**Wyre Forest District Council**

# Wyre Forest District Local Plan Review

## Objective Assessment of Housing Need (OAHN)

May 2016

# Wyre Forest District Council

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| Reviewed and approved by: | *G.P.Russell* |
| Signature(s): | |
| Name(s): | Graham Russell |
| Job Title(s): | Chief Executive |
| Date: | May 2016 |

# Contents

# 1    Introduction

1.1    Wyre Forest District Council is currently undertaking a Local Plan Review and has commissioned AMION Consulting to produce an Objectively Assessed Housing Need (OAHN) figure for the district. The OAHN will help inform targets in the Local Plan as required by national policy and guidance.

1.2    AMION has been supported in this work by Edge Analytics who have provided a range of demographic growth forecasts which consider the impact of both demographic and economic change under a range of scenarios[1]. In addition, arc4 has provided an analysis of the local housing market.

1.3    Production of this report has entailed:

- a review of relevant secondary data including the 2011 Census, house price data, private rental data, Housing Association CORE lettings data, the Department for Communities and Local Government (DCLG) Statistics and housing register information;

- the preparation of demographic and dwelling forecasts by Edge Analytics using POPGROUP modelling;

- an on-line survey of key stakeholders including Local Authority Housing and Planning representatives, Registered Providers, Supporting People representatives and developers; and

- interviews with estate and lettings agents.

1.4    Consultations have been undertaken in line with 'The Duty to Co-operate' as introduced through the Localism Act to ensure local authorities 'engage constructively, actively and on an ongoing basis' with neighbouring authorities and key stakeholders to develop strategic policies and consider joint approaches to plan-making where appropriate. A summary of the results of the stakeholder consultations is provided in Appendix A.

1.5    The evidence provided within this OAHN is in line with the requirements of the National Planning Policy Framework (NPPF) and the associated Planning Practice Guidance (PPG). Account has also been taken of guidance provided by the Planning Advisory Service (PAS) on assessing an area's housing needs and establishing housing targets. Relevant existing and emerging national and local policies have also been taken into account including the emphasis on the provision of starter homes. A review of these is provided at Appendix B.

1.7    The following report is structured to reflect the various stages of work undertaken namely:

- a review of Wyre Forest's housing market area (HMA) – including a review of current policy and forecasts for both the HMA and the Greater Birmingham and Solihull LEP area regarding future housing demand and its cross-boundary implications for Wyre Forest;

- a summary of the range of forecasts developed and assessed to inform conclusions regarding the OAHN for Wyre Forest over the Plan period 2016-32. These comprise:

  - a 'starting point' assessment of overall housing need using the 2012 DCLG household projections which are underpinned by the Office of National Statistics (ONS) sub-national population projections (SNPPs);

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[1]    AMION and Edge have previously produced OAHNs for both South Worcestershire (February 2014) and North Worcestershire (April 2014).

- alternative demographic trend scenarios using alternative migration assumptions, headship rate scenarios and the latest mid-year population estimate data; and

- further 'jobs-led' projections reflecting the links between population and employment growth and the implications of jobs change projected under independent employment forecasts provided by Experian, Oxford Economics and Cambridge Econometrics;

- a review of market signals incorporating an assessment of any evidence to suggest that the dwelling requirement should be adjusted; and

- conclusions regarding:

  - the level of objectively assessed housing need in the area for the duration of the Plan period; and

  - factors that should be considered in setting Plan targets (for example, affordable housing need, cross-boundary demands, sustainable supply capacity and wider policy objectives).

1.8    The report is supported by a number of Appendices including:

- Appendix A: Results of stakeholder consultations

- Appendix B: Policy and Strategic Review

- Appendix C: Wyre Forest Housing Market characteristics

- Appendix D: Defining the Housing Market Area

- Appendix E: Report by Edge Analytics on Demographic Analyses and Forecasts

- Appendix F: Review of Employment Forecasts

- Appendix G: Affordable Housing Need

# 2    The Housing Market Area

**Overview**

2.1.    The NPPF advises that, where housing market areas extend beyond local authority area's housing need's assessments, should cover these wider areas. This section sets out the rationale for this OAHN being restricted to the Wyre Forest administrative area.

**Wyre Forest**

2.2    The District of Wyre Forest is located within the County of Worcestershire in the West Midlands region and forms part of two Local Enterprise Partnership (LEP) areas: the Worcestershire LEP and the Greater Birmingham and Solihull LEP. The District is bounded to the east and south by the Worcestershire districts of Bromsgrove, Wychavon and Malvern Hills; to the north by South Staffordshire; and to the west by Shropshire. The local authority area includes the settlements of Kidderminster, Stourport-on-Severn and Bewdley, along with several civil parishes and their villages.

2.3    Key characteristics of Wyre Forest's populations are:

- the latest 2014 mid-year population estimate (MYE) for Wyre Forest suggests a population of 98,960, a 2.1% increase since 2001. This rate of growth is lower than the West Midlands regional average of 8.2% and the average England growth rate of 9.8%;

- population change since 2001/02 has been predominantly driven by net in-migration from elsewhere in the UK. The number of internal in-migrants has exceeded the number of internal out-migrants in all years except 2007/08, 2008/09 and 2011/12; and

- the resident population of Wyre Forest has a larger proportion of its population aged 65+ (22%) than the West Midlands and England, (both 17%). The area's old age dependency (OAD) ratio and median age statistics are both higher than those of the West Midlands and England.

2.4    Regarding the area's housing characteristics:

- there are some 44,490 dwellings in Wyre Forest District of which 1,404 are vacant, resulting in a total of 43,086 occupied dwellings. The overall vacancy rate is 3.2%[2] which compares with a vacancy rate of 2.7% across England;

- 86.2% of properties are houses or bungalows, of which 37.5% are semi-detached, 29.9% are detached and 18.8% are terraced. 13.8% of dwellings are flats, maisonettes, apartments, mobile or temporary accommodation. Of all dwellings, 9.4% have one bedroom, 25.4% have two bedrooms, 46.9% have three bedrooms and 18.2% have four or more bedrooms; and

- 71.23% of occupied dwellings are owner-occupied (including shared ownership), 14.44% are social rented (affordable rented) and 14.33% are private rented (including living rent free or tied accommodation).

2.5    A more detailed profile of the characteristics of housing in Wyre Forest is provided at Appendix C.

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[2] Based on latest Council Tax data

**Defining Wyre Forest's Housing Market Area**

**(i) Introduction**

2.6 This section reviews the degree to which Wyre Forest can be viewed as a distinct housing market area for the purposes of assessing housing need. A more detailed discussion is attached as Appendix D.

2.7 NPPG (para 8) states that housing needs should be assessed in relation to the relevant functional area i.e. Housing Market Area. This assessment may also identify smaller sub-markets with specific features and it may be appropriate to investigate these specifically in order to create a detailed picture of local need. It is also important to recognise that there are 'market segments' i.e. not all housing types have the same appeal to different occupants.

2.8 NPPG defines a Housing Market Area as "a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap". It comments that Housing Market Areas can be broadly defined by using three different sources of information as follows:

- house prices and rates of change in house prices;

- household migration and search patterns; and

- contextual data (for example travel to work area boundaries, retail and school catchment areas).

2.9 In establishing the extent to which Wyre Forest is a Housing Market Area, house price, migration, travel to work and contextual data have been assembled. Firstly, though, this chapter considers existing national and regional analysis on housing market areas.

**(ii) The Geography of Housing Market Areas**

2.10 In 2010, the DCLG published the 'Geography of Housing Market Areas' which was commissioned by the National Housing and Planning Advice Unit (NHPAU) and sought to construct a consistent geography of housing market areas for England. This research suggested that there are two principal 'layers' of housing markets: wider strategic functional housing markets which tend to be multi-district and smaller local housing market areas. The research produced the first theoretically-based and rigorously-defended housing market area boundaries for England, drawing upon commuting, migration and house price data.

2.11 The key outputs from the research were sets of 'gold standard' strategic and local housing market area definitions. They were termed 'gold standard' because their boundaries are defined to the maximum possible level, being based on ward-level migration and commuting data from the 2001 census. A set of single tier HMAs were also devised based on a 72.5% commuting and 55% migration self-containment. 'Silver standard' outputs were also prepared which were based on local authority boundaries.

2.12 The 'gold standard' analysis suggests that Wyre Forest is located within the 'Worcester' strategic framework HMA which extends across Malvern Hills, Worcester, Wychavon and Wyre Forest Districts. The Local Housing Market Area (as defined by the NHPAU) identifies Wyre Forest as being wholly within the Kidderminster local housing market area, which also includes a predominantly rural part of Shropshire. Wyre Forest District Council's Local Plan Issues and Options Paper (September 2015) stated that the District does not have strong links with the Birmingham Housing Market Area, but has retained some long-standing links with the Black Country Housing Market Area.

**(iii) House prices**

2.13    Figure 2.1 shows that, since 2000, median prices in Wyre Forest were consistently slightly above the median prices for the West Midlands until 2014, when they dropped very slightly below the regional median price. Overall, prices have increased from £69,000 in 2000 to £150,000 in 2014, an increase of 117.4%. Prices peaked at £155,000 in 2007 and have since dipped slightly, fluctuating between £145,000 and £150,000 since 2008. By comparison, the West Midlands regional median house price rose to £153,000 in 2014.

2.14    In 2014, median prices in Wyre Forest were £150,000 and lower quartile prices were £120,000.   The highest prices were in Ribbesford, Broome, Chaddesley Corbett and Kidderminster Foreign with relatively lower prices in Kidderminster, Stourport-on-Severn, Bewdley and Wolverley & Cookley.

**Figure 2.1: Median house price trends 2000 to 2014: Wyre Forest, the West Midlands and England**
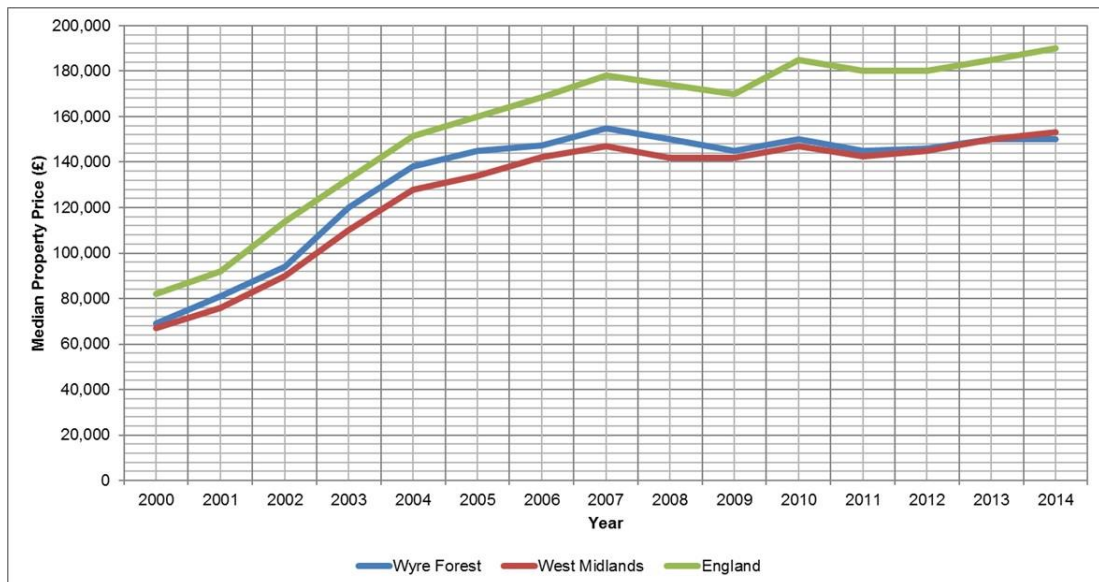


Source: DCLG; Land Registry

2.15    The relative affordability of housing (i.e. the ratio of gross earnings of full-time workers to prices) in Wyre Forest is compared with neighbouring local authorities in Tables 2.1. Both the lower quartile and median assessments show that Wyre Forest is the most affordable of surrounding Districts and similar to the regional figure.

| Table 2.1 Relative affordability of prices by District (residence based) | | | | | | |
|---|---|---|---|---|---|---|
| District | Lower Quartile | | | Median | | |
| | House Price | Annual Gross Earnings | Income to House Price ratio | House Price | Annual Gross Earnings | Income to House Price ratio |
| Wychavon | £160,000 | £18,006 | 8.9 | £215,000 | £26,405 | 8.1 |
| Malvern Hills | £165,000 | £18,360 | 9.0 | £213,000 | £23,260 | 9.2 |
| Shropshire | £135,000 | £17,981 | 7.5 | £218,000 | £25,346 | 6.9 |
| Bromsgrove | £155,000 | £20,753 | 7.5 | £175,000 | £30,829 | 7.1 |
| South Staffordshire | £140,000 | £18,366 | 7.6 | £176,000 | £26,404 | 6.7 |
| Wyre Forest | £120,000 | £17,787 | 6.7 | £150,000 | £22,973 | 6.5 |
| West Midlands | £114,950 | £18,081 | 6.4 | £153,000 | £25,052 | 6.1 |

Sources: Land Registry Price Paid 2014; Annual Survey of Hours and Earnings 2014

### (iv) Household migration

2.16    Figure 2.2 and Table 2.2 summarise the principal cross-boundary housing market interactions based on 2011 Census data for the preceding year. There is a diverse pattern with no really strong external links. The strongest inflows are from Dudley, Wychavon and Birmingham and strongest outflows to Dudley, Worcester, Shropshire and Wychavon. There are also interactions with other neighbouring authorities and the wider West Midlands area, and significant interactions with elsewhere in the UK, especially in terms of outflow.

