of 6,900 in 2006.

8.52 Evidently there are a range of housing issues within the current population relating to specific groups. These are recognised within the Worcestershire Housing Strategy and will clearly require careful monitoring and targeting of resources. The following sub-section uses a range of information to project forward changing demand for services.

Longer-term Requirements

8.53 The Projecting Adult Needs and Service Information System developed by the Institute of Public Care (IPC) for the Care Services Efficiency Delivery Programme (CSED) provides projections of future numbers of households with physical and learning disabilities. In addition the POPPI dataset provides similar information for older person households. These households, alongside others, are likely to require some form of support within their properties. This therefore provides a useful indication of the levels of demand on existing stock and future requirements to deliver new suitable properties and / or adaptations.

8.54 The POPPI dataset suggests that between 2010 and 2030 the number of individuals aged 65+ in Worcestershire with learning difficulties is anticipated to rise by almost 1,300 people. At an authority level this is relatively evenly distributed, with Wychavon

[62] 'Living Well with Dementia: A Strategy for Worcestershire 2011 – 2016', (June 2011) Worcestershire County Council and NHS Worcestershire

recording the highest growth in absolute numbers but Redditch recording the highest proportionate rise.

Figure 8.8: Forecast Learning Disabilities Aged 65+, 2010-2030, Worcestershire, Local Authorities

Authority	2010	2015	2020	2025	2030	Change 2010-2030	% Change 2010-2030
Bromsgrove	382	447	497	538	599	217	57%
Malvern Hills	367	432	479	524	580	213	58%
Redditch	238	291	339	374	406	168	71%
Worcester	298	334	361	391	430	132	44%
Wychavon	504	603	672	740	818	314	62%
Wyre Forest	422	512	569	609	661	239	57%
Worcestershire	2,214	2,618	2,916	3,173	3,495	1,281	58%

Source: POPPI, 2011

8.55 The PANSI system suggests that within Worcestershire the number of individuals with a learning disability will decrease by almost 280 between 2010 and 2030. The number of individuals with moderate or severe learning disabilities will increase very marginally with the same true of those with a severe learning disability. The authorities demonstrate varying trends with Bromsgrove the only authority projecting a rise in persons with learning disabilities over this period.

[63] 'Need Case: High Dependency Dementia Housing with Care Scheme at 201, Evesham Road, Headless Cross, Redditch' (January 2010), Sustainable Communities Partnership Ltd

Figure 8.9: Forecasts of population with learning difficulties 2010 – 2030, Worcestershire, Local Authorities

Authority		2010	2015	2020	2025	2030	Change 2010-2030	% Change 2010-2030
Bromsgrove	Learning Disability	1,342	1,334	1,347	1,357	1,362	20	1.5%
	Moderate or Severe Learning Disability	302	302	307	313	318	16	5.3%
	Severe Learning Disability	79	78	79	81	83	4	5.1%
Malvern Hills	Learning Disability	1,004	977	975	971	962	-42	-4.2%
	Moderate or Severe Learning Disability	225	221	221	223	223	-2	-0.9%
	Severe Learning Disability	58	57	56	57	58	0	0.0%
Redditch	Learning Disability	1,211	1,171	1,144	1,136	1,130	-81	-6.7%
	Moderate or Severe Learning Disability	271	263	260	262	264	-7	-2.6%
	Severe Learning Disability	71	69	68	69	70	-1	-1.4%
Worcester	Learning Disability	1,471	1,474	1,474	1,470	1,467	-4	-0.3%
	Moderate or Severe Learning Disability	329	332	335	339	343	14	4.3%
	Severe Learning Disability	88	89	89	90	92	4	4.5%
Wychavon	Learning Disability	1,665	1,632	1,615	1,611	1,585	-80	-4.8%
	Moderate or Severe Learning Disability	374	368	366	369	367	-7	-1.9%
	Severe Learning Disability	97	95	94	95	96	-1	-1.0%
Wyre Forest	Learning Disability	1,428	1,375	1,357	1,346	1,328	-100	-7.0%
	Moderate or Severe Learning Disability	320	310	307	308	308	-12	-3.8%
	Severe Learning Disability	84	81	80	80	81	-3	-3.6%
Worcestershire	Learning Disability	8,114	7,964	7,919	7,901	7,836	-278	-3.4%
	Moderate or Severe Learning Disability	1,820	1,795	1,798	1,816	1,823	3	0.2%
	Severe Learning Disability	478	468	467	474	479	1	0.2%

Source: PANSI, 2011

8.56 The projections also provide a breakdown of the estimated change in the number of people with learning disabilities living with a parent. The projections suggest a very small growth in these household circumstances across Worcestershire, with this varying across each of the component authorities.

Figure 8.10: Forecasts of population with: Learning Difficulties Living With a Parent 2010-2030, Worcestershire, Local Authorities

Authority	2010	2015	2020	2025	2030	Change 2010-2030	% Change 2010-2030
Bromsgrove	103	103	103	105	109	6	5.8%
Malvern Hills	73	71	70	71	72	-1	-1.4%
Redditch	98	95	93	95	96	-2	-2.0%
Worcester	126	128	127	129	133	7	5.6%
Wychavon	124	122	119	121	123	-1	-0.8%
Wyre Forest	111	107	105	105	107	-4	-3.6%
Worcestershire	634	626	618	626	639	5	0.8%

Source: PANSI, 2011

8.57 The PANSI dataset projects forward the number of people with physical disabilities as well as learning disabilities. These households will also have their own specific requirements in terms of adaptations.

8.58 At a Worcestershire level the number of people with a physical disability is expected to decrease between 2010 and 2030, with the level of those with a moderate physical disability level decreasing by 3.2% and those with a serious physical disability decreasing by 2.4%. When this is disaggregated to a local level it becomes clear that Bromsgrove again is the only authority with a notable projected growth in both classifications. Worcester does record an increase in persons with a serious physical disability.

Figure 8.11: Forecasts of Population with: Physical Difficulties 2010 – 2030, Worcestershire, Local Authorities

Authority		2010	2015	2020	2025	2030	Change 2010-2030	% Change 2010-2030
Bromsgrove	Moderate Physical Disability	4,657	4,644	4,762	4,808	4,760	103	2.2%
	Serious Physical Disability	1,434	1,417	1,470	1,505	1,482	48	3.3%
Malvern Hills	Moderate Physical Disability	3,716	3,618	3,672	3,677	3,582	-134	-3.6%
	Serious Physical Disability	1,179	1,138	1,166	1,182	1,148	-31	-2.6%
Redditch	Moderate Physical Disability	4,024	3,876	3,788	3,758	3,701	-323	-8.0%
	Serious Physical Disability	1,215	1,160	1,136	1,137	1,118	-97	-8.0%
Worcester	Moderate Physical Disability	4,544	4,538	4,605	4,622	4,532	-12	-0.3%
	Serious Physical Disability	1,323	1,304	1,339	1,365	1,331	8	0.6%
Wychavon	Moderate Physical Disability	5,975	5,865	5,905	5,936	5,725	-250	-4.2%
	Serious Physical Disability	1,870	1,815	1,851	1,889	1,812	-58	-3.1%
Wyre Forest	Moderate Physical Disability	4,981	4,754	4,766	4,787	4,653	-328	-6.6%
	Serious Physical Disability	1,546	1,449	1,465	1,501	1,454	-92	-6.0%
Worcestershire	Moderate Physical Disability	27,865	27,295	27,510	27,620	26,972	-893	-3.2%
	Serious Physical Disability	8,557	8,284	8,428	8,589	8,354	-203	-2.4%

Source: PANSI, 2011

8.59 Adults with physical disabilities require different levels of care depending on the severity of their disability. Individuals with a moderate personal care disability can perform tasks such as getting in and out of bed, dressing, washing and feeding with some difficulty. A severe personal care disability can mean that the task requires someone to help.

8.60 The number of individuals with moderate personal care disabilities will decrease by 2.7% to approximately 13,700 people by 2030. Bromsgrove shows an increase in demand but the other authorities all show a projected decline. A similar profile is seen when looking at serious persona care disabilities.

Figure 8.12: Forecasts of Moderate Personal Care Disability 2010 – 2030, Worcestershire, Local Authorities

Authority	2010	2030	% change	Absolute Change
Worcestershire	14,099	13,724	-2.7%	-375
Bromsgrove	2,370	2,441	3.0%	71
Malvern Hills	1,928	1,872	-2.9%	-56
Redditch	2,011	1,851	-8.0%	-160
Worcester	2,203	2,210	0.3%	7
Wychavon	3,070	2,958	-3.6%	-112
Wyre Forest	2,533	2,378	-6.1%	-155

Source: PANSI, 2011

Figure 8.13: Forecasts of Serious Personal Care Disability 2010 – 2030, Worcestershire, Local Authorities

Authority	2010	2030	% change	Absolute Change
Worcestershire	3,070	2,972	-3.2%	-98
Bromsgrove	513	525	2.3%	12
Malvern Hills	412	397	-3.6%	-15
Redditch	441	406	-7.9%	-35
Worcester	496	493	-0.6%	-3
Wychavon	661	633	-4.2%	-28
Wyre Forest	548	515	-6.0%	-33

Source: PANSI, 2011

8.61 It is evident from the analysis within this sub-section that existing adapted and suitable stock is under significant pressure from the existing needs of households with support needs. Going forward, across Worcestershire, the projections from the PANSI and POPPI systems identify that this pressure is likely to reduce slightly over the plan period in terms of physical and learning disabilities, although demand will increase in older elements of the population. It is important to recognise that these projections build on the Sub-National Population Projections and as the analysis in section 6 has shown these are likely to vary based upon updated data and the future supply of properties.

8.62 While the projected decline in demand suggests that there will be less pressure on stock it is clear from the current position that the supply is inadequate. On this basis it is likely that the overall capacity of suitable stock will need to continue to grow in order to meet needs and this will require careful consideration at a strategic level across

Worcestershire and within the individual authorities. This is recognised within the Worcestershire Housing Strategy 2011.

Gypsy and Travellers

8.63 The responsibility for identifying the accommodation needs of Gypsy and Travellers and the location of appropriate sites in planning terms for accommodating these needs rests with the individual planning authorities within Worcestershire.

8.64 Across Worcestershire Gypsy and Travellers are accommodated in a range of different types of accommodation. This includes settled housing in both private and social tenures as well as non-settled housing on a range of different sites, including small individual plots that are in private ownership, larger privately owned sites as well as sites in the ownership or managed by the local authorities.

8.65 Although the County Council has no statutory duty for providing accommodation for Gypsy and Travellers its Gypsy Service currently manages 9 residential sites accommodating 121 Gypsy Families. This makes it the largest single provider of Gypsy and Traveller accommodation across Worcestershire. The table below sets out succinct details of the 9 sites including their current size and recent investment history.

Figure 8.14: Worcestershire County Council's managed Residential Caravan Sites

Worcestershire County Council's Residential Caravan Sites				
Site	**District**	**Plots**	**Opened**	**Refurbished**
Lower Heath Caravan Site	Wyre Forest	22	1987	75% refurbished 03/04, 25% refurbished 09/10 adding one new plot
Broach Road Caravan Site	Wyre Forest	9	1992	n/a
Hipton Hill Caravan Site	Wychavon	24	1970	Refurbished 05/06
Smite Caravan Site	Wychavon	16	1993	Refurbished 04/05
Pinvin Caravan Site	Wychavon	19	1970	Refurbishment 09/10 with the addition of 4 new plots
Cleeve Prior Caravan Site	Wychavon	8	1993	n/a
Hinton On The Green Caravan Site	Wychavon	5	1989	n/a
Waterside Park Caravan Site	Worcester City	20	1988	Refurbished 03/04
Malvern Meadows Caravan Site	Malvern Hills	5	1995	n/a

Source: Worcestershire County Council, 2011

8.66 The County Council's Gypsy service also carries out welfare assessments on all unauthorised encampments set up on County Council Land. The County, six districts and West Mercia Police have an adopted 'Joint Policy towards unauthorised encampments for Gypsies and Travellers in Worcestershire'. This was originally adopted in 1995 with the latest updated version published in May 2008, with a revised version expected in December 2011. In addition the County also has a published 'Procedure for dealing with unauthorised encampments on County Council Land'.

8.67 In addition to the sites managed by Worcestershire County Council there is a further residential site in Bromsgrove District owned and managed by Rooftop Housing. The site was transferred from Bromsgrove District Council to Rooftop in 2010 and consists of 23 residential plots, 18 original plots and 5 new plots on the decommissioned transit site. The site has been extensively refurbished in 2011 with the aid of Central Government and Local Authority Grant.

8.68 The County Council has an 'Allocations policy for applications for accommodation of Gypsy and Travellers'. Similar to the wider waiting list managed by the authorities this includes a scoring / rating system. Points are awarded for a range of criteria but recognise characteristics such as 'local to Worcestershire' and 'raised on WCC site'.

The County Council promotes inter-agency working to ensure mainstream access to all services for Gypsy and Travellers across the County.