**Figure 2.2: Principal housing market interactions with other local authorities**
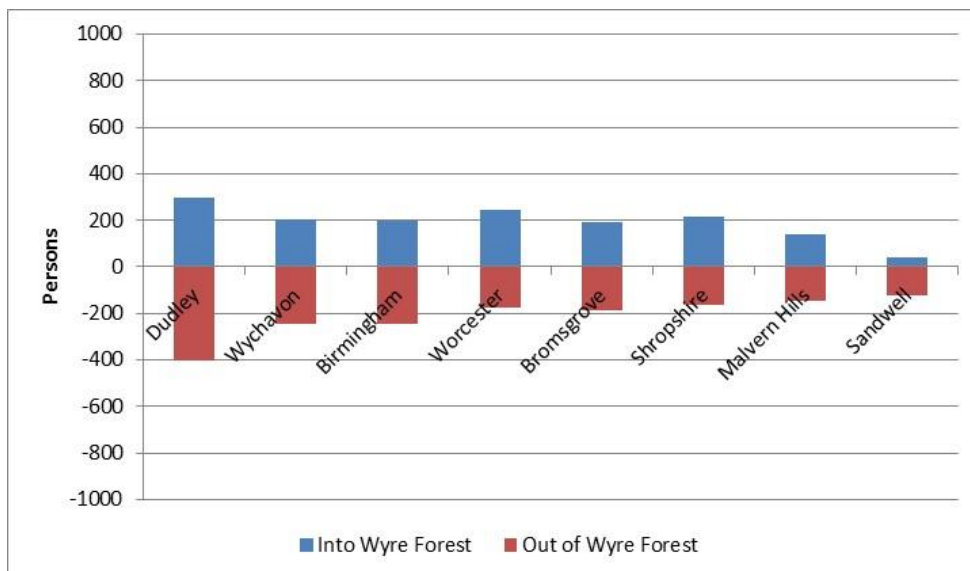


Source: 2011 Census

2.17    Table 2.2 also illustrates that the principal areas with which Wyre Forest had a net loss of population were Worcester (-69). Shropshire (-55) and the rest of the UK (-416) while there was a net gain with regard to Dudley (+105), Sandwell (+85) and Birmingham (+48).

| Table 2.2: Migration in- and out-flows in year preceding Census | | | |
|---|---|---|---|
| District | Inflow to Wyre Forest | Outflow from Wyre Forest | Net flow |
| Bromsgrove | 187 | 192 | -5 |
| Redditch | 65 | 43 | 22 |
| Malvern Hills | 148 | 138 | 10 |
| Worcester | 175 | 244 | -69 |
| Wychavon | 247 | 202 | 45 |
| Birmingham | 246 | 198 | 48 |
| Dudley | 400 | 295 | 105 |
| Sandwell | 124 | 39 | 85 |
| Shropshire | 161 | 216 | -55 |
| South Staffordshire | 49 | 53 | -4 |
| Elsewhere West Mids | 235 | 255 | -20 |
| Elsewhere UK | 791 | 1,207 | -416 |

Source: 2011 Census

2.18 Overall 66.1% (5,524 out of 8,352) of all persons who moved into residences in Wyre Forest in the year preceding the Census originated from within the area. This figure is below the PPG's suggested 70% self-containment threshold. However, the denominator for the PPG threshold (i.e. all moves) excludes 'long-distance moves' whereas the 66.1% does not. The latter is therefore an under-statement of the true containment ratio. While the PPG does not define 'long distance moves', it is worth bearing in mind that 9.5% of moves into the district were from outside the West Midlands. If these are taken to be 'long distance moves', the self-containment ratio for Wyre Forest would be 73.1%. The data would suggest therefore that Wyre Forest represents a self-contained housing market.

**(v) Travel to work trends**

2.19 The 2011 Census recorded 46,339 workers (ages 16–74) living in Wyre Forest and 37,397 workers (ages 16–74) working in the area. 62.2% of the resident labour force both live and work within the district. Others commute to jobs in the neighbouring districts – Wychavon (7.3%), Dudley (5.3%), Worcester (5.1%) and Birmingham (5.0%), with smaller percentages to Bromsgrove and Sandwell (Figure 2.3). The remaining 10.7% of resident workers travel elsewhere

2.20 77% of jobs in Wyre Forest are taken by the district's residents. The remaining jobs are taken by workers who live in the neighbouring districts such as Dudley (5.1%), Shropshire (2.8%) and Wychavon (2.8), and Worcester (2.1%). The remaining 10.3% of jobs are taken by workers who live in other districts.

2.21 Data from successive censuses reveal that Wyre Forest is a net provider of labour i.e. the number of available jobs in the area is exceeded by the number of resident workers, resulting in an overall net out-commute. This imbalance has reduced slightly over the 2001–2011 decade, with a marginally lower growth in the number of resident workers relative to jobs (i.e. a reduced net out-commute).

**Figure 2.3: Principal labour market interactions with other local authorities**
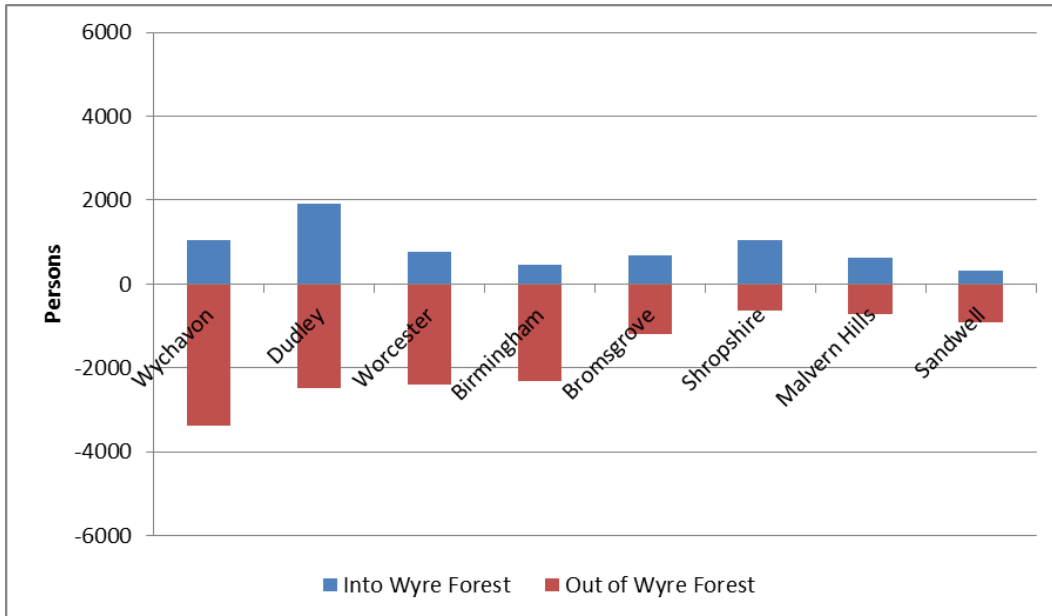


**(vi) Policy in neighbouring areas**

2.22    Current housing policy in neighbouring areas has been reviewed in order to identify whether there are any implications for Wyre Forest, both in terms of HMA definition and 'overspill' requirements that need to be taken into consideration.

2.23    An Objective Assessment of Housing Need was prepared for South Worcestershire in February 2014 to support preparation of the area's Development Plan. South Worcestershire covers the three districts – Malvern Hills, Worcester and Wychavon – that together with Wyre Forest comprise the NHPAU-defined Worcester Strategic Framework HMA.  The forecast dwelling requirement identified under the preferred forecasting scenario for the three districts in total was within a range of 1,211 – 1,246 per annum for the period 2012-2030. No implications for adjacent areas – including Wyre Forest – were identified.

2.24    In August 2015 a Strategic Housing Needs Study Stage 3 Report was produced by Peter Brett Associates for Greater Birmingham and Solihull LEP and the Black Country Local Authorities. The report refers to the earlier Stage 2 report which examined the scope of a 'Greater Birmingham HMA' and concluded that "the local authority areas of East Staffordshire and Wyre Forest do not belong to the HMA". It went on to state that "a more accurate market geography would group….Wyre Forest possibly with Worcestershire" (excluding Bromsgrove and Redditch - which were defined as part of the Greater Birmingham HMA). The Planning Inspector, who recently examined the Birmingham Development Plan, endorsed these conclusions.

2.25    However, as part of the Stage 3 report, updated analysis Wyre Forest continued to be identified as part of an 'extended study area' with an annual projected dwelling need for the period 2011-31 of 200 per year. The Stage 3 report went on to identify a shortfall of supply capacity of 1,900 dwellings per annum across the HMA over the 20-year period. It stated that "of these missing dwellings most should be within easy reach of Birmingham and, to a lesser extent, Solihull ..(and).. the remainder ….should be within easy reach of Sandwell and Walsall". No implications have yet been identified for Wyre Forest although discussions regarding allocation of the shortfall are continuing.

**(vii) Conclusions**

2.26    The purpose of this section has been to consider the general housing market context of Wyre Forest and its inter-relationships with other areas. By reviewing house prices, migration and travel to work patterns, a picture of the market dynamics of Wyre Forest District emerges.

2.27    Wyre Forest is positioned within the Worcester strategic housing market area[3]. An analysis of 2011 Census migration data suggests that 66.1% of all (i.e. including long-distance) household moves are within Wyre Forest District area (or 73.1% if moves from outside the West Midlands are excluded) and 62.2% of residents in employment work within the District. Therefore, it is a largely self-contained housing market area.

2.28    It is concluded, therefore, that it is appropriate for Wyre Forest District to be considered to be a housing market area for the purposes of Local Planning Policy although cognisance needs to be had of the interactions with other areas of Worcestershire and the Greater Birmingham and Solihull areas, both in terms of net in-migration and travel to work patterns.

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[3]    The South Worcestershire Development Plan is being progressed for the other local authorities (Malvern Hills, Worcester City and Wychavon) within the Worcester Strategic Housing Market area.

# 3    The Housing Need Projections

**Introduction**

3.1    This section summarises the results of various household projections developed as part of preparation of this OAHN for Wyre Forest over the Plan period 2016-32. Further detail on the methodology, the assumptions used and the results is provided in the report of Edge Analytics attached at Appendix E. The forecasts comprise:

- a 'starting point' assessment of overall housing need using the 2012 DCLG household projections which are underpinned by the ONS sub-national population projections (SNPPs);

- a series of further demographic trend scenarios using alternative migration assumptions, headship rate scenarios and the latest mid-year population estimate data; and

- 'jobs-led' projections reflecting the links between population and employment growth and the implications of jobs change projected under independent employment forecasts provided by Experian, Oxford Economics and Cambridge Econometrics.

**The starting point projections**

3.2    This section presents the latest population and household projections for Wyre Forest from the ONS and the DCLG. As outlined in the PPG (Para 2a-015) the latest DCLG housing projections provide the starting point for the assessment of housing need.

3.3    Over the 2016–2032 plan period for Wyre Forest, the 2012-based SNPP (which underpins the household projection model) projects a 2.7% growth in the population, equivalent to an additional 2,700 people. The 2012-based DCLG household projection model suggests an increase of 2,800 households, approximately 175 per year (Table 3.1).

| Table 3.1 Wyre Forest 'starting point' estimates | | | | | | |
|---|---|---|---|---|---|---|
| **Official Projection** | **Variable** | **2016** | **2032** | **Difference** | **Difference (%)** | **Average annual change** |
| **2012-based SNPP** | Population | 98,600 | 101,300 | 2,700 | 2.7% | 169 |
| **2012-based DCLG Model** | Households | 43,800 | 46,600 | 2,800 | 6.4% | 175 |
| | Household population | 97,500 | 99,700 | 2,200 | 2.3% | 138 |
| | Average household size | 2.23 | 2.14 | -0.09 | -3.9% | -0.01 |

Source: ONS and DCLG          NB: Growth figures rounded to nearest 10

**Alternative demographic scenarios**

3.4    As outlined in the PPG, it is appropriate to consider "alternative assumptions in relation to the underlying demographic projections and household formation rates" of the local area (PPG Paragraph 2a-017). Therefore, in the following section, the above 'official' projections are compared to a range of alternative demographic scenarios in which the following varying assumptions have been applied:

- the 2012-based SNPP from ONS is a trend-based projection that draws demographic assumptions from a 5- to 6-year historical period to 2012. Given the unprecedented economic changes that have occurred since 2008, and the differences between the projected 2012-based SNPP data and the historical data, it is appropriate to consider alternative time periods in the derivation of migration assumptions. Consequently, the following 'alternative trend' scenarios have been developed:

  - **PG-5yr**: internal migration rates and international migration flow assumptions are based on the last five years of historical evidence (2009/10–2013/14); and

  - **PG-10yr**: internal migration rates and international migration flow assumptions are based on the last 10 years of historical evidence (2004/05–2013/14).

  Both these scenarios include two additional years of historical data when compared to the 2012-based SNPP (i.e. the 2013 and 2014 MYEs). Furthermore, the 'Unattributable Population Change' (UPC) adjustment is included within the international migration assumptions in each; and

- an additional **Natural Change** scenario has also been developed, in which internal and international migration are set to zero from 2014/15. This scenario is hypothetical, but provides an indication of the degree to which dwelling growth is driven by migration to/from Wyre Forest.

3.5 To derive a 'dwelling requirement' from each scenario, a dwelling vacancy rate of 4.5% has been applied. The vacancy rate has been calculated using 2011 Census statistics on households (occupied, second homes and vacant) and dwellings (shared and unshared)[4].

3.6 The results of the above alternative demographic scenarios are presented in Table 3.2. Population growth under both the PG-10yr and PG-5yr scenarios is higher than under the benchmark SNPP-2012 resulting in higher annual average dwelling requirements. This is a reflection of the higher levels of net migration seen in the most recent population mid-year estimates which are used in the calibration of the migration assumptions in these 'alternative trend' scenarios. The higher PG-10yr figure reflects the lower/negative levels of net migration seen between 2007/08 and 2011/12 that disproportionately deflate the five-year period (2009/10–2013/14) average.

3.7 The hypothetical Natural Change scenario is significantly lower, highlighting the importance of net in-migration to population growth in Wyre Forest.

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[4] The use of Census data is consistent with the approach adopted elsewhere and enables like-for-like comparisons with other areas. The 4.5% figure is derived from the 2011 Census Table KS401EW which identifies 42,985 occupied household spaces in Wyre Forest and 45,008 dwellings. It differs from the 3.2% figure identified earlier (para 2.4) which was based on Council Tax 43,086 occupied dwellings and 44,490 dwellings. Council Tax data was used in the area profile to enable time series analysis. As the vacancy rate is a conversion factor used in the modelling to convert between 'households' and 'dwellings,' the impact on the forecast housing need figure of using Council Tax-based data rather than the Census would be minimal (c. 1%).