8.69 In order to understand future requirements for additional site allocations and upgrading of services the South Housing Market Partnership commissioned Rupert Scott to prepare a Gypsy and Traveller Accommodation Assessment in 2007. The final report was published in March 2008.

8.70 The purpose of the assessment was to provide information on the accommodation needs of Gypsies and Travellers for sub-regional and district level planning policy to set the appropriate number, type and distribution of additional pitches to be provided. The assessment was undertaken in accordance with the 2004 Housing Act, Planning Circular 1/2006, and the accompanying Good Practice Guidance.

8.71 The study identified that the Government's bi-annual caravan count in July 2007 showed that Worcestershire had a far higher number of Gypsies and Travellers than any other county in the West Midlands, with 445 caravans compared with around 240 in Warwickshire, 210 in Staffordshire, 200 in Shropshire and 170 in Herefordshire. The count in Worcestershire showed a rise of 26% since 2005, which was well above average.

8.72 The study reached a number of core conclusions and recommendations including the following:

- There was a requirement for 157 permanent pitches across the sub-region. For the six authorities in Worcestershire the total requirement was for 112 permanent pitches. Bromsgrove and Redditch both required 0 permanent pitches;
- In addition there was a requirement for 22 permanent Show people 'yards', 14 of which were in Redditch and 8 in Malvern Hills;
- There was a total requirement for 93 temporary stopping places, of which 68 were in the six authorities of Worcestershire. Worcester and Wychavon both had requirements for 20 places each, Redditch 18 and Malvern Hills 10. Bromsgrove again had a zero requirement;
- The research also showed that a relatively large proportion of this demand was driven by increasing pressure from the settled population with a high proportion of families evident. This was particularly true in Wychavon; and
- There was an evidenced preference for the provision of smaller sites than have traditionally been provided. There was also a significant minority preference for the type of private owned and mainly single family sites that have been developed in the past in some districts.

8.73 In the development of the Worcestershire Housing Strategy a specific consultation exercise was conducted in January 2010 with Gypsy and Traveller Families at Pinvin Caravan Site. This highlighted a number of findings which supplement the research noted above:

- The families interviewed expressed a strong desire to stay in caravan / mobile home accommodation on the site for the rest of their lives, with 3 of the 4 families interviewed stating this view;
- It was noted that families were generally able to resolve their own housing needs in terms of replacing old caravans or providing upgrades; and
- The costs associated with heating accommodation was noted.

8.74 A further process of consultation was conducted through the Gypsy and Traveller Service in July 2010 this identified that a key priority for the community was the provision of more plots, both public and private. It was also considered important that future plots were sufficiently large to ensure that overcrowding was avoided.

8.75 As part of this SHMA the Gypsy Service at Worcestershire County Council provided an updated position around the demands on their service. It was noted that demand still exists for sites managed by local authorities or RSL partners. In headline terms the current shortfall from families looking for this type of accommodation was around fifteen, with a waiting list existing for the 9 sites detailed previously in this section.

8.76 In addition to a shortfall or excess demand for this type of accommodation it was also noted that the service had recorded a healthy level of demand from Gypsy and Traveller families looking for opportunities to purchase small plots (quarter of an acre or smaller). In general these sites would need to be able to accommodate their living accommodation (mobile home) plus ancillary space including provision for parking and space to operate small scale business operations including storage. The potential demand for transit sites was highlighted as perhaps being lower than survey calculations reveal with this accommodation type currently finding less favour within a notable proportion of the Gypsy and Traveller community.

8.77 Over recent years Wyre Forest have been particularly advanced in undertaking work to build a thorough understanding of the housing need of Gypsy and travellers across the authority and the potential types of development / proposals which would be acceptable. Continuing to learn lessons from this approach and encouraging a wider roll out across other parts of the County will be important going forward.

Future Requirements – Policy and Evidence

8.78 In March 2010 the West Midlands Regional Assembly published an Interim Policy Statement on the 'Provision of New Accommodation for Gypsies, Travellers and Travelling Show people'. This utilised local authority evidence, including that documented above (available at the time at which the policy was drafted) and took account of previous consultations on draft policy statements. The Statement carries substantial weight as a material consideration within LDF examination and has a similar weight to a submitted RSS.

8.79 The Statement identifies that in 2007 there were 240 Gypsy and Traveller Pitches and 56 Travelling Show people Plots across Worcestershire. This was broken down as follows by Local Authority:

- Bromsgrove – 18 Gypsy and Traveller Pitches / 8 Travelling Show people Plots;
- Malvern Hills - 20 Gypsy and Traveller Pitches / 17 Travelling Show people Plots;
- Redditch – 0 Gypsy and Traveller Pitches / 31 Travelling Show people Plots;
- Worcester - 20 Gypsy and Traveller Pitches / 0 Travelling Show people Plots;
- Wychavon - 123 Gypsy and Traveller Pitches / 0 Travelling Show people Plots; and
- Wyre Forest – 59 Gypsy and Traveller Pitches / 0 Travelling Show people Plots.

8.80 The Statement sets out a proposed allocation of additional residential pitches for Gypsies and Travellers for Worcestershire. The allocation for 2012 and 2017 is shown below. The numbers in brackets are the indicative requirements beyond 2017, in the Statement this is split into two periods 2017-2022 and 2022-2027:

- Bromsgrove 14 pitches (11 pitches)- this includes 11pitches being diverted from Wychavon;
- Malvern Hills 33 pitches (26 pitches);
- Redditch 14 pitches (11 pitches) – this includes additional allocation based on pitches being diverted from Stratford on Avon, 1, and Wychavon, 13;
- Worcester 22 pitches (17 pitches);
- Wychavon 42 pitches (32 pitches); and
- Wyre Forest 42 pitches (32 pitches) – 2 pitches have been diverted to Dudley.

8.81 An allocation for additional transit pitches is also set out, with 68 additional pitches required across Worcestershire. Of these Worcester and Wychavon are both allocated 20 pitches with a further 10 identified for Malvern Hills and 18 for Redditch. Bromsgrove and Wyre forest have no allocations.

8.82 Consultation with the Gypsy Service at Worcestershire County Council suggested that there is some evidence to suggest that demand for transit sites may be over-stated and that to equate the demand for such sites with the number of unauthorised encampments is over-simplistic. This is because Gypsies and Travellers resort to making unauthorised encampments for a number of reasons including visiting relatives for births deaths and marriages, waiting for settled accommodation to become available, taking advantage of business opportunities, attending fairs or other events and overnight or otherwise brief stops while en route elsewhere. There is some belief that many of these groups would not use formal transit sites and would prefer the current system of limited toleration.

8.83 Finally, in total 22 plots are allocated as being required across Worcestershire for Travelling Show people between 2007 and 2012.