AMION
Consulting

Wyre Forest District Council
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| Table 3.2: Wyre Forest demographic scenario outcomes 2016–2032 | | | | | | |
|---|---|---|---|---|---|---|
| Scenario | Change 2016-32 | | | | Average annual change | |
| | Population Change | Population Change % | Households Change | Households Change % | Net Migration | Dwellings |
| PG-10yr | 5,697 | 5.7% | 3,972 | 9.0% | 433 | 260 |
| PG-5yr | 4,385 | 4.4% | 3,488 | 7.9% | 386 | 228 |
| SNPP 2012 | 2,655 | 2.7% | 2,799 | 6.4% | 286 | 183 |
| Natural Change | -1,416 | -1.4% | 349 | 0.8% | 0 | 23 |

Source: Edge Consulting

3.8    Under all the scenarios there is an 'ageing' of the population. Population decline is focused in the 40–60 age group. Population growth is concentrated in the oldest age groups (aged 60+), with a smaller level of growth in the 10–20 and 30–35 age groups. Table 3.3 summarises how, for each scenario, the 'Dependency Ratio', which is a measure of the balance between people aged 65+ and those aged 15–64, increases. This has important implications for the size and structure of the resident labour force, and for the provision of housing in the district.

| Table 3.3: Wyre Forest age profile change summary 2016–2032 | | | | | | |
|---|---|---|---|---|---|---|
| Scenario | Percentage aged 65+ | | | Old Age Dependency Ratio | | |
| | 2016 | 2032 | Percentage point change | 2016 | 2032 | Percentage point change |
| SNPP 2012 | 25 | 31 | 6 | 41.4 | 57.4 | 16.0 |
| PG-5yr | 24 | 30 | 6 | 41.0 | 54.9 | 13.9 |
| PG-10yr | 24 | 29 | 5 | 40.8 | 53.3 | 12.5 |
| Natural Change | 24 | 30 | 5 | 40.9 | 54.2 | 13.2 |

Source: Edge Consulting          NB Old Age Dependency Ratio = Population aged 65+ / Population aged 15–64

3.9    Household growth under the above scenarios has been assessed using the 2012-based DCLG headship rates (HH-12). Whilst this model replaces the earlier 2008-based and 2011-based (interim) models, the PPG states that it is appropriate to consider "alternative assumptions in relation to the underlying … household formation rates" (PPG Paragraph 2a-017). Therefore, two 'headship rate sensitivities' have also been developed, to evaluate the impact of, firstly, the earlier 2008-based headship rates on the household growth outcomes **('HH-08'**), and, secondly, a 'recovery' in household formation rates of the 20–34 age groups to their 2001 values by 2022, following the original trend thereafter (the **'HH-12 Return'** sensitivity). This is the age cohort in which household formation has been most constrained due to housing affordability and availability.

3.10   The household growth outcomes and average annual dwelling requirements for each sensitivity are summarised in Table 3.4 with the 'core' outcomes (using the 2012-based headship rates) presented for comparison. The application of both sensitivities results in higher household formation rates reflecting the different market conditions pertaining in the periods from which the model was calibrated. For example, under the benchmark SNPP-2012 scenario, household growth 2016–2032 increases from 6.4% using the 2012-based rates (HH-12) to 7.1% using the HH-12 Return rates and 7.7% under the 2008-based rates (HH-08). This results in an increase in the average annual dwelling requirement from 183 per year to 205 and 223 per year respectively.

| Table 3.4: Wyre Forest demographic scenario dwelling growth using varying headship rates | | | | | | |
|---|---|---|---|---|---|---|
| Scenario | Household Growth 2016-2032 (%) | | | Average Annual Dwelling Requirement | | |
| | HH-12 | HH-08 | HH12-Return | HH-12 | HH-08 | HH12-Return |
| PG-10yr | 9.0 | 10.3 | 9.8 | 260 | 300 | 284 |
| PG-5yr | 7.9 | 9.3 | 8.7 | 228 | 271 | 252 |
| SNPP 2012 | 6.4 | 7.7 | 7.1 | 183 | 223 | 205 |
| Natural Change | 0.8 | 2.1 | 1.7 | 23 | 61 | 50 |

Source: Edge Consulting

**Employment-based scenarios**

**(i) Introduction**

3.11    In assessing housing need, the PPG states that "plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area" (PPG paragraph 2a-018).

3.12    This sub-section presents a range of jobs-led scenarios, with sensitivity testing around the key economic assumptions. These scenarios use three employment forecasts for Wyre Forest from Cambridge Econometrics, Experian and Oxford Economics, Appendix F provides a summary and assessment of these employment forecasts.

**(ii) Aligning Jobs Growth and Population Growth**

3.13    Three independent employment forecasts have been provided by Cambridge Econometrics, Experian and Oxford Economics. These employment forecasts have been linked to the demographic scenarios through the development of a range of 'jobs-led' scenarios. In a jobs-led scenario, population growth is determined by the growth in the number of jobs, using three key economic assumptions in relation to economic activity rates, unemployment rates and commuting ratio assumptions.

3.14    The highest level of employment growth occurs under the Experian forecast, at an average of 103 additional jobs per year over the 2016–2032 plan period. Employment growth under the Cambridge Econometrics forecast is lower, at 99 jobs per year, and is lowest under the Oxford Economics scenario, at 62 jobs per year.

3.15    To evaluate the demographic implications of the three employment forecasts for Wyre Forest, jobs-led scenarios have been developed.  The 'starting point' set of economic assumptions used were as follows:

- Economic activity rates – assumed to remain fixed for all age groups except for an increase among the 60–74 age group between 2011 and 2031.

- Unemployment rates – incrementally reduced from the current (2014) unemployment rate of 5.4%, to a 'pre-recession' average of 4.0% by 2021 (fixed thereafter). This takes into account what is likely to be a gradual recovery in unemployment following the recession.

- Commuting ratio – The commuting ratio is the balance between the resident employed labour force and the number of jobs in an area. A fixed commuting ratio of 1.24 has

been applied in all scenarios. This ratio is derived from the 2011 Census Travel to Work data for Wyre Forest which indicates a net out-commute from Wyre Forest, at a slightly lower level than that seen at the 2001 Census.

3.16   Whilst this set of assumptions is considered to be reasonable and appropriate, it is possible that higher rates of economic activity could be achieved in Wyre Forest, and that, with jobs growth, the net out-commute could reduce. Therefore, an alternative economic activity rate profile has also been applied, as has an alternative commuting ratio profile (assumptions concerning unemployment have been maintained):

- The initial jobs-led scenarios (run with the 2011 Census economic activity rates with adjustments to the 60–74 age groups) are labelled with the **'OBR EA Rates'** identifier in Table 3.5. Additionally, a 'sensitivity' set of economic activity rates has also been applied to the jobs-led scenarios, with an incremental 5% change in economic activity rates for the 30–59 female age-ranges applied over a twenty-year period (2011–2031). The jobs-led scenarios run with these rates are labelled with the **'OBR2 EA Rates'** identifier.

- The scenarios using the initial assumption of a commuting ratio fixed throughout the forecast period are labelled with the **'CR Fixed'** identifier). Additionally, an alternative commuting ratio profile has been applied, in which the commuting ratio is incrementally reduced at the same rate of change seen between the 2001 and 2011 Censuses. This equates to a reduced net out-commute, from 1.24 in 2011, to 1.21 by 2021. After 2021, the commuting ratio is assumed to remain fixed. The jobs-led scenarios run with this alternative commuting ratio profile are labelled with the **'CR SENS'** identifier.

3.17   The results in Table 3.5 show that:

- in all instances, the highest level of population growth results from the jobs-led scenarios that have been run with the **OBR EA Rates & CR Fixed** assumptions;

- in the scenarios labelled **OBR EA Rates & CR SENS**, the level of out-commuting is lower and the consequent level of net migration required to meet the defined jobs growth targets therefore reduces, as a greater proportion of jobs are taken up by the resident labour force; and

- the scenarios labelled **OBR2 EA Rates & CR SENS** result in the lowest levels of population growth. The additional assumption of increased rates of economic activity for females aged 30–59 increases the size of the resident labour force and, combined with a reduced net out-commute, results in a greater proportion of jobs taken up by the resident labour force – again reducing the level of net migration.

3.18   In summary, the reduced level of net migration under the sensitivity scenarios results in a lower level of population growth associated with the same level of jobs growth. This results in a lower average annual dwelling requirement for each of the jobs-led scenarios.

| Table 3.5: Wyre Forest jobs-led scenario outcomes | | | | | | | |
|---|---|---|---|---|---|---|---|
| Scenario | Change 2016-32 | | | | Average per year | | |
| | Population Change | Population Change % | House-holds Change | House-holds Change % | Net Migration | Dwellings | Jobs |
| Jobs-Led Cambridge | | | | | | | |
| OBR EA Rates & CR SENS | 9,032 | 9.0 | 5,515 | 12.5 | 638 | 361 | 99 |
| OBR EA Rates & CR Fixed | 7,767 | 7.8 | 4,979 | 11.3 | 572 | 326 | 99 |
| OBR2 EA Rates & CR SENS | 6,784 | 6.8 | 4,577 | 10.4 | 518 | 300 | 99 |
| Jobs-Led Experian | | | | | | | |
| OBR EA Rates & CR SENS | 9,254 | 9.2 | 5,628 | 12.6 | 646 | 368 | 102 |
| OBR EA Rates & CR Fixed | 7,975 | 7.9 | 5,087 | 11.5 | 580 | 333 | 102 |
| OBR2 EA Rates & CR SENS | 6,983 | 7.0 | 4,680 | 10.6 | 525 | 306 | 102 |
| Jobs-Led Oxford | | | | | | | |
| OBR EA Rates & CR SENS | 7,651 | 7.6 | 4,969 | 11.2 | 557 | 325 | 62 |
| OBR EA Rates & CR Fixed | 6,417 | 6.4 | 4,445 | 10.1 | 493 | 291 | 62 |
| OBR2 EA Rates & CR SENS | 5,451 | 5.5 | 4,049 | 9.2 | 440 | 265 | 62 |

3.19    The employment-led forecasts are however highly sensitive to assumptions concerning labour market factors. Activity rates, unemployment and commuting ratios will adjust to reflect the interaction between changing demographics and economic circumstances. Varying assumptions will lead to very different results in the modelling.

3.20    This sensitivity is exemplified by the Experian forecasts which use SNPP 2012 as the demographic projection within their economic model.  This would imply that the housing need arising using the Experian model should be the same as that arising from the demographic SNPP 2012 projections. However, it is not – based on the preceding analysis, 182 dwellings per annum under the SNPP scenario as compared to 306 – 368 per annum using the Experian model.

3.21    This discrepancy is described and explored in more detail in the accompanying Edge Analytics report (Appendix E) which considers the employment implications of each of the demographic forecasts. As a consequence, the Experian forecasts, for example, imply a significant increase in economic activity to balance employment and household growth. However, while, in the context of a tightening labour market, activity rates will probably increase, evidence indicates that this could well be by less than is implicit in the Experian forecasts. For example, between 2001 and 2011 Wyre Forest economic activity rates fell from 69.6% to 68.7% – in contrast to regional and national increases of 2.4% and 3.0% respectively. Moreover Wyre Forest has a

lower level skills profile than many other areas suggesting that its resident population may be relatively less able to respond to increasing demands for new skills than elsewhere[5].

3.22 Therefore, a further 'labour market adjustment' scenario has been developed. This assumes an increase in activity rates above the OBR and OBR2 rates but (due to the reasons cited above) at a lower rate than the Experian model suggests. The assumptions used in this new scenario are as follows:

- economic activity rates – assumed to increase in line with West Midlands rates between the 2001 and 2011 Census. This implies an annual average percentage points rate increase of 0.15% pa from 68.6% in 2011 to 72.0% in 2032 – compared with a 2032 rate of 69.3% under OBR, 71.0% under OBR2 and an implied increase to over 76% under Experian (assuming commuting ratios and unemployment rates are held at the same levels as used in the Edge model)

- unemployment – assumptions remain the same as in earlier scenarios (i.e. incremental reduction to 4% in 2021 and constant thereafter); and

- commuting ratios – assumptions are the same as in earlier scenarios (i.e. a fixed commuting ratio of 1.24 and a reduced net out-commute from 1.24 in 2011 to 1.21 in 2021).

3.23 The results of applying these revised assumptions to each of the three employment forecast scenarios are set out in Table 3.6.

| Table 3.6: Wyre Forest labour market adjustment jobs-led scenario outcomes | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Scenario** | **Change 2016-32** | | | | **Average per year** | | |
| | Population Change | Population Change % | Households Change | Households Change % | Net Migration | Dwellings | Jobs |
| **Jobs-Led Cambridge** | | | | | | | |
| **WM EA Rates & CR Fixed** | 6,633 | 6.7 | 4,544 | 10.3 | 503 | 297 | 99 |
| **WM EA Rates & CR SENS** | 5,407 | 5.4 | 4,023 | 9.1 | 440 | 263 | 99 |
| **Jobs-Led Experian** | | | | | | | |
| **WM EA Rates & CR Fixed** | 6,834 | 6.8 | 4,648 | 10.5 | 510 | 304 | 103 |
| **WM EA Rates & CR SENS** | 5,595 | 5.6 | 4,122 | 9.3 | 446 | 270 | 103 |
| **Jobs-Led Oxford** | | | | | | | |
| **WM EA Rates & CR Fixed** | 5,287 | 5.3 | 4,010 | 9.1 | 424 | 262 | 62 |
| **WM EA Rates & CR SENS** | 4,091 | 4.1 | 3,501 | 8.0 | 363 | 229 | 62 |

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[5]  In 2014, 15.1% of Wyre Forest residents aged 16-64 had no qualifications compared with 13.2% in the West Midlands an 8.6% in England. Conversely 28.4% had qualifications at Level 4 or above – compared with 29.4% and 35.7% respectively. (Source: Annual Population Survey December 2014)

**Summary – comparison of forecasts**

3.24    Through the development of a range of 'jobs-led' scenarios, the demographic implications of three employment growth trajectories have been evaluated using a variety of labour market assumptions. The dwelling growth outcomes for these jobs-led scenarios are compared to those derived from the demographic scenarios in Figure 3.1. A dwelling requirement range (excluding the hypothetical Natural Change scenario) of 183 to 368 dwellings per year has been produced.

**Figure 3.1 Summary of dwelling growth arising from demographic and jobs-led forecast scenarios**
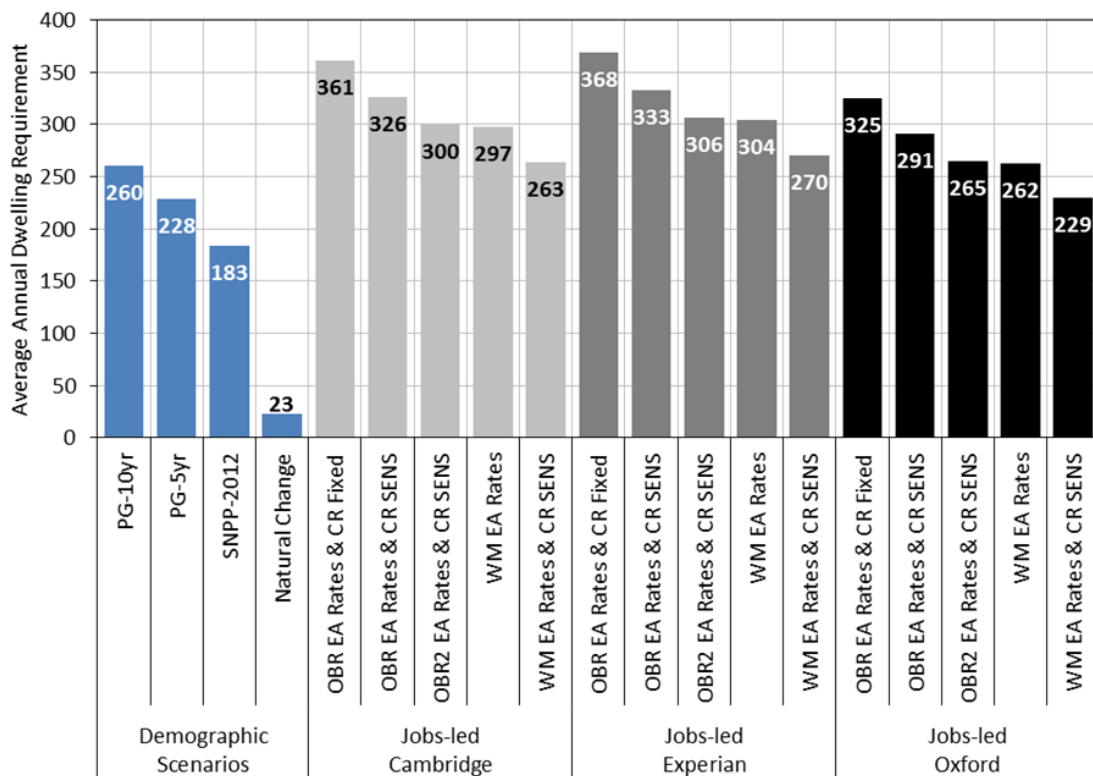


3.25    In determining a preferred OAHN figure, and in line with PPG Guidance, it is considered that future housing provision needs to be capable of accommodating the probable consequences of forecast employment change. As explained earlier, these consequences are highly sensitive to assumptions regarding economic activity, unemployment, commuting ratios and migration. It is our view that the most realistic assumptions are embodied in the 'labour market adjustment scenarios' that incorporate a small reduction in net out-commuting and a gradual increase in economic activity rates over the plan period. We propose that the OAHN should be the average[6] 'WM EA Rates & CR SENS' figure for the three forecasts of 254 dwellings per annum.

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6    Using an average of the available employment forecasts is in line with the approach endorsed by the Inspector at the recent South Worcestershire Development Plan Examination in Public.

# 4 Past provision and market signals

**Introduction**

4.1 NPPG (para 20) states that the level of housing need suggested by household projections should be adjusted to reflect appropriate Market Signals as well as other market indicators of the balance between the demand for and supply of dwellings. This section considers whether such evidence suggest that household growth in Wyre Forest has been suppressed by a prior undersupply of housing.

**Market signals**

4.2 In broad terms, these signals should take account both of indicators relating to price (e.g. house prices, rents and affordability ratios) and quantity (e.g. overcrowding and rates of development). NPPG comments that Market Signals are affected by a number of economic factors and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with the principles of sustainable development, should be expected to improve affordability, and monitor the response of the market over the Plan period.

4.3 In line with NPPG, Table 4.1 considers a range of Housing Market Signals for Wyre Forest. These should be monitored on a regular (at least annual) basis and the scale of dwelling delivery should be adjusted where the Council believes it is appropriate to do so.

| Table 4.1: Housing market signals | | | | | |
|---|---|---|---|---|---|
| **Price/transaction indicators** | **2010** | **2011** | **2012** | **2013** | **2014** |
| Lower Quartile House Prices | £115,000 | £115,000 | £118,500 | £117,500 | £120,000 |
| Median House Prices | £150,000 | £145,000 | £146,000 | £150,000 | £150,000 |
| Lower Quartile Rents (per calendar month) | 444 | 446 | 451 | 459 | 464 |
| Median Rents (per calendar month) | 524 | 546 | 533 | 533 | 548 |
| Relative affordability (LQ earnings to LQ house price) | 6.9 | 7.2 | 7.6 | 6.6 | 6.5 |
| No. Property sales | 974 | 1051 | 1111 | 1274 | 1376 |
| **Quantity indicators** | **2010** | **2011** | **2012** | **2013** | **2014** |
| Total dwelling stock (at 1 April) | 44,770 | 45,010 | 45,200 | 45,430 | 45,800 |
| Total vacant dwellings (at October) | 1,509 | 1,423 | 1307 | 1354 | 1404 |
| Total vacancy rate (at October) | 3.37% | 3.16% | 2.89% | 2.98% | 3.07% |
| Long-term vacancy rate (at October) | 1.36% | 1.12% | 0.98% | 0.67% | 0.88% |
| Overcrowding (2011 census) | | 2.37% | | | |
| No. of households on the housing register (at 1st April) | 4,015 | 3,926 | 5,726 | 5,374 | 3,277 |

Notes:
House Prices. Source: Land Registry Price Paid Data.
No. households on housing register at 1 April. Source: CLG Local Authority Housing Statistics.

Total dwelling stock/vacancy. Source: HSSA
Rent data: Zoopla
Overcrowding: 2011 census

4.4    The key messages from Table 4.1 are:

- in terms of price/transaction indicators, median market house prices have been broadly consistent over the period 2010-2014, ranging between £145,000 and £150,000. Lower quartile prices have increased slightly during the same period, from £115,000 in 2010 and 2011 to £120,000 in 2014. The number of transactions have increased significantly, year-on-year;

- relative affordability has fluctuated, from a ratio of 6.9 times earnings in 2010 to a high of 7.6 times in 2012, but falling to a low of 6.5 times in 2014. Lower Quartile rents have ranged between £444 and £464 and median rents £524 to £548, with both showing an overall increase during the five-year period;

- in terms of quantity indicators, there has been a growth in the total number of dwellings and vacancy rates have fallen slightly from 3.37% in 2010 to 3.07% in 2014, which compares with an English rate of 2.6%. Long-term vacants have fallen from 1.36% in 2010 to 0.88% in 2014;

- according to the 2011 Census, 2.37% of households were overcrowded. This compares with 3.1% across England. The 2001 Census reported an overcrowding rate of 4.1% (7.1% across England), suggesting that levels of overcrowding have fallen both nationally and locally;

- the number of households on the housing register has fluctuated between 3,277 and 5,726 and averaged around 4,464 over the period 2010 to 2014; and

- during the five-year period 2010 to 2014 inclusive, there has been a net additional increase of 1,030 dwellings, which is an average of 206 additional dwellings each year.

4.5    Table 4.2 considers how the market signals observed in Wyre Forest compare with similar districts and with regional and national trends.

| Table 4.2: Housing market signals in comparator districts, region and England (%) | | | | | | |
|---|---|---|---|---|---|---|
| | | Comparator Districts* | | | | |
| Comparator 2010-2014 | Wyre Forest | Wychavon | Cheshire West and Chester | Kings Lynn and West Norfolk | West Midlands | England |
| Lower Quartile House Price change | 4.3 | 5.3 | 2.7 | 4.4 | 6.4 | 5.6 |
| Median House Price change | 0.0 | 5.4 | 10.0 | 3.8 | 4.1 | 5.4 |
| Lower Quartile Rents (per calendar month) change | 4.5 | 10.4 | 0.0 | 0.0 | 1.1 | -0.7 |
| Median Rents (per calendar month) change | 4.6 | 9.4 | 0.0 | 5.5 | 5.5 | 4.4 |
| Change in relative affordability (ratio of lower quartile earnings to house prices) | -5.7 | 8.5 | 2.0 | -6.3 | 2.0 | 1.6 |
| No. Property sales change | 26.8 | 33.5 | 51.2 | 12.1 | 31.0 | 26.0 |
| Total dwelling stock change | 2.3 | 3.6 | 2.2 | 3.2 | 1.9 | 2.3 |
| Total vacancy change | -7.0 | -13.5 | -15.4 | -13.6 | -14.5 | -17.2 |
| Total long-term vacancy change | -33.6 | -28.0 | -14.6 | -33.5 | -26.8 | -31.4 |
| Overcrowding change 2001-11 | -38.4 | -29.9 | -38.2 | -19.9 | -15.3 | -29.7 |

*Three most similar LA based on ONS 2011 Area Classification for Local Authorities

4.5     Compared with comparator district, regional and national data:

- between 2010-2014, lower quartile house price change in Wyre Forest has been similar to other areas, at +4.3%. While comparator, regional and national median house prices have risen by between 3.8 and 10.0%, median house prices in Wyre Forest have remained static during the four-year period. Private rental price change has been positive, at 4.5-4.6% for both lower quartile and median rents;

- despite the increase in lower quartile house prices, the overall relative affordability of properties to buy has improved, with the ratio of lower quartile house prices to incomes falling from 6.9 to 6.5 (-5.7%); improved affordability has also been seen in Kings Lynn and West Norfolk District, whilst affordability in other comparator districts, the region and national level has worsened;

- the number of property sales and the total dwelling stock have both increased in line with regional and national trends;

- total vacancy rates have reduced, but at a lower rate than comparator districts, regional and national trends. The long-term vacancy rate reduction has been very similar to the national trend and slightly higher than the change seen in West Midlands region as a whole; and

- over-crowding has reduced significantly, and at a faster rate than the regional and national trends, but at a similar rate to Cheshire West and Chester comparator district.

**Conclusion**

4.6     In conclusion, a review of Market Signal data would suggest there are no indicators prompting a need for adjusting the housing dwelling requirement on the basis of market signals. However, the Council should collect and monitor comparable data on a regular basis to ensure the Council has up to date information from which to review dwelling targets.

# 5    Affordable Housing and Other Specific Needs

**Introduction**

5.1    This section summarises the results of work undertaken to determine levels of future affordable housing need in Wyre Forest. Affordable housing need is defined in SHMA guidance as the quantity of housing required for households who are unable to access suitable housing without financial assistance. Affordable housing is defined in the NPPF Framework as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market.

5.2    Paragraph 029 of the PPG advises that "an increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes". The Planning Advisory Service Technical Advice Note prepared by Peter Brett Associates continues to state that "affordable housing need is therefore a policy consideration that bears on housing targets – rather than a factor that bears on objectively assessed need".

5.3    A range of secondary data has been accessed to provide a robust and transparent evidence base to assess such needs across Wyre Forest District. This is presented in detail in Appendix G of this report and follows CLG modelling guidance. A summary of the results is provided below. It is followed by an assessment of the relative affordability of alternative housing options by parish / town within Wyre Forest District. The section concludes with a review of particular groups with specific needs. This has been informed by stakeholder views on specialist support requirements which are incorporated in Appendix A.

**Affordable housing needs assessment**

5.4    A detailed analysis of the following factors determines the extent to which there is a shortfall of affordable housing:

- households currently in housing which is unsuitable for their use and who are unable to afford to buy or rent in the market (backlog need);

- new households forming who cannot afford to buy or rent in the market;

- existing households expected to fall into need; and

- the supply of affordable housing through social/affordable renting and intermediate tenure stock.