Bringing the Evidence Together

8.84 This section has focussed on amassing the housing requirements of specific groups, complementing the analysis in the proceeding sections of the SHMA. The intention in this section has been to draw together existing research already produced by a number of partners with the outputs of the SHMA analysis.

8.85 The findings of this section directly relate to core output 8 set out in the DCLG Guidance and these are presented in section 9. The analysis has drawn out a number of specific groups either considered to have specific housing requirements, which need to be carefully considered now and in the future, or considered to represent groups which are likely to represent a particularly dynamic part of this changing profile.

8.86 A number of the key findings are presented below in bringing the evidence and analysis together from this section:

- Older Persons – The two projection scenarios carried forward from section 6 both show an increasing number of older persons across the County. Under Sensitivity Scenario 2 Worcestershire is projected to see the number of older persons increase by almost 84,500, with just over 25,400 of these aged over 85. Over the longer-term this increase in older persons will place ever increasing pressure on the existing housing stock. In particular the rise in households where the head of household is aged over 85 will lead to greater requirements for different forms of supported housing. POPPI projections suggest that the number of elderly persons living in care homes, for example, will rise significantly, more than doubling in every authority except Worcester. The importance of recognising this growing base of need for support services is well documented within the research conducted in 2009 looking at the housing and support needs of older people across the County.

- Black and Minority Ethnic Groups and Migrant Workers – A review of population datasets shows that BME groups constitute a relatively small proportion of the overall population. Importantly, as noted within section 6, growing numbers of international migrants have led to an increase in diversity, including non-British white groups. As would be expected the statistics show a high proportion of younger persons of BME origin than older persons showing the dynamic nature of this part of the population over recent years.

- Students, younger households and the private rental market – All of the authorities, with the exception of Wyre Forest, are projected to see a growth in younger households (15-34) under the Sensitivity Scenario 2 population projections. The affordability issues facing younger person households have been well documented throughout the SHMA. The obstacles facing younger households to purchase property has led to many either not forming a household or moving into private rented stock, with this placing increasing pressure on this tenure. An overview of existing research has focussed on particularly vulnerable groups of younger people again serving to highlight the housing pressures faced by this demographic and the absence in many cases of suitably tailored accommodation. The student market, primarily focussed around Worcester, has been considered. This reveals the unique pressures of this market on the private rented stock in the city with increasing student numbers and a finite capacity of University provided accommodation leading to high rental prices, which in turn have led to a growth in student landlords and potentially a decrease in private rented stock available to other segments of the market.

- Groups with Specific Needs – A variety of groups have been considered. In terms of the current position of need and demand the focus groups held as part of the development of the Worcestershire Housing Strategy identified that continued investment is required in supporting services and the provision of specifically targeted stock. An examination of POPPI and PANSI datasets projects an actual decline in person with physical and learning disabilities, however, based on the current provision of suitable supply it is likely that even if this decline is realised that further new accommodation will be required.

- Gypsy and Travellers – The review has considered the 2007 GTAA as well as specific focused engagement outputs linked to the Worcestershire Housing Strategy and the 2010 West Midlands Interim Policy Statement. Collectively these have highlighted the need for additional pitches and plots across Worcestershire to accommodate future demand.

9. Drawing the Evidence Together – Conclusions

9.1 This section brings together the conclusions from the analysis contained within this Worcestershire SHMA Main Report. Further short concluding sections are incorporated in each of the Appended Overview Reports providing information around distinctions at a sub-local authority level.

Introduction

9.2 The approach to this research has been based on a number of principles, which have ensured that the assessment recognises this wider market context and represents a robust and sound evidence base:

- A number of models and approaches have been used, including our PHASE approach, which constructs a range of scenarios of possible direction of change. The research has identified a range of 'probable' or 'realistic' projections in order to provide firm conclusions, however, the sensitivities and the presentation of a other scenarios will ensure that the research can be responsive to a range of changing macro drivers;
- The research has drawn on the latest and most up-to-date secondary data sources. A process of triangulation has been conducted to compare, contrast and, where relevant, align information to ensure inputs to the analysis represent the most comprehensive picture of the Local Authorities and their residents;
- Analysis has been conducted at the Worcestershire, Authority level and the sub-local authority area level (with information provided within the accompanying Authority Overview Reports) to ensure that spatial variations in trends and characteristics are considered through the analysis.

9.3 As set out in the introduction the purpose of the assessment is to provide a strategic view of housing supply and demand in all housing sectors up to 2030 and to provide the Local Authorities with a comprehensive understanding of the dynamics and segments of the functional housing markets operating within the County of Worcestershire.

9.4 This SHMA report is intended to replace the previously produced 2007 SHMA for the South Housing Market Area for the West Midlands. In this concluding section we therefore return to the core outputs of the DCLG Guidance and the wider research objectives introduced in section 1 of the SHMA.

Core Output 1: Estimates of current dwellings in terms of size, type, condition, tenure

9.5 An understanding of the areas housing offer, in terms of the profile of its existing stock, provides a valuable foundation from which to assess both the health of the current market and the capacity for the stock to match future requirements. Worcestershire contains a **total of approximately 247,450 dwellings of which approximately 6,690 are vacant**, resulting in a total dwelling occupancy level of approximately 240,770 and a vacancy rate of approximately 2.7%, as at 2010/11.

9.6 In terms of the individual authorities Wychavon represents almost 21% of total stock, just over 51,550 properties. Worcester and Wyre Forest also both contain over 40,000 properties, with Bromsgrove containing just under 40,000. Malvern Hills and Redditch are the two smallest authorities in terms of dwelling numbers with Redditch having almost 35,300 and Malvern Hills almost 33,500 properties.

9.7 Considering the proportions of properties which are vacant all of the authorities have notably low levels of empty properties). Only Malvern Hills records a vacancy rate above 3% (a level commonly associated with general churn or turnover of properties), with this being only 3.3%. This suggests that all of the authorities have a limited capacity to absorb further household demand within their existing housing stock.

9.8 The authorities of Worcestershire have all witnessed **new housing development** over recent years. Between 2001 and 2011 a total of approximately 17,580 new units have been delivered (gross). This equates to an average of just over **1,750 per annum**. The pace of development has varied considerably over this time. Over recent years the highest net development level was recorded in 2003/04 with a steady fall off in subsequent years. More recent data suggests that levels have reduced significantly in line with national trends and linked to the onset of the economic downturn and subsequent recessionary economic climate.

9.9 All of the authorities have contributed to this overall level of completions. Malvern Hills has seen the lowest number of completions over this time period at just under 2,350 dwellings, with Wychavon seeing the highest level at 3,329, closely followed by Bromsgrove, 3,226. More detailed spatial analysis suggests this supply has, in line with planning policies, being directed primarily at the existing larger urban settlements.