5.5    Table 5.1 summarises the various stages of the analysis.

| Table 5.1: CLG Needs Assessment Summary for Wyre Forest District | | | |
|---|---|---|---|
| **Step** | **Stage and Step description** | **Calculation** | **Wyre Forest Total** |
| **Stage1: CURRENT NEED** | | | |
| 1.1 | Homeless households and those in temporary accommodation | Annual requirement | |
| 1.2 | Overcrowding and concealed households | Current need | |
| 1.3 | Other groups | Current need | **1,197** |
| 1.4 | Total current housing need (gross) | Total no. of households with one or more needs | |
| **1.4A** | **TOTAL cannot afford open market (buying or renting) (81.7%)** | **Total** | **978** |
| **Stage 2: FUTURE NEED** | | | |
| 2.1 | New household formation (Gross per year) | Based on housing register | **282** |
| 2.2 | % of new households requiring affordable housing | Based on number on housing register | **82.6%** |
| 2.2 | Number of new households requiring affordable housing | Number cannot afford | **233** |
| 2.3 | Existing households falling into need | Annual requirement | **98** |
| **2.4** | **TOTAL newly-arising housing need (gross each year)** | **2.2 + 2.3** | **331** |
| **Stage 3: AFFORDABLE HOUSING SUPPLY** | | | |
| 3.1 | Affordable dwellings occupied by households in need i.e. on waiting list and currently in social rented accommodation | (based on 1.4) | **476** |
| 3.2 | Surplus stock | Vacancy rate <2% so no surplus stock assumed | **0** |
| 3.3 | Committed supply of new affordable units | Annual | **0 (see note in para 5.6)** |
| 3.4 | Units to be taken out of management | None assumed | **0** |
| 3.5 | Total affordable housing stock available | 3.1+3.2+3.3-3.4 | **476** |
| 3.6 | Annual supply of social re-lets (net) – based on CORE lettings data | Annual Supply (3yr ave) | **191** |
| 3.7 | Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels | Annual Supply (3yr ave) | **22** |
| 3.8 | **Annual supply of affordable housing** | **3.6+3.7** | **213** |
| **Stage 4: ESTIMATE OF ANNUAL HOUSING NEED** | | | |
| 4.1 | Total backlog need | 1.4A-3.5 | **502** |
| 4.2 | Quota to reduce over plan period | | **6.25%** |
| 4.3 | Annual backlog reduction | Annual requirement | **31** |
| 4.4 | Newly-arising need | 2.4 | **331** |
| 4.5 | Total annual affordable need | 4.3+4.4 | **362** |
| 4.6 | Annual social rented capacity | 3.8 | **213** |
| 4.7 | **NET ANNUAL SHORTFALL (4.5-4.6)** | **NET** | **149** |

5.6     The above analysis suggests a net imbalance of 149 affordable dwellings each year across Wyre Forest District. It is also worth noting that over the period April 2010 to September 2015, Council data indicates a total of 521 affordable dwellings have been built – equivalent to an annual average of 96. If this rate of affordable housing delivery continues over the 5-year period 2015/16 to 2019/20, a total of 480 affordable dwellings would be built and the overall net imbalance for the full Plan period would reduce to some 120 each year. However, the likely scale of delivery of affordable housing over 5 years cannot be confirmed at this time. Moreover, levels of new build affordable housing are likely to be very low for the next few years due to government policy changes and public spending constraints. Therefore, no assumptions concerning future building rates are included in the modelling.

5.7     The assumptions underpinning each stage of the model are presented in Appendix G. In addition, the Appendix identifies the supply/demand variations by parish/town, property designation (i.e. general needs and older person) and property size (number of bedrooms).

5.8     Care should be taken in interpretation of the affordable dwelling requirement. PAS Technical advice note July 2015 states that "affordable housing need is a policy consideration that bears on housing targets rather than a factor that bears on objectively assessed need". Therefore, it may be appropriate in setting a policy target to set it above the OAHN in light of affordable housing need (and indeed area growth aspirations) but not to amend the OAHN itself. In coming to a judgement on whether to set a higher target figure, and by how much, account should be taken of the likely extent to which affordable housing will be provided as part of OAHN developments and the extent to which needs will be met otherwise (e.g. through housing benefit subsidies for occupation in the private rented sector).

**Relative affordability of housing options by Parish / Town**

5.9     The relative cost of alternative housing options across Wyre Forest and by Parish/Town is explored in Table 5.2. This includes affordable and market rent options, owner occupation and intermediate tenure options, as well as starter homes. Table 5.3 shows the income required for alternative tenure options to be affordable by Parist/Town.

## Table 5.2: Cost[7] of alternative tenure options

| Tenure option | Monthly Rent / Total House price | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | Bewdley | Broome | Chaddesley Corbett | Churchill and Blakedown | Kidderminster Foreign | Ribbesford | Rock | Rushock |
| Social rent | £385 | £385 | £385 | £385 | £385 | £385 | £385 | £385 |
| Affordable rent | £474 | £958 | £431 | £644 | £466 | £449 | £728 | £520 |
| Market Rent - Lower Quartile | £490 | £1,148 | £425 | £702 | £498 | £464 | £399 | £650 |
| Market Rent - Median | £594 | £1,198 | £425 | £849 | £498 | £548 | £849 | £650 |
| Market Rent - Average | £592 | £1,198 | £539 | £805 | £582 | £561 | £910 | £650 |
| Market Sale - Lower Quartile | £142,500 | £407,500 | £184,000 | £230,000 | £325,000 | £385,000 | £160,000 | £248,000 |
| Market Sale - Median | £170,000 | £541,500 | £431,250 | £325,000 | £397,500 | £612,500 | £300,000 | £373,975 |
| Market Sale - Average | £196,725 | £570,750 | £439,938 | £347,663 | £453,333 | £612,500 | £308,804 | £373,975 |
| Starter Home | £157,380 | # | # | # | # | # | # | £299,180 |
| Shared ownership (full equity) | £170,000 | £541,500 | £431,250 | £325,000 | £397,500 | £612,500 | £300,000 | £373,975 |
| Help to buy (full equity) | £170,000 | £541,500 | £431,250 | £325,000 | £397,500 | £612,500 | £300,000 | £373,975 |

| Tenure option | Monthly Rent / Total House price | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | Stone | Stourport-on-Severn | Upper Arley | Wolverley and Cookley | Kidderminster | Wyre Forest District | Base Date | Source |
| Social rent | £385 | £385 | £385 | £385 | £385 | £385 | 2015 | CLG |
| Affordable rent | £449 | £440 | £560 | £548 | £434 | £449 | 2015 | Zoopla rents |
| Market Rent - Lower Quartile | £464 | £451 | £550 | £550 | £459 | £464 | 2014/2015 | Zoopla rents |
| Market Rent - Median | £548 | £550 | £650 | £596 | £524 | £548 | 2014/2015 | Zoopla rents |
| Market Rent - Average | £561 | £550 | £700 | £685 | £543 | £561 | 2014/2015 | Zoopla rents |
| Market Sale - Lower Quartile | £215,000 | £134,000 | £229,950 | £121,000 | £109,975 | £120,000 | 2014 | Land Registry |
| Market Sale - Median | £281,000 | £159,975 | £229,950 | £188,500 | £136,750 | £150,000 | 2014 | Land Registry |
| Market Sale - Average | £325,125 | £174,102 | £229,950 | £206,143 | £152,346 | £178,318 | 2014 | Land Registry |
| Starter Home | # | # | £183,960 | £164,914 | £121,877 | £142,654 | 2014 | See notes |
| Shared ownership (full equity) | £281,000 | £159,975 | £229,950 | £188,500 | £136,750 | £150,000 | 2014 | See notes |
| Help to buy (full equity) | £281,000 | £159,975 | £229,950 | £188,500 | £136,750 | £150,000 | 2014 | See notes |

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[7] Price assumptions are as follows:

| Housing option | Price assumption |
| --- | --- |
| Starter Home | 20% below average price (capped at £250,000; # Indicates starter homes would exceed this price) |
| Shared Ownership | 100% equity based on median price |
| Help to buy | 100% equity based on median price |

**Table 5.3: Income required for tenure option to be affordable**[8]

| Tenure option | Income required | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Bewdley | Broome | Chaddesley Corbett | Churchill and Blakedown | Kidderminster Foreign | Ribbesford | Rock | Rushock |
| Social rent | £18,458 | £18,458 | £18,458 | £18,458 | £18,458 | £18,458 | £18,458 | £18,458 |
| Affordable rent | £22,733 | £46,003 | £20,698 | £30,912 | £22,349 | £21,552 | £34,944 | £24,960 |
| Market Rent - lower quartile | £23,520 | £55,104 | £20,400 | £33,696 | £23,904 | £22,272 | £19,152 | £31,200 |
| Market Rent - median | £28,512 | £57,504 | £20,400 | £40,752 | £23,904 | £26,304 | £40,752 | £31,200 |
| Market Rent - average | £28,416 | £57,504 | £25,872 | £38,640 | £27,936 | £26,928 | £43,680 | £31,200 |
| Market Sale - LQ | £36,643 | £104,786 | £47,314 | £59,143 | £83,571 | £99,000 | £41,143 | £63,771 |
| Market Sale - median | £43,714 | £139,243 | £110,893 | £83,571 | £102,214 | £157,500 | £77,143 | £96,165 |
| Market Sale - average | £50,586 | £146,764 | £113,127 | £89,399 | £116,571 | £157,500 | £79,407 | £96,165 |
| Starter Home | £40,469 | # | # | # | # | # | # | £76,932 |
| Shared ownership (50%) | £35,220 | £108,724 | £86,910 | £65,888 | £80,232 | £122,772 | £60,941 | £75,578 |
| Shared ownership (25%) | £27,752 | £84,936 | £67,966 | £51,611 | £62,771 | £95,865 | £47,763 | £59,149 |
| Help to buy | £36,429 | £116,036 | £92,411 | £69,643 | £85,179 | £131,250 | £64,286 | £80,138 |

| Tenure option | Income required | | | | | |
|---|---|---|---|---|---|---|
| | Stone | Stourport-on-Severn | Upper Arley | Wolverley and Cookley | Kidderminster | Wyre Forest District |
| Social rent | £18,458 | £18,458 | £18,458 | £18,458 | £18,458 | £18,458 |
| Affordable rent | £21,552 | £21,120 | £26,880 | £26,304 | £20,851 | £21,552 |
| Market Rent - lower quartile | £22,272 | £21,648 | £26,400 | £26,400 | £22,032 | £22,272 |
| Market Rent - median | £26,304 | £26,400 | £31,200 | £28,608 | £25,152 | £26,304 |
| Market Rent - average | £26,928 | £26,400 | £33,600 | £32,880 | £26,064 | £26,928 |
| Market Sale - LQ | £55,286 | £34,457 | £59,130 | £31,114 | £28,279 | £30,857 |
| Market Sale - median | £72,257 | £41,136 | £59,130 | £48,471 | £35,164 | £38,571 |
| Market Sale - average | £83,604 | £44,769 | £59,130 | £53,008 | £39,175 | £45,853 |
| Starter Home | # | # | £47,304 | £42,407 | £31,340 | £36,683 |
| Shared ownership (50%) | £57,182 | £33,236 | £47,081 | £38,880 | £28,641 | £31,263 |
| Shared ownership (25%) | £44,838 | £26,209 | £36,980 | £30,600 | £22,634 | £24,673 |
| Help to buy | £60,214 | £34,280 | £49,275 | £40,393 | £29,304 | £32,143 |

NOTES
Affordability assumptions are as follows:

| | |
|---|---|
| Social rent | Affordability based of 25% of income; excluding Housing Benefit |
| Affordable rent | Affordability based of 25% of income; excluding Housing Benefit |
| Market Rent - lower quartile | Affordability based of 25% of income; excluding Housing Benefit |
| Market Rent - median | Affordability based of 25% of income; excluding Housing Benefit |
| Market Rent - average | Affordability based of 25% of income; excluding Housing Benefit |
| Market Sale - LQ | 90% Loan to value; 3.5x income; 10% deposit |
| Market Sale - median | 90% Loan to value; 10% deposit; mortgage based on 3.5x household income |

| Market Sale - average | 90% Loan to value; 10% deposit; mortgage based on 3.5x household income |
| Starter Home | 20% discount on full (average) value, 10% deposit on discounted portion, remainder mortgage based on 3.5x income. Capped at £250k full property value |
| Shared ownership (50%) | Total equity based on median price. Assumes 50% ownership/ 50% rented. Mortgage based on 40% of equity share; 10% deposit required, annual service change £395, Annual rent of 2.75% of remaining equity |
| Shared ownership (25%) | Total equity based on median price. Assumes 25% ownership/ 75% rented. Mortgage based on 20% of equity share; 5% deposit required, annual service change £395, Annual rent of 2.75% of remaining equity |
| Help to buy | Total equity based on median price. Assumes mortgage on 75%, Government equity loan of 20% and 5% deposit. Excludes annual cost of 1.75% annual interest from year 5 on outstanding equity loan |

5.10    This analysis suggests that for open market housing, at district level the minimum income required is £22,272 (for lower quartile or entry-level renting) and £30,857 (for lower quartile or entry-level house prices). The income required for entry-level renting varies between £19,152 (Rock) and £55,104 (Broome). The variation in income required for entry-level house prices is more dramatic, ranging between £28,279 (Kidderminster) and £104,786 (Broome).

5.11    Parish/Town-level household income data has been sourced for Wyre Forest using CAMEO data provided by CallCredit. The distribution of household income is summarised in Figure 5.1. This indicates considerable variation in income distribution by Parish/Town, with the proportion of households with lower incomes (less than £20,000 each year) highest in the urban areas of Kidderminster (37.4%) and Stourport-on-Severn (25.9%). High income households were particularly prevalent in Broome (where 85.2% had an income of at least £50,000) and Rushock (80%).

5.12    Table 5.4 summarises the proportion of households who could afford different types of tenure based on CAMEO household income data and Table 5.5 summarises the proportion who could not afford different tenures. Overall across Wyre Forest, 77.8% of households could afford social renting and 71.9% could afford affordable renting. Although 70.5% could afford lower quartile rents, median and average rents were affordable to just over 60% of households. Just over half of households could afford lower quartile market prices based on a 3.5x household income ratio, however the proportion who could afford median and average prices reduces dramatically. Only 37.7% could afford median prices and 25.3% average prices. Around half of households could afford intermediate tenure products including shared ownership and help to buy.

**Table 5.4: % of households who <u>can</u> afford different market options by Parish/Town**

| % CAN Afford different market options | Parish/Town | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Bewdley | Broome | Chaddesley Corbett | Churchill and Blakedown | Kidderminster Foreign | Ribbesford | Rock | Rushock |
| Social rent | 91.2 | 96.9 | 95.7 | 90.5 | 84.1 | 87.9 | 93.8 | 100.0 |
| Affordable rent | 85.6 | 88.1 | 94.7 | 84.3 | 80.4 | 76.8 | 81.2 | 100.0 |
| Market Rent - lower quartile | 83.2 | 77.6 | 87.6 | 80.8 | 78.7 | 72.7 | 93.5 | 100.0 |
| Market Rent - median | 73.4 | 74.1 | 87.6 | 69.6 | 78.7 | 49.7 | 77.5 | 100.0 |
| Market Rent - average | 73.6 | 74.1 | 87.6 | 74.5 | 74.5 | 46.1 | 71.4 | 100.0 |
| Market Sale - LQ | 50.1 | 11.1 | 60.9 | 24.9 | 16.1 | 0.0 | 76.7 | 35.9 |
| Market Sale - median | 33.0 | 11.1 | 6.7 | 6.2 | 3.4 | 0.0 | 5.8 | 0.0 |
| Market Sale - average | 21.5 | 11.1 | 6.7 | 6.2 | 3.4 | 0.0 | 16.7 | 0.0 |
| Starter Home | 22.4 | # | # | # | # | # | # | 0.0 |
| Shared ownership (50%) | 59.7 | 11.1 | 11.7 | 20.5 | 18.4 | 0.0 | 41.2 | 0.0 |
| Shared ownership (25%) | 77.5 | 26.0 | 29.2 | 22.5 | 37.6 | 0.0 | 62.8 | 50.7 |
| Help to buy | 51.3 | 11.1 | 10.4 | 18.1 | 10.9 | 0.0 | 36.0 | 0.0 |

| % CAN Afford different market options | Parish/Town | | | | |
|---|---|---|---|---|---|
| | Stone | Stourport-on-Severn | Upper Arley | Wolverley and Cookley | Kidderminster | Total |
| Social rent | 94.7 | 77.2 | 85.9 | 85.3 | 67.0 | 77.8 |
| Affordable rent | 70.6 | 71.3 | 71.4 | 75.0 | 60.8 | 71.9 |
| Market Rent - lower quartile | 70.6 | 69.9 | 72.2 | 75.0 | 57.9 | 70.5 |
| Market Rent - median | 70.6 | 57.9 | 64.8 | 72.0 | 51.5 | 62.5 |
| Market Rent - average | 70.6 | 57.9 | 62.8 | 62.6 | 49.5 | 61.3 |
| Market Sale - LQ | 27.6 | 36.2 | 26.8 | 67.6 | 44.8 | 53.5 |
| Market Sale - median | 15.7 | 0.2 | 26.8 | 24.6 | 30.5 | 37.7 |
| Market Sale - average | 9.0 | 14.5 | 26.8 | 18.9 | 22.3 | 25.3 |
| Starter Home | # | # | 40.8 | 40.6 | 38.3 | 47.8 |
| Shared ownership (50%) | 26.3 | 39.4 | 40.8 | 49.6 | 44.0 | 52.7 |
| Shared ownership (25%) | 46.6 | 58.3 | 62.5 | 68.8 | 62.0 | 65.7 |
| Help to buy | 24.2 | 36.7 | 35.8 | 46.0 | 42.5 | 50.9 |

Source CACI, Land Registry, CLG, CORE sales

| Table 5.5: % of households who <u>cannot</u> afford different market options by Parish/Town | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **% CANNOT Afford different market options** | **Parish/Town** | | | | | | | |
| | Bewdley | Broome | Chaddesley Corbett | Churchill and Blakedown | Kidderminster Foreign | Ribbesford | Rock | Rushock |
| Social rent | 8.8 | 3.1 | 4.3 | 9.5 | 15.9 | 12.1 | 6.2 | 0.0 |
| Affordable rent | 14.4 | 11.9 | 5.3 | 15.7 | 19.6 | 23.2 | 18.8 | 0.0 |
| Market Rent - lower quartile | 16.8 | 22.4 | 12.4 | 19.2 | 21.3 | 27.3 | 6.5 | 0.0 |
| Market Rent - median | 26.6 | 25.9 | 12.4 | 30.4 | 21.3 | 50.3 | 22.5 | 0.0 |
| Market Rent - average | 26.4 | 25.9 | 12.4 | 25.5 | 25.5 | 53.9 | 28.6 | 0.0 |
| Market Sale - LQ | 49.9 | 88.9 | 39.1 | 75.1 | 83.9 | 100.0 | 23.3 | 64.1 |
| Market Sale - median | 67.0 | 88.9 | 93.3 | 93.8 | 96.6 | 100.0 | 94.2 | 100.0 |
| Market Sale - average | 78.5 | 88.9 | 93.3 | 93.8 | 96.6 | 100.0 | 83.3 | 100.0 |
| Starter Home | 77.6 | # | # | # | # | # | # | 100.0 |
| Shared ownership (50%) | 40.3 | 88.9 | 88.3 | 79.5 | 81.6 | 100.0 | 58.8 | 100.0 |
| Shared ownership (25%) | 22.5 | 74.0 | 70.8 | 77.5 | 62.4 | 100.0 | 37.2 | 49.3 |
| Help to buy | 48.7 | 88.9 | 89.6 | 81.9 | 89.1 | 100.0 | 64.0 | 100.0 |

| **% CANNOT Afford different market options** | **Parish/Town** | | | | | |
|---|---|---|---|---|---|---|
| | Stone | Stourport-on-Severn | Upper Arley | Wolverley and Cookley | Kidderminster | Total |
| Social rent | 5.3 | 22.8 | 14.1 | 14.7 | 33.0 | 22.2 |
| Affordable rent | 29.4 | 28.7 | 28.6 | 25.0 | 39.2 | 28.1 |
| Market Rent - lower quartile | 29.4 | 30.1 | 27.8 | 25.0 | 42.1 | 29.5 |
| Market Rent - median | 29.4 | 42.1 | 35.2 | 28.0 | 48.5 | 37.5 |
| Market Rent - average | 29.4 | 42.1 | 37.2 | 37.4 | 50.5 | 38.7 |
| Market Sale - LQ | 72.4 | 63.8 | 73.2 | 32.4 | 55.2 | 46.5 |
| Market Sale - median | 84.3 | 99.8 | 73.2 | 75.4 | 69.5 | 62.3 |
| Market Sale - average | 91.0 | 85.5 | 73.2 | 81.1 | 77.7 | 74.7 |
| Starter Home | # | # | 59.2 | 59.4 | 61.7 | 52.2 |
| Shared ownership (50%) | 73.7 | 60.6 | 59.2 | 50.4 | 56.0 | 47.3 |
| Shared ownership (25%) | 53.4 | 41.7 | 37.5 | 31.2 | 38.0 | 34.3 |
| Help to buy | 75.8 | 63.3 | 64.2 | 54.0 | 57.5 | 49.1 |

Source CAMEO, Land Registry, CLG, CORE sales

**Estimates of household groups who have particular housing requirements**

5.13    Consideration has also been given to the presence in Wyre Forest of household groups who may have particular housing requirements. This gas also been informed by stakeholder consultations (see Appendix A). The main findings are as follows:

- Families (i.e. couples and lone parents with children including adult children living at home) account for around 34.6% of households across Wyre Forest District. Of this number, 24.7% are couples with children and 9.9% are lone parents with children. Overall, 70.5% of families live in owner-occupied dwellings, 13.9% live in the private rented sector and 15.7% live in affordable dwellings.

- Older people. A major strategic challenge in Wyre Forest is to ensure a range of appropriate housing provision, adaptation and support for the area's older population. The number of people across Wyre Forest District area aged 65 or over is projected to increase from 21,500 in 2012 to 33,100 by 2037 (a 54.0% increase).

    SHMAs and HNAs elsewhere tend to show that the majority of older people (generally upwards of 65%) want to stay in their own homes with help and support when needed. It is important that Councils continue to diversify the range of older persons' housing provision. Providing a wider range of older persons' accommodation also has the potential to free-up larger family accommodation.

- Specialist support requirements. Table 5.2 summarises the type of client groups accommodated in social rented housing across Wyre Forest District area over the three-year period 2010/11 to 2012/13. Data indicates that older people with support needs and young people at risk are the main groups with provision.

**Figure 5.1: Household income distribution in Wyre Forest 2015**
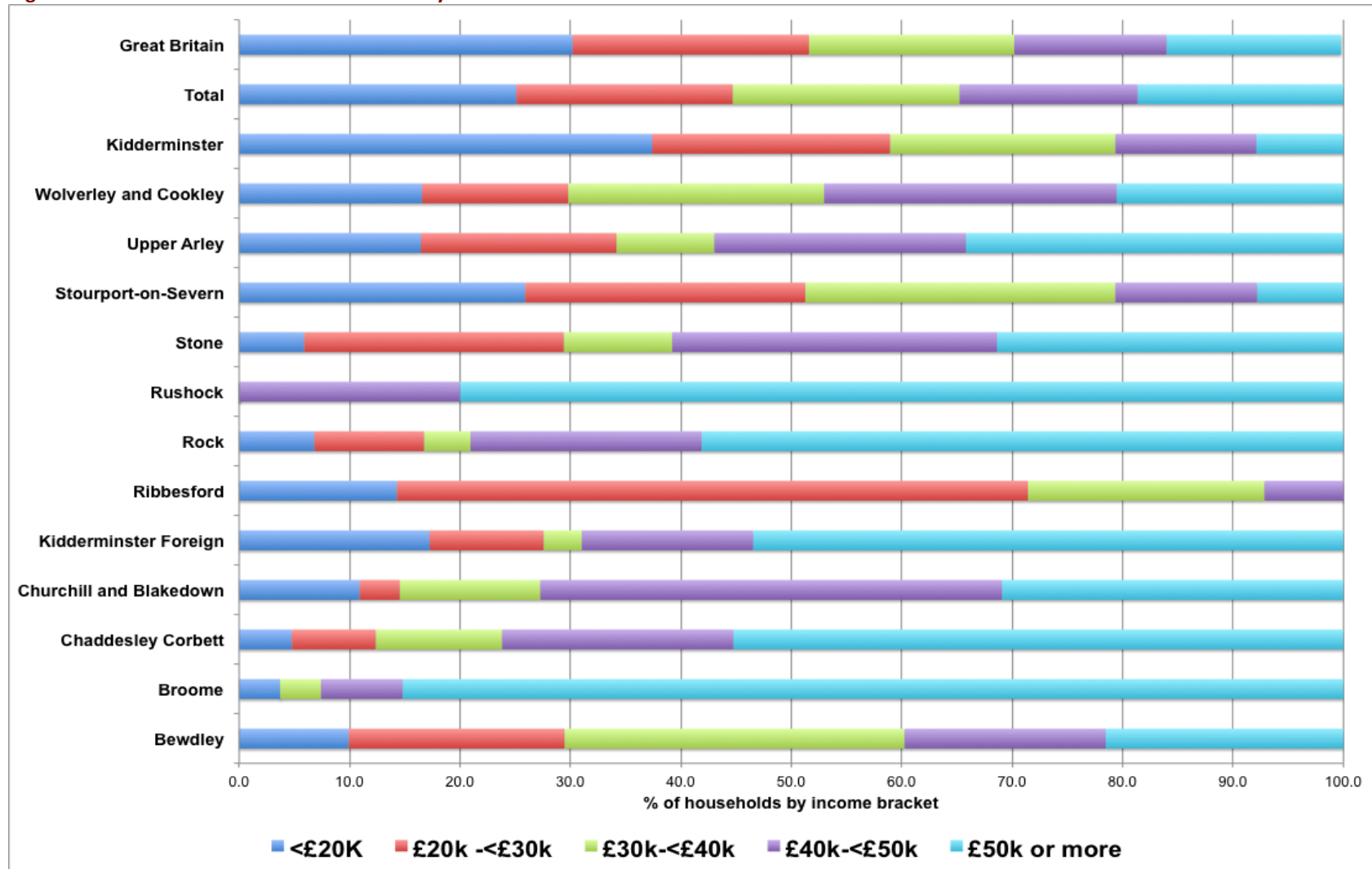


Source: 2015 CAMEO data

| Table 5.6: Client groups accommodated in social rented sector in Wyre Forest District 2010/11 to 2012/13 | | |
|---|---|---|
| Client group | Number (over 3 years) | Average Annual Number |
| People with physical or sensory disabilities | 2 | 1 |
| People with mental health problems | 14 | 5 |
| Women at risk of domestic violence | 27 | 9 |
| Older people with support needs | 699 | 233 |
| Young people at risk | 66 | 22 |
| **Total** | **808** | **269** |

Source: Supported CORE lettings data

- Homeless households. Homelessness statistics for 2014/15[h] indicate that a total of 289 decisions were made on households declaring themselves as homeless across Wyre Forest District (Table 5.7). Of these households, 141 were classified as homeless and in priority need. Over the five years 2010/11 to 2014/15, an annual average of 250 decisions have been made across Wyre Forest District and an average of 133 households each year have been declared as homeless and in priority need.

| Table 5.7: Homeless decisions and acceptances 2010/11 to 2014/15 | | |
|---|---|---|
| Year | Decisions made | Accepted as homeless |
| 2010/11 | 252 | 96 |
| 2011/12 | 226 | 141 |
| 2012/13 | 245 | 151 |
| 2013/14 | 236 | 134 |
| 2014/15 | 289 | 141 |
| **Total** | **1248** | **663** |
| **Annual Average** | **250** | **133** |

Source: CLG Homelessness Statistics

- Black, Asian and Minority Ethnic households. The 2011 Census reports that 94.7% of Wyre Forest residents are White British and the next largest ethnic group is White Other (2.5%). Other groups include Asian/Asian British (1.4%), Mixed/Multiple Ethnic (1.0%), Black/Black British (0.2%) and other groups (0.1%).

- Gypsies and Travellers. The 2011 Census identified 373 households where the Household Reference Person stated Gypsy and Traveller ethnicity. 307 of these households lived in bricks and mortar accommodation and 56 lived in a caravan/other mobile or temporary structure. Caravan Count data for January 2015 showed a total of 128 caravans located on private authorised (62), social rented (50) and unauthorized (16) pitches.

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[h]  CLG Homeless Statistics Table 627: Local Authorities' action under the homelessness provisions of the 1985 and 1996 Housing Acts, by sub-area

# 6 Conclusions

**Introduction**

6.1     This document has been prepared to equip the Council and their partners with robust, defensible and transparent information to help inform strategic decision-making and the formulation of appropriate housing and planning policies. The work also takes account of the National Planning Policy Framework which came into effect in March 2012 and National Planning Practice Guidance February 2014.

6.2     The following summarises key messages from the research findings and implications for the formulation of Plan targets.

**The housing market area**

6.3     An analysis of 2011 Census migration data suggests that 66.1% of households - 73.1%, if long-distance moves are excluded -   move within Wyre Forest District area and 62.2% of residents in employment work within the District.