9.10 Worcestershire's stock profile is heavily dominated by **private sector or market housing**. In the 2001 Census only approximately 15% of stock was classified as **social rented**, a proportion below the national average of almost 20%. Examining more up to date data as recorded within the HSSA returns indicates that while absolute numbers have risen slightly, proportionally, there has been almost no change. The tenure profile of stock is not uniform across the authorities with Redditch standing out as having a considerably higher proportion of social rented stock, 22%[64], above even the national average. Bromsgrove by contrast has only 10% of its stock classified in this tenure, with Malvern Hills also below the County average at 13%.

9.11 Analysis of the **types of dwellings** across Worcestershire and the individual authorities, using information from the 2001 Census – which provides the latest definitive breakdown – demonstrates that the majority of dwellings are houses. Across the County the proportion that flatted properties represent of overall stock varies from 4% in Bromsgrove to just over 7% in Worcester. It is important to note that the market consultation exercise and other information sources suggest that this proportion is likely to have risen slightly over recent years as a result of construction activity, particularly in the established city centre of Worcester. Bromsgrove, Malvern Hills and Wychavon all have over 40% of their stock classified as detached, with Worcester in contrast only having 27% of its stock classified under this type. Redditch and Worcester also stand out as distinct in terms of the proportions of terraced properties, 29% and 24% respectively, with the other authorities showing comparatively lower proportions, particularly Malvern Hills and Bromsgrove.

9.12 This stock profile has an impact on the distribution of **properties by size**. The 2001 Census shows that across Worcestershire more than 27% properties have more than 7 rooms (note this is all rooms and not bedrooms). Malvern Hills, Wychavon and Bromsgrove all show higher than County averages of properties of this size.

9.13 The quality of the housing stock represents an additional layer of information in understanding the housing offer across Worcestershire. Private sector stock condition surveys have been updated across the County in 2011. These show that non-decency remains an issue across the area, with Redditch and Wyre Forest in particular showing non-decency rates of almost 20%. The updated stock condition survey also highlighted the sustained issue of non-decency for more vulnerable households, which remains an issue across the County.

Core Output 2: Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price / affordability. Description of key drivers underpinning the housing market.

9.14 Official Statistics (released by the ONS) suggest that the population of Worcestershire has risen, since 2001, by approximately 14,600, representing a 2.6% rise up until 2009.

[64] Note: Redditch is the only authority in the County to still own and manage stock

This growth across the area is driven by varying levels of population change across each of the individual authorities. Bromsgrove is estimated to have seen the greatest absolute level of population increase, a growth of almost 5,500 and proportional increase, over 6%. Malvern Hills and Wychavon have also seen a notable growth in population over 3% in both authorities. Wyre Forest has seen a more steady rise at just under 2%. By contrast Redditch and Worcester are estimated to have seen relatively low levels of population growth, both below 1%, over this period. Indeed the mid year estimates suggest a stagnating of population, although the analysis of the drivers of change in section 6 has highlighted that this is considered to represent an undercount of the impact of international migration into the authority and that in reality the population has grown more in line with other parts of Worcestershire.

9.15 This population uplift has been driven by a range of **demographic factors**. Migration into Worcestershire has represented a key driver behind this growth. Over the first part of the last decade internal migration i.e. people coming into the authority from other parts of the UK was a key driver, although estimates suggests this has alleviated to some degree. This reduction in internal migration has been offset by a recent trend of increased net international migration levels into the County. Natural change has consistently over the last decade represented a positive driver of growth, with more births than deaths on an annual basis within the County. The balance between these components of change vary significantly across the individual authorities. Authorities such as Bromsgrove and Malvern Hills have seen positive net in-migration but negative natural change driving population change. Wychavon has seen positive in-migration, although this has fallen over recent years but has also seen a small positive impact from natural change. Worcester and Redditch demonstrate very different profiles with natural change the driving factor of growth in both authorities and migration serving as a negative or ‘drag’ factor on change. Wyre Forest has a more dynamic set of drivers, particularly over recent years with migration initially showing a positive change but this turning negative over the last few years, with natural change also oscillating over the period from negative to positive.

9.16 The age of migrants is also important. All of the authorities with the exception of Worcester have seen a net out-migration of households aged 15 – 19. Worcester by contrast has seen a net out-migration of the traditional starting a family / working age population 35 – 64, with all of the authorities except Redditch seeing this age component of the population rising through migration. In terms of older person households all of the authorities except Worcester have seen a growth of households aged over 65 linked to migration. Bromsgrove, Malvern Hills and Wyre Forest in particular have seen net increases in these age groups from migrating households.

9.17 The **economy** also represents an important driver of population and household growth. Over recent years the area has benefited from the economic growth of its primary urban centres and their proximity to other drivers of employment growth such as Birmingham and the West Midlands Conurbation. The workforce across Worcestershire has also been consistently productive with high levels of economic activity compared to national averages and low levels of unemployment. Levels of unemployment have risen, in line with national trends from 2008 with levels dropping from a peak in 2009. The workforce also includes a high proportion of professional occupations / managers compared to other regional and national benchmarks.

9.18 These economic trends are reflected in the profiling of **incomes**. Across Worcestershire average (median) incomes are relatively high. These trends however, also mask the fact that there are a significant number of households with considerably lower incomes whose ability to exercise choice in the housing market is considerably more limited. The mapping of incomes suggests that these lower income households are concentrated around the urban areas, such as Redditch, Kidderminster and Worcester, with large areas showing average incomes below £20,000.

9.19 While household growth, employment status and the income of households form important drivers in understanding the operation of the housing market, **house price transactions** and rental activity represent a direct indicator of the health of the market. Across Worcestershire the analysis has shown that house prices now are considerably higher than they were in 2000. In terms of trends the market peaked across Worcestershire, as with the rest of the UK in mid 2007, at which point the average property price was around £180,000. A period of marked decline resulted in prices dropping to below £160,000 in early 2009 prior to rising to the current average of approximately £167,000. Bromsgrove, Malvern Hills and Wychavon stand out as having higher average house prices across the study area with Redditch and Wyre Forest recording notably lower than average prices.

9.20 The comparatively high average house prices continue to pose challenges in terms of affordability and the mobility of important parts of the housing market. Analysis of key affordability indicators coupled with a short consultation exercise with active agents across Worcestershire, demonstrate the impact of these problems in the market. The benchmarking of access to different tenures has highlighted that a significant proportion of households are essentially unable to exercise genuine choice within the market as a result of their financial capacity. This is in part driven by a proportion of households having low incomes but also, as a result of tightening mortgage lending regulations, increasingly also including households with higher incomes but low levels of savings or no equity in property (either first time buyers or households that bought at the peak of the market).