6.4     Evidence would therefore suggest that Wyre Forest can be considered to be an appropriate housing market area for the purposes of Local Plan policy making.

**Household forecasts**

6.5     A dwelling requirement range of (excluding the hypothetical Natural Change scenario) 183 to 368 dwellings per year has been produced. Under the jobs-led scenarios the range is 229 to 368 per annum.

**Past provision and housing market signals**

6.6     Housing market signals suggest that the housing market in Wyre Forest is relatively stable. Median house prices are generally constant, coupled with a fluctuating number of households on the Housing Register and a vacancy rate slightly in excess of the national rate of 2.7%. There are currently no indicators suggesting a need for adjusting the housing dwelling requirement on the basis of market signals.

**Objective Housing Need**

6.7     We propose that the OAHN should be the average[i] 'WM EA Rates & CR SENS' figure for the three employment forecasts of 254 dwellings per annum.

**Other factors to be considered in setting the Plan target**

6.8     Finally, the PAS Technical advice note on Objectively Assessed Housing Need and Housing Targets, suggests four considerations that local authorities should take into consideration in moving from objectively assessed need to a housing provision target number. These are summarised below.

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[i]     Using an average of the available employment forecasts is in line with the approach endorsed by the Inspector at the recent the Inspector at the recent South Worcestershire Development Plan Examination in Public.

**(i) Affordable housing need**

6.9     The analysis undertaken suggests an annual requirement of 150 dwellings per annum to support affordable housing need requirements. Needs can be accommodated within the OAHN but should be kept under regular review.

**(ii) Cross-boundary demands**

6.10    No cross-boundary demands from neighbouring authorities have been identified in current plans. However, discussions are ongoing regarding an identified shortfall of provision in the Greater Birmingham HMA. While Wyre Forest is a separate housing market area, there may be limited implications for the area. However, the OAHN figure proposed above should be capable of absorbing the scale of numbers likely to be involved.

**(iii) Sustainable supply capacity**

6.11    It is not envisaged that available land supply will inhibit achievement of the OAHN figure.

**(iv) Wider policy objectives**

6.12    Council priorities regarding the economic development of the area have been taken into consideration through use of a jobs-led forecast scenario as the basis for determination of the OAHN.

# Appendix A: Results of stakeholder consultations

**A1.0    Approach**

A1.1    An online survey of key stakeholders was undertaken in development of this review. This took the form of an online questionnaire, which representatives from a range of stakeholder organisations were invited to complete. 25 individuals replied to the online survey, of whom 16 responded to the survey questions, drawn from:

- Local Authorities;

- Parish Councils;

- Registered Providers;

- community and economic development support groups; and

- a resident group.

A1.2    The responses have been analysed, both quantitatively and qualitatively. They provide an invaluable view on the current housing market and related issues in Wyre Forest. The analysis is set out clearly within Chapter 5 of the HNA Report. In addition, interviews were held with four estate and letting agents who operate in Wyre Forest and the surrounding area:

- Severn Estate Agents (Stourport-on-Severn and Kidderminster),

- Connells Estate Agents (Kidderminster),

- Dixons (Kidderminster and Bewdley), and

- Shipways (Bewdley).

A1.3    The following appendix summarises the results of these consultations.

**A.2.0    Key stakeholder views on the private rented sector**

A2.1    Stakeholders were asked to participate in an online survey, aimed at identifying a range of information relating to key perceived housing market issues in Wyre Forest. The methodological approach is set out in Appendix A, and the findings of the research are set out in the relevant sections of this chapter.

A2.2    Stakeholders were asked their views on the size of the private rented sector in Wyre Forest. The feedback was limited, however. Two respondents considered that the sector is too small, one stating that this is also indicated by 2011 Census data and one noting that there is limited choice for private renters. A third respondent considered that the sector is "buoyant" and "probably about right" in terms of size, but acknowledged that it is "difficult to access for lower income groups for cost reasons which highlights a need for more properties at affordable rent levels."

A2.3    Stakeholders were also asked what they believed were the typical characteristics of the private rented sector stock available in the area, but no comments were made by respondents. In terms of location, one stakeholder noted that stock is generally located in the three main towns of Kidderminster, Stourport and Bewdley.

A2.4    Stakeholders considered that demand for private sector properties is influenced by a number of factors, including demographics, transport links, employment and schools. One stakeholder added "…the sector may also be influenced by availability of properties of other tenures e.g. a shrinking affordable housing sector could lead to an increase in private rent." Kidderminster was highlighted as a particularly desirable location due to "…economic and social factors".

A2.5    Only one stakeholder responded to the survey question relating to the type of households, or characteristics of households seeking private rented accommodation. This respondent felt that "lower income households may be more likely to seek private rented housing, especially those families that have been unable to access affordable housing, but cannot afford owner occupation either at the other end of the scale." No response was received to the question relating to demand for private rented sector housing from ethnic minority groups, nor were there any comments made around the role of buy to let within the current market.

A2.6    Two stakeholders commented on the question relating to whether there are stock condition issues within the private rental market. One stated that condition is an issue "with a significant minority" of private rented stock. The second made reference to a 2007 stock condition survey for the West Midlands (undertaken by the Building Research Establishment), which indicated that 36% of all private sector dwellings were of a non-decent standard. The respondent suggested that this research requires updating to provide more recent evidence, but commented that evidence nationally would suggest that the stock condition of private rented properties has not improved – and in some cases declined.

A2.7    When asked about the impact of changes in the economy on the private rented sector, stakeholders commented that increasing difficulties of moving into home ownership means that tenants are forced to remain in private rented accommodation for longer and the sector has grown as a result of this. One respondent considered that changes in the economy have also made it less affordable/accessible for many people. They noted that there has been an "increased rate of evictions with s.21 notices the most common reason for homelessness." Changes in the welfare system were considered to have impacted on the sector, with pressure on tenants in affordable housing (e.g. through the bedroom tax and the benefit cap) forcing some tenants into the private rental sector and increasing demand for private rented properties. It was also noted that increased pressure on private rented stock can lead to a declining quality of properties.

A2.8    In terms of movement between tenures, the main trend noted by stakeholders was traffic between social housing and the private rented sector. One stakeholder noted that this is two-way: "those from the PRS appear to be seeking additional security and better management whilst some social tenants move into the PRS when providers are not able to meet their needs because of supply constraints." A second respondent predicted more people being forced into private renting, but less being able to leave: "the shrinking of the affordable housing sector may cause more movement into private rental properties in the future, particularly those on lower incomes. Additionally, the difficulties households face in achieving home ownership will often lead to less movement out of private rental properties, as residents struggle with raising a deposit and accessing mortgage finance."

A2.9    The main barriers to people accessing private rented housing were highlighted as:

- Affordability, including upfront charges such as deposits, potential rent rises and the impact of cuts in welfare;

- Financial insecurity; and

- Concerns regarding stock condition.

- In terms of key strategic messages about the private rented sector to be identified in the HNA, the following comments were made:

- A need for some regulation of rents and greater powers for local authorities to deal with landlords who fail to meeting their obligations;

- Evidence of need for this accommodation; and

- Evidence of stock condition.

### A3.0 Key stakeholder views on the affordable housing sector

A3.1 The stakeholder survey included a range of affordable housing providers. Overall, these stakeholders are offering a mixed stock profile with a range of dwelling sizes. One respondent stated that their stock is focused around the provision of two or three bedroom houses and one bedroom flats, and another said that 40% of their stock is suitable for older persons. Two stakeholders reported that they are involved in the development of affordable homes for rent, intermediate rent and affordable home ownership. A third said that affordable housing may form part of a redevelopment project, but most of the housing would be for home ownership.

A3.2 Demand for new affordable housing home ownership products was noted as coming most strongly from young families and the elderly. One stakeholder stated that "affordable home ownership products will mainly be accessed by young families and first time buyers, looking to get onto the property ladder. Older residents also have some interest in downsizing, but retaining some equity in their property". Another respondent also identified households who had experienced relationship breakfown and first time buyers who are unable to afford a full mortgage.

A3.3 The general view is that demand is present for all types of property however the popularity of a property is most greatly influenced by its location. One stakeholder supported this view explaining "…some areas have become low demand where the same property types are in high demand elsewhere…". Foley Park, parts of the Greenhill ward, Broadwaters and parts of the Walshes estate were identified as being perceived undesirable locations. The respondent noted that "this is based on a perception of these areas as being hot spots in respect of crime, anti-social behaviour…". High demand areas include Franche, Habberley, Offmore, Comberton, Spennals, Bewdley, Lickhill and rural villages. In terms of stock type, traditional homes with gardens, bungalows and older persons' accommodation with modern facilities were identified as being in highest demand. Two stakeholders noted that one- and two-bedroom flats tend to be less popular, with difficulties letting such properties being identified in Kidderminster.

Only one stakeholder responded to the question relating to the characteristics of those moving in and out of their affordable housing stock. They stated that those moving into their stock were predominantly low income households with high needs. They added that those moving out were usually going into owner occupation. Only one respondent commented on Black and Minority Ethnic (BME) issues within their housing stock. They stated that there is a small Bangladeshi community based in the St George's area of Kidderminster and those in housing need wish to remain in this area for cultural reasons. The provider has been able to assist with enabling this through accessing local affordable housing when it is available.

A3.4 Few comments were made about the presence of anti-social behaviour in the District. One stakeholder noted that some high-level ASB issues (drugs-related) were experienced in a development of flats in Kidderminster. Levels of customer satisfaction amongst provider stakeholders are generally recognised as being good.

A3.5 The key barriers to accessing affordable housing in the area were noted as:

- Limited supply;

- High demand;

- The stigma attached to affordable housing;

- Changes to welfare reform meaning more individuals will find accessing even housing at social rent levels increasingly difficult;

- The impact new mortgage regulations will have on larger family units' ability to access mortgages; and

- The large deposits required also greatly impact lower income households.

A3.6    In terms of key messages for the HNA in respect of affordable housing, stakeholders made the following points:

- A need to address issues of supply and affordability against a challenging background;

- The overall supply of affordable housing needs to be increased in order to meet need;

- A range of options should be provided to meet the needs of different households, including rent and affordable home ownership; and

- The need to establish the demand for affordable housing and meet that need through planning policy.

**A4.0    Views of key stakeholders on new housing provision**

A4.1    The key stakeholders who responded to the online survey were aware of a range of new housing provision in differing geographies across the Council area. One stakeholder noted "there are a number of housing developments either under construction or with planning consent across the whole of the District". Another observation was that the development of new homes seemed to continue during the recession and now the market is recovering development is increasing. This respondent stated that the development strategy focuses on existing brownfield sites and this is where the new homes are largely being delivered. Whilst recycling land is an important approach, they expressed the view that this does mean that (invariably) there are issues in relation to viability and this can often have an impact on the proportion of affordable homes that are delivered in any one scheme. Further feedback highlighted new housing developments at Churchfields (Kidderminster), the Carpets of Worth site (Stourport) and land adjacent to Steatite Way (Stourport).

A4.2    Affordability was recognised as an issue in Wyre Forest with most feeling that it is presented a barrier to those trying to access open market housing. One stakeholder noted that "…perhaps due to some higher value areas it drives up the overall market values and this, combined with limited employment opportunities, would present a problem for a large proportion of the population." Another stakeholder felt that this was "…across most tenures although this has as much to do with macro rather than local micro factors – welfare reform, changes in lending criteria etc although some rural areas will always present affordability issues due to their desirability and proximity to the West Midlands conurbation which makes them attractive to affluent commuters". They went on to add, "…affordability for both rent and purchase will become more of an issue as changes in welfare and tax credit reform affect both working and non-working households". The overall view was that affordability presents the biggest challenge in the more rural locations and smaller settlements in the District with Bewdley being recognised as a key geography where this is a prominent trend. Stakeholders were of the view that households on lower incomes (of all types and ages) were most affected. Types of households specifically mentioned were "younger generations and first time buyers, struggling to get onto the property ladder for the first time". One respondent noted that "a lack of affordable supply can lead to overcrowding within households, as children remain in the family home for longer as concealed households."

A4.3    The barriers preventing people from accessing open housing were highlighted as affordability, high house prices, low incomes, a lack of housing supply, raising capital for a deposit and mortgage availability.

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A4.4    Limited feedback was given about the demand profile for new build homes. One stakeholder said that one-bedroom flats and two-bedroom houses are most in demand. High demand for rented units was identified by another stakeholder. Some stakeholders felt that demand for new build housing came predominately from inside the area whilst a number of stakeholders believe that external demand is present and growing, including demand from the Greater Birmingham HMA. One stakeholder explained that "…at the higher end of the home ownership market there is undoubtedly demand for those commuting to the West Midlands conurbation and beyond".

A4.5    Stakeholders were asked what trends they predict around the market for new build housing in the future. The feedback obtained was very limited. One stakeholder commented on a recent slowing down in the market, with low levels of mortgage applications. They considered that future trends will be determined by "market forces, Government schemes, impact of RTB and mortgage availability". Another stakeholder noted that the Starter Homes policy may impact on the market for new build properties, although the impact may become clearer once plans are finalised.

A4.6    Stakeholders were asked about the main barriers to development. The key points were identified as:

- planning and government policy;

- limited supply of land;

- increasing land values;

- the delivery of infrastructure;

- deliverability and viability issues, especially on brownfield sites; and

- lack of capital funding, including a reduction in HCA capital availability and pressures on revenue due to rent reduction.

A4.7    Stakeholders were asked what locations of the District should be prioritised for housing growth. The general view was that a range of new build housing is needed across the District. However, most felt that the greatest focus should be placed on developing housing in the main towns and smaller local villages where demand is evidenced. Several stakeholders commented on the importance of using previously-developed (brownfield) land, hence promoting urban regeneration and encouraging sustainability, "to minimise commuting and ensure ready access to key services and transport links". There was an acknowledgement amongst respondents that if higher rates of housebuilding are needed in the District then development on the edge of existing settlements should be considered. One stakeholder added that while prioritising previously developed land over greenfield sites, "accessible, sustainable sites close to town centres should take also priority".

A4.8    Asked to identify what types of housing they thought should be built, the general view was that a mix of size and tenure is needed across the District to support a spectrum of needs, cater for demand and attract people to the area. The following were mentioned:

- larger affordable family homes;

- two- and three-bedroom homes for families;

- executive homes;

- housing for the elderly including bungalows in addition to extra care schemes;

- specialist housing to support specific household groups identified as in need; and

- smaller one bedroom flats to rent.

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A4.9 Several stakeholders commented on the need to provide a range of tenures, including general needs rent, affordable rent and shared ownership in addition to market housing.

A4.10 Limited feedback was given about the land currently being held by stakeholders, although one respondent said they were holding predominantly brownfield land at present. A number of stakeholders were developing affordable housing products in the area, including affordable rent, shared ownership, Extra Care and homes for adults with learning disabilities.

A4.11 Stakeholders gave limited feedback for the reasons why they were interested in developing in the area. Of the feedback given, experience of and commitment to affordable housing development in the area were highlighted as reasons for the desire to develop locally.

A4.12 The key barriers to individuals accessing open market housing were identified as:

- lack of housing supply;

- lack of job security;

- low incomes;

- high house prices;

- access to mortgages and deposit finance; and

- in the private rented sector, the deposit requirements, rent in advance and estate agent fees have an impact on individuals accessing housing.

A4.11 In terms of the key messages for the HNA in respect of new housing provision in Wyre Forest, respondents made the following points;

- choice, inclusivity, further development and marketing of extra care model with differing tenure types including cluster flats for disabled people;

- acknowledging that addressing the needs of households will become increasingly difficult given the slow recovery from the financial crash and the Government's welfare reform agenda; and

- Local Authorities should look to meet identified needs within their HMA area. Where not possible, cross boundary working between neighbouring HMAs should be explored including options to export some of the HMA need

## A5.0 Views of key stakeholders on market drivers

A5.1 Stakeholders were asked to identify what they perceive to be the main drivers of housing demand in Wyre Forest. Respondents acknowledged that housing demand varies across the survey area. Drivers included:

A5.1 Low population growth and an ageing population;

- the changing demographic profile;

- economic factors;

- affordability, with a low wage economy relative to house prices and open market rents;

- a need to address the requirements of newly formed and growing households set against an increasing difficulty for many to secure accommodation that is affordable in the broadest sense;

- pockets of high demand for housing in Bewdley, Chaddesley and Blakedown, with high prices and little choice for younger households;

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- the availability of finance in the form of deposits and mortgages;

- high rates of unemployment;

- higher rates of people suffering with disabilities; and

- demand from the travelling community.

A5.2 The general characteristics of households driving demand in the area was considered to be coming from newly formed and growing households, smaller households seeking one or two bedroom properties, families who are in work but on low incomes and the elderly looking to downsize. In addition, Wyre Forest is attractive to in-migrants from the nearby Black Country conurbation – some commuters and some retiring from work – which pushes up house prices in some areas.

A5.3 Stakeholders were asked to identify what they felt to be the current weaknesses of the housing market in Wyre Forest. These included:

- a lack of choice;

- a lack of high quality well designed new homes;

- a lack of affordable housing, with the 2011 Census indicating that levels of social renting, shared ownership and private rented accommodation are below national averages;

- a lack of specialist housing for older people and a need to provide more choice including Extra Care accommodation and cluster flats suitable for disabled people;

- a lack of executive housing;

- limited supply but high demand for specialist housing; and

- affordability across all tenures except social rented housing, although changes to welfare reform indicate this may also become unaffordable for some.

A5.4 Stakeholders were asked for their views on house price trends in the survey area. All stakeholders agree that changes in mortgage finance and borrowing have made it increasingly difficult for most people seeking property on the open market – particularly newly forming households. The consensus was that despite house prices in Wyre Forest being lower than elsewhere in Worcestershire, "affordability ratios are poor because locally wages are low". Stakeholders felt that there were significant variations in house prices trends across the District, with the more rural parts recognised as experiencing house price growth whilst prices depreciate in undesirable areas.

A5.5 Stakeholders gave very limited feedback around the demand for starter homes within the Wyre Forest area. Two stakeholders expressed the view that there is demand for starter homes in the area, to help households who would like to access market housing but are struggling. In relation to the demand for self-build homes in the area, one stakeholder stated "we have had some evidence/enquiries about land available for self-build". Another stakeholder recognised that the demand for these kinds of properties will be informed by the Government's new self-build initiative through the Housing and Planning Bill.

A5.6 Stakeholders were asked to rank a range of priorities as high, medium or low, their responses are summarised in Table A5.1.

| Table A5.1:Ranking of priorities by stakeholders | | | |
|---|---|---|---|
| **Proposed priorities** | **Low** | **Medium** | **High** |
| Building starter homes (16) | 6% | 69% | 25% |
| Building homes to buy on the open market (16) | 19% | 69% | 12% |
| Building affordable homes to rent (16) | 6% | 31% | 63% |
| Building affordable homes to buy (shared ownership, shared equity) (16) | 12% | 44% | 44% |
| Building executive homes (16) | 69% | 25% | 6% |
| Building properties designed for older people (16) | 0% | 25% | 75% |
| Building properties designed for people with specialist needs (15) | 0% | 60% | 40% |
| Improving the quality of existing stock (16) | 6% | 63% | 31% |

A5.7 Building properties designed for older people was overwhelming ranked the highest priority for Wyre Forest with 75% of respondents recognising this as a high priority and the remaining 25% a medium priority. Building affordable homes to rent was also recognised as important, with 63% of respondents ranking this as a high priority and 31% a medium priority. Building affordable homes to buy, including shared ownership or shared equity, was considered a medium to high priority, with 44% of stakeholders ranking this a high priority and 44% a medium priority. Building properties designed for people with specialist needs in the District was rated highly with 40% ranking this a high priority and 60% a medium priority.

A5.8 The overall highest medium priorities for the District were identified as building starter homes (69%) and building homes to buy on the open market (69%), although a higher proportion ranked starter homes as a high priority (25%) compared with open market home ownership (12% ranked this a high priority). Improving the quality of the existing housing stock was also viewed as a medium priority by 63% of stakeholders.

A5.9 Of least priority was the need for more executive homes to be built. 69% of respondents felt this was a low priority for Wyre Forest.

A5.10 Stakeholders gave a range of reasons for identifying these priorities, including:

- demographic change, particularly an ageing population;

- a low wage economy in Wyre Forest leaving many younger people struggling to find a home and moving out of the area;

- an overall lack of affordable housing;

- affordable rented housing is needed to address the needs of those who cannot afford either home ownership or privately rented accommodation - a need which is likely to grow given the Government's welfare reform agenda. Likewise, for those in the next income tier who aspire to home ownership but cannot afford outright sale due to the level of deposits needed etc shared ownership will provide the opportunity to take a first step on the property ladder;

- a lack of specialist supported accommodation for a number of groups requiring support; physical disabilities, mental health, learning disabilities, young people;

- an ongoing need to ensure current housing stock in all sectors is improved and maintained so it remains available to meet housing needs; and

- a shortage of bungalows suitable for the ageing population.

A5.11 Asked what other key housing priorities there are in the Wyre Forest Council area, stakeholders stated:

- Specialist supported housing for a number of groups requiring support such as people with physical disabilities; mental health; learning disabilities and young people;

- Provision for members of the Gypsy and Traveller community, including those who want to live in a caravan or mobile home;

- Provision for community-led housing schemes such as Community Land Trusts and co-housing; and

- Ensuring there is a consistent and sustainable amount of new housing development. Given the generally rural character of the District, new developments should be focused around the main towns, to minimise commuter travel and ensure proximity to key services.

**Stakeholder views on specialist support requirements**

A5.12 The online survey included some stakeholders working in the area of specialist support requirements within Wyre Forest. This included respondents working with specialist housing for older persons, Extra Care housing, shared units for young people, adults with learning disabilities and general needs. Asked what changes providers are seeing in their client groups, the following were mentioned:

- more vulnerable persons in terms of being able to manage their financial affairs;

- an increasing proportion of older residents;

- the average age of homeless individuals is dropping;

- many more groups with high needs such as substance misuse and mental health etc., where alternative suitable provision is not available anymore but who stakeholders now struggle to support as much as they would like due to funding cuts; and

- the overall numbers of those who are homeless are increasing year on year.

A5.13 Demand has increased amongst older people, young people, people with mental health issues and drug and alcohol addictions. One stakeholder explained that *"the level of support has increased…"* adding that the *"…size of care packages are increasing"*.

A5.14 Stakeholders did not comment on housing stock shortages for independent living, although cost and physical issues around making particularly older stock suitable were noted as the key issues around physical adaptations of property. Stakeholders felt that a variety of sheltered and supported housing should be provided in order to meet the broad range of needs present amongst older residents. Demand for Extra Care housing and bungalows remains high. One stakeholder explained the challenges associated with this stating *"the fact it is 'land hungry' provides issues around the ability to develop such properties"*. The general consensus was that facilities should allow people to remain in their own home for longer and/or live independently with a choice of care to support them. This should be done whilst building homes to Lifetime Homes Standards that may help to reduces the burden and cost on health care providers locally

later in life. It was also believed that this would allow residents to remain living at home for longer. Meanwhile, cluster flats, bungalows and one and two bedroom apartments/flats were highlighted as the dwellings most suited to meeting the requirements of those with additional needs.

A5.15   Several stakeholders remarked on the significant affect that the Budget has had on the ability to deliver services to vulnerable groups. The consensus was that budget cuts had reduced that ability of delivering services to vulnerable groups. One stakeholder explained the challenges faced further by noting *"nationally, the continual cuts in funding to commissioners along with removal of ring fencing of SP has meant less resources available to local commissioners".* They went on to add *"…providers are required to ensure they are able to provide safe environments for customers and staff as well as run viable services. This impact has been on both preventative services as well as critical support at extreme point of need. This will have long-term implications for those who require this support as well as a more costly, long-term impact on costs of services to commissioners".* They concluded that they would be reluctant to commit to building new specialist homes where there is no commitment to revenue support for the services to be provided.

A5.16   The biggest barriers to the delivery of specialist housing in Wyre Forest were identified as;

- land availability at affordable costs;

- viability;

- contamination; and

- the capacity of the construction industry.

A5.17   In terms of key messages for the HNA in respect of specialist housing provision in Wyre Forest, respondents made the following points:

- that there is a co-ordinated and holistic approach adopted by the Districts, County Commissioners and Health services to ensure that scarce resources are pooled to secure the most effective provision of housing and support where required;

- the need for additional new or redeveloped accommodation for older people or people with disabilities. This is required to meet the increasing demand present due to population change and to help tackle the rise in the complexity of needs whilst also promoting choice for example; Extra Care; and

- the adoption/enforcement of national minimum room sizes.

**A6.0   Estate and letting agent review of the housing market**

A6.1   In addition to the stakeholder survey, views were also sought about current market activity from a range of estate and letting agents operating across Wyre Forest District. arc4 held interviews with the following agents in Wyre Forest:

- Severn Estate Agents (Stourport-on-Severn and Kidderminster),

- Connells Estate Agents (Kidderminster),

- Dixons (Kidderminster and Bewdley), and

- Shipways (Bewdley).

A6.2   The agents were asked a series of questions about the local housing market within Wyre Forest. A full analysis of the findings of this research is set out at Technical Appendix B. This section provides a summary of the analysis.

A6.3    All agents remain positive about the housing market in Wyre Forest. They believe that it is showing signs of recovery and feel that the increase in confidence within the market is clearly visible due to the increase in activity in both the owner-occupier and investor markets.

A6.4    The geography of the district is varied and location has the biggest impact on the housing market and the demand levels present. Areas towards the south and south-west of the district are typically viewed as more desirable localities and attract both locals and non-locals with the Georgian town of Bewdley is seen as particularly desirable. By comparison, desirability in Kidderminster is very mixed. Parts of the town are viewed as very undesirable due to the high concentration of council housing that fall within the area. Despite this, a number of new build developments have boosted the appeal in parts of the town and agents feel this has positively impacted the market as these properties receive good demand - most noticeably in the sales market.

A6.5    Demand is focused around family homes with 3-bed semi-detached or detached properties typically receiving the highest demand. Agents noted that the reason demand for these types of properties had increased is because many first-time buyers are now seeking a larger 'lifelong' home as their first property to avoid the costs associated with moving again when they wish to start a family in the future.

A6.6    The rental market has historically outperformed the sales market, although this is now becoming more balanced this is particularly prominent in desirable areas to the south of the district such as Bewdley.

A6.7    Properties at the higher end of the market have been performing very well. Larger 4+ bed properties that offer land receive significant interest when they come on to the market. However, agents noted a shortage of 'quality' family homes and bungalows and feel that this is 'clogging' up the market, as many will opt to stay in their homes rather than move due to limited supply.

A6.8    Affordability was not considered by the agents to present a particular challenge within the area. Property prices in most parts of the District are significantly lower than the surrounding geographies thus making it a desirable location for those seeking property.

A6.9    However, agents did mention that due to the "aspirational nature" and the change in demands of first time buyers, some may feel that parts of the District are unaffordable. However, agents feel that this is because they are now seeking as much for their money as possible and can sometimes be unrealistic about what this may buy them in different geographies within the area.

A6.10   Property prices in the area have seen a slight increase over the last year and agents feel that although sellers now more willing to negotiate on price, offers are coming more in line with asking prices.

# Appendix B: Policy and Strategic Review

**B1.0    Introduction**

B1.1    Housing policy in England is managed through the Department for Communities and Local Government (DCLG), but is managed by the devolved governments in Scotland, Wales and Northern Ireland. In addition to policies that apply directly to housing matters, there is significant overlap with a number of other policy areas, including planning, welfare, political devolution and the wider economy.

B1.2    Under the previous Coalition Government, the five years 2010-2015 saw a radical and sustained programme of reform of welfare, housing and planning policy, set within the context of national austerity and an economic policy of deficit reduction and public spending cuts. These reforms championed localism, decentralisation and economic growth.

B1.3    Since the election of a majority Conservative Government in May 2015 further welfare reforms have been accompanied by policies seeking to increase the rate of housebuilding and promoting home ownership