9.21 The rental market plays an important part in many of the markets across Worcestershire. In areas such as the City of Worcester the development of new apartment schemes have continued to grow this element of the housing offer and represent a dynamic component of the wider market, driven in part in this case by the growing student market linked to the expansion of the University of Worcester. Overall across Worcestershire this tenure caters for a wide range of households including younger households, as well as families and older person households. Looking at the distribution of rents paid by households (sourced from Rightmove) there is a high level of consistency across the authorities. When examined broken down by property type there are some variations with Worcester recording high rental values for one and two bedroom properties. It is important to recognise however, that the available supply of private rented properties is not evenly distributed with many of the more rural parts of Worcestershire thought to have limited quantities of stock of this tenure.

Core Output 3: Estimate of total future number of households, broken down by age and type where possible

9.22 The SHMA research has involved a detailed and robust assessment of the likely future change in the number of households across Worcestershire. A range of population and household scenarios have been developed, taking account of demographic, economic and policy factors. This process has utilised the POPGROUP model (as described in section 6).

9.23 Five core scenarios have been presented within the analysis. These have included the ONS 2008-based Sub-National Population Projections and linked DCLG Sub-National Household Projections. The scenarios have been constructed to consider varying impacts of demographic, economic and supply drivers. A further two sensitivity scenarios are presented through the research. These scenarios address potential data inaccuracies identified within the official ONS datasets relating to the treatment of international migration using local data and apply updated assumptions to reflect official policy changes impacting on the operation of the labour market in the future.

9.24 The approach of considering a range of potential projected futures and informing datasets follows the advice of the National Planning Policy Framework (Consultation Draft, July 2011) and is therefore intended to provide the authorities of Worcestershire with a sound evidence base to inform emerging strategy and policy development.

9.25 Each of the scenarios produces a range of estimated levels of household growth across Worcestershire. The outputs of the core scenarios range at the lower end from a projected change in households between 2006 and 2030 of just 21,440 households under a ‘Natural Change’ Scenario, which removes any migration in or out of the County, to a projected increase in households by just over 58,000 under an employment-constrained scenario which aligns the working age population with employment opportunities and holds the economic context of today into the future.

9.26 The evaluation of the different drivers underpinning the core scenarios and the outputs of the sensitivity scenarios suggests that the authorities across Worcestershire should plan for a level of projected household growth over this time period between 37,500 and 47,300. The lower level of growth is built around a projected level of growth which reflects recent demographic trends and therefore is influenced by the challenges which have faced the economy and housing market over the last 3 – 4 years. The upper limit takes into account the need for the area to attract in a greater proportion of working age households to service forecast employment changes across the County. Although the economy is not projected to grow substantially across the area without further in-migration of households the projections show that the gradual ageing of the population will hollow out the available working age population even when factors such as the raising of pension ages are taken into account.

9.27 The analysis of population and household projections has included a detailed breakdown by age and household type. This clearly illustrates that under all of the scenarios, but in particular the demographic trend-based scenarios, the **population will age significantly** across Worcestershire. This ageing is particularly pronounced in a number of authorities. For example, in Malvern Hills the population classified as older than working age[65] will constitute almost 39% of the total population in 2030, this is a rise of over 13% from 2006. Worcester by contrast has only 24% of its population in this age group and this is only projected to grow by just over 6%.This takes into account the continued assumed in-migration of younger households into Worcester to access employment and educational opportunities and the out-migration of older persons to other parts of the County and elsewhere.

9.28 In terms of **household type** this demographic profile is translated into projected rises in single person and couple households, many of which are classified as older persons. Many of the authorities show low levels of projected growth in family households, with the absolute numbers actually declining in a number of authorities over the projection period.

Core Output 4: Estimate of current number of households in housing need

9.29 At the current point in time, as the analysis in section 5 has identified, tightening mortgage lending criteria, coupled with the impact of the recession in terms of income reduction and job losses, have created a significant pressure in terms of demand for non-market housing. The analysis around affordability benchmarking

[65] Females over 60, males over 65

clearly illustrates this issue when comparing household income levels against the price of entry into different tenures.

9.30 Section 7 presents the assessment of housing need using the methodology set out in the DCLG guidance. In total in Stage 1 of the DCLG calculation of housing need, a total of approximately 3,351 households are identified as being in 'significant need', drawing upon analysis of waiting list data. This includes approximately 151 households classified as homeless or in temporary accommodation, yet excludes existing social tenants requesting a transfer from their current social dwelling.

9.31 In terms of individual authorities, in absolute terms Wychavon and Worcester City record the highest numbers of households classified as in significant need. Contrasting the numbers of households classified in significant need against the estimated total number of households shows that Redditch has the highest proportion in significant need (1.8% of total households). Across each of the other authorities less than 1.8% of households are classified as in significant need, with this falling to below 1% in Bromsgrove and Malvern Hills.

9.32 In addition the DCLG calculation method identified that approximately 55% of newly forming households were unable to access market housing based on incomes and entry level prices and rents. This varied across the authorities from 48% in Wyre Forest to 57% in Bromsgrove. This reinforces the sustained current demand for 'affordable' properties across the County.

9.33 In addition to considering the evidence provided through the waiting data the analysis of the ability of households to access housing, through a contrasting of house prices with incomes, in section 5 also illustrates the geographical variation of the issue across the County. The more urban areas, such as the towns of Redditch, Bromsgrove and Kidderminster have lower affordability ratios, reflecting the strength of the markets in these areas but also the type and size of properties available. In contrast the rural parts of the County, particularly to the West and South have notably higher affordability ratios. Significantly large parts of Malvern Hills and Wychavon in particular record affordability ratios of 8.5 and above.

9.34 In terms of specific needs, the analysis in section 8 highlighted that across the County there are significant requirements for new purpose built properties to accommodate the ageing population as well as adaptations to existing stock. Other specific needs were identified for other cultural and demographic groups including Gypsy and Travellers.

9.35 Finally, the analysis highlights that the impact of the recession, in terms of unemployment levels and suppressed employment growth rates, and the forecast change in occupations suggest that there will continue to be a notable proportion of households who will continue to have low incomes. This is likely to manifest itself in continuing to generate a sustained level of households classified as in need in the future.

Core Output 5: Estimate of future households that will require affordable housing

9.36 Stage 2 of the DCLG Guidance for assessing need focuses on estimating the number of households that will require affordable housing over the short-term (five years). The analysis presented in section 7 identifies a **total newly arising need** (gross per year) of approximately 2,930 households across Worcestershire. This includes an estimate of newly forming households classified as in need (based upon an affordability test) – approximately 2,600 households – and an estimation of households falling into need on an annual basis – approximately 330.

9.37 Looking forward in the longer-term (i.e. beyond the next five years) it is difficult to accurately assess how house prices, and the financial requirements of households to obtain mortgage credit, will change. Arguably the low levels of supply of new housing, both market and affordable, are likely to result in sustained elevated house prices suggesting that over the short-term at least the demand for non-market housing is unlikely to abate. Clearly these are important informing influences on the future split of market and affordable housing required. It is, however, possible to look at the forecast change in the profile of the economy and in particular the projected increase and decrease in employment in different occupations. This, when coupled with incomes associated with these occupations set against current benchmarks for accessing different tenures, allows for a longer-term projection of the likely split of tenures required. A long-term estimate is made that affordable housing will need to constitute between at least 12% and 27% across Worcestershire, with Redditch in particular showing a strong future demand for non-market housing. It is important to note that this is based on long-term economic forecasts and does not take into account finance or housing supply issues and therefore does not represent as robust an estimate as the short-term calculation of need for affordable housing.

9.38 The above estimates of future demand do not take account of the supply of stock to absorb demand. Utilising the DCLG Guidance calculation process, and taking into account the supply available on an annual basis (re-lets / surplus stock / pipeline new supply) the housing needs analysis indicates that the authorities of Worcestershire will be required to provide for a **net annual affordable housing need of approximately 1,355 dwellings per annum over the next five years**, in order both to clear the existing backlog of households in need and meet future arising household need.

9.39 This requirement for affordable housing is distributed across the individual authorities. In absolute terms Worcester and Wychavon have the highest levels of need for new affordable properties, 358 and 268 respectively. Malvern Hills has a notably lower level of need at 131 dwellings per annum, although this is still high when contrasted against historical rates of provision as documented in section 4.

9.40 The analysis in section 7 has shown that while a large proportion of need can only be addressed through traditional social housing products there are a number of households in need who could have their needs met through other affordable products. These could include various ‘intermediate’ housing products and the new affordable rent product. Variations have been identified at an authority level around the role these products could play in the future.

Core Output 6: Estimate of future households requiring market housing

9.41 The calculation of the proportion of newly forming households requiring affordable housing presented in Step 2.2, section 7, indicates that just over half (around 55%) of newly forming households will require affordable housing. This would therefore suggest a sustained demand for market housing in the future based on the ability of newly forming households to access these tenures and therefore realise actual demand aspirations.

9.42 In addition the analysis in sections 4 and 6 has highlighted the dynamic nature of household movements between authorities currently and in the future. This will continue to drive a sustained demand for market housing going forward. Indeed the longer term projection of tenure requirements suggests that across the housing market (i.e. not just newly forming households) between 73% and 88% of total demand across the authorities of Worcestershire will be for market housing if the forecast change in occupations occurs and current market obstacles ease. Given the application of longer-term assumptions this level is less robust than the short-term estimate, but provides an important steer for policy.

9.43 The household projections presented in section 6 are translated into hypothetical dwelling requirements. Across Worcestershire this suggests a total dwelling requirement of between 31,400 and 41,500 dwellings between 2011 and 2030. A notable proportion of these dwellings will need to be affordable properties to address the levels of need summarised under Core Output 5, however, evidently the majority of demand will continue to be for new market housing.

9.44 It will be important in the future that the levels of housing delivered in total, market and affordable housing, look to meet levels of future household change in order to ensure a balance between supply and demand. This needs to be considered with reference to the supply of land available and considered deliverable (as evidenced through each authorities SHLAA document and set out within land allocation policies).

9.45 The demographic trends in household formation and the overall profile of projected households in 2030, alongside the expectations and aspirations of households will have an impact on the types and sizes of properties required.

9.46 A rising demand for smaller properties based on the projected increase in couple and single person households is likely, although it is important to recognise that this does not necessarily reflect personal aspirations with households often aspiring to live in housing which is larger than is technically 'needed'. In addition the uplift in older family households suggests a sustained demand for larger family stock. The profile of housing across Worcestershire currently suggests that there is a relatively strong supply of this type of housing, noting the current under-occupancy issues highlighted in section 3. Despite this existing supply profile in order to accommodate demand and the aspirations of households a sustained new supply of this type and size of housing will be required over the plan period.

Core Output 7: Estimate of the size of affordable housing required

9.47 Core Output 7 of the DCLG Guidance requires an estimate of the breakdown of the sizes of property required by households identified in need of affordable housing. The intention is to estimate the relative pressure on different property sizes. In particular, this analysis will help to further understand how policy should be structured to assist in alleviating the current backlog of housing need and provide a profile of affordable housing which responds to the future need over the short-term.

9.48 Analysis of waiting list data within section 7 illustrates that a mixture of sizes of properties are required across each of the local authorities in Worcestershire. Evidence shows a high demand for 1 and 2 bedroom properties, based on the application of the bedroom standard, with this constituting around or over 80% of demand across all authorities. Bromsgrove and Wychavon show the highest demand for larger 3 and 4 bedroom properties, 21% and 18% respectively. It is important to recognise that this analysis focuses solely on those households considered as in 'significant need' with the broader waiting list incorporating a large mix of household types as evidenced in the analysis within section 5.

Core Output 8: Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people etc…

9.49 The SHMA analysis has identified that the demographic and economic profile of the County and the component authorities is likely to change over the plan period, with the active housing market reacting, and in part feeding back, into these changes. Different parts of the wider housing market will be affected by these changes in different ways. The analysis presented in section 8 selects out a number of specific groups either considered to have specific housing requirements which need to be carefully considered now and in the future, or considered to represent groups which are likely to represent a particularly dynamic part of the changing profile.

9.50 The groups examined are set out below, alongside the key conclusions emerging from the analysis:

- Older Persons – The two projection scenarios carried forward from section 6 both show an increasing number of older persons across the County. Under Sensitivity Scenario 2 Worcestershire is projected to see the number of older persons increase by almost 84,500, with just over 25,400 of these aged over 85. Over the longer-term this increase in older persons will place ever increasing pressure on the existing housing stock. In particular the rise in households where the head of household is aged over 85 will lead to greater requirements for different forms of supported housing. POPPI projections suggest that the number of elderly persons living in care homes, for example, will rise significantly, more than doubling in every authority except Worcester. The importance of recognising this growing base of need for support services is well documented within the research conducted in 2009 looking at the housing and support needs of older people across the County.

- Black and Minority Ethnic Groups and Migrant Workers – A review of population datasets shows that BME groups constitute a relatively small proportion of the overall population. Importantly, as noted within section 6, growing numbers of international migrants have led to an increase in diversity, including non-British white groups. As would be expected the statistics show a high proportion of younger persons of BME origin than older persons showing the dynamic nature of this part of the population over recent years.

- Students, younger households and the private rental market – All of the authorities, with the exception of Wyre Forest, are projected to see a growth in younger households (15-34) under the Sensitivity Scenario 2 population projections. The affordability issues facing younger person households have been well documented throughout the SHMA. The obstacles facing younger households to purchase property has led to many either not forming a household or moving into private rented stock, with this placing increasing pressure on this tenure. An overview of existing research has focussed on particularly vulnerable groups of younger people again serving to highlight the housing pressures faced by this demographic and the absence in many cases of suitably tailored accommodation. The student market, primarily focussed around Worcester, has been considered. This reveals the unique pressures of this market on the private rented stock in the city with increasing student numbers and a finite capacity of University provided accommodation leading to high rental prices, which in turn have led to a growth in student landlords and potentially a decrease in private rented stock available to other segments of the market.

- Groups with Specific Needs – A variety of groups have been considered. In terms of the current position of need and demand the focus groups held as part of the development of the Worcestershire Housing Strategy identified that continued investment is required in supporting services and the provision of specifically targeted stock. An examination of POPPI and PANSI datasets projects an actual decline in person with physical and learning disabilities, however, based on the current provision of suitable supply it is likely that even if this decline is realised that further new accommodation will be required.

- Gypsy and Travellers – The SHMA has considered the 2007 GTAA as well as specific focused engagement outputs linked to the Worcestershire Housing Strategy and the 2010 West Midlands Interim Policy Statement. Collectively these have highlighted the need for additional pitches and plots across Worcestershire to accommodate future demand.

Future Monitoring

9.51 In order for the findings of the assessment to continue to inform and help shape policy, it will be necessary for the individual authorities to monitor changes in the housing market and the underlying drivers considered in this assessment. Changes to the assumptions will have an impact on the short and long-term projections of household demand and the requirements for different tenures and sizes of housing.

9.52 The figures presented within this report are based upon up-to-date data and information as of summer / autumn 2011. Evidence of market deviation from the future trends and assumptions presented will need to be taken into account in the development of policy. This approach is part of the plan, monitor and manage approach required for the LDF evidence base.

9.53 This SHMA research has utilised a range of secondary data sources. This information will continue to be refined and updated by data providers such as the ONS, DCLG, CACI, Rightmove and Land Registry. The use of secondary data sources makes monitoring a simpler process and will enable the authorities to continue to produce annual updates building on the series produced by the County following the original 2007 SHMA.

10. Glossary

ASHE	Annual Survey of Hours and Earnings
AWM	Advantage West Midlands. Regional organisation due to be closed by the Government in 2012.
B&ME	Black and Minority Ethnic
BRE	Building Research Establishment Group – Research based consultancy
CBL	Choice Based Lettings – All of the Worcestershire authorities, with the exception of Redditch, operate a choice based lettings system called Home Choice Plus. Redditch also operates a separate 'Home Choice' based lettings system but the two systems are currently not identical.
DCLG	Department for Communities and Local Government
CACI	CACI Limited – Consultancy providing market intelligence (www.caci.co.uk)
CML	Council of Mortgage Lenders
CT	Council Tax
DPD	Development Plan Document
DWP	Department for Work and Pensions
FSA	Financial Services Authority
FTB	First Time Buyer – term commonly used to describe a household who have not purchased owner-occupied property previously
GIS	Geographical Information Systems
HA	Housing Association
HB	Housing Benefit
HMA	Housing Market Area. The 2007 SHMA introduced a number of housing market areas which spanned authority boundaries.
Household Size	Household size assumptions are derived through the Sub-National Household Projections (the latest being the 2008 based dataset released in 2011). These use household representative rates to attribute the population to households. Household representative rates (headship rates) are the probability of anyone in a particular population group being part of a separate household and can take any value between 0 and 1. The population groups are defined according to sex, age (15 bands from 15-19 to 85 and over), legal marital status and co-habitational status. This gives 240 population groups and 240 representative rates in total (http://www.communities.gov.uk/documents/statistics/pdf/1172133.pdf)

HSSA	Housing Strategy Statistical Appendix. Data collated by the DCLG using information supplied by the authorities on an annual basis
IS	Income Support
JSA	Job Seekers Allowance
LDF	Local Development Framework
LHA	Local Housing Allowance
Lower Quartile	In statistics the quartiles of a set of values are the three points that divide the data set into four equal groups, each representing a fourth of the population being sampled. The lower quartile cuts off the lowest 25% of data.
ONS	Office for National Statistics (www.ons.gov.uk)
New Homes Bonus	Incentive introduced by the current government intended to increase levels of house building across the UK (http://www.communities.gov.uk/housing/housingsupply/newhomesbonus/).
PHASE	Population, Housing And Strategic Evidence
POPGROUP	POPGROUP is used by over 90 local and regional organisations in the UK and has been subject to extensive enhancement and development over the last ten years. It uses MS Excel workbooks to manage its data inputs and outputs and provides great flexibility to enable users to experiment and analyse alternative forecasts. A more detailed description of the population and household projection methodologies is available from the User Guide and Reference Manual on the POPGROUP website. The mathematical calculations for each method are documented at the end of each of the manuals. www.ccsr.ac.uk/popgroup/about/manuals.html.
PPS	Planning Policy Statement (http://www.communities.gov.uk/planningandbuilding/ planningsystem/planningpolicy/planningpolicystatements/)
RES	Regional Economic Strategy
RHS	Regional Housing Strategy
RSL	Registered Social Landlord
RSS	Regional Spatial Strategy
SEH	Survey of English Housing
SHLAA	Strategic Housing Land Availability Assessment – individual assessments prepared by the authorities to assess the available potential supply of land suitable and deliverable for residential uses
SHMA	Strategic Housing Market Assessment
SNPP	Sub-National Population Projections – Population projections produced by the ONS on a two year cycle (http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Sub-

	national+Population+Projections)
SNHP	Sub-National Household Projections – Household projections derived from the ONS released SNPP published by the DCLG (http://www.communities.gov.uk/housing/housingresearch/housingstatistics/ housingstatisticsby/householdestimates/)
SMR	Standardised Mortality Ratio
TFR	Total Fertility Rate
TSA	Tenant Services Authority
TTW	Travel to Work
Worcestershire Housing Strategy	Joint Housing Strategy published in 2011 (http://www.worcestershire.gov.uk/cms/housing.aspx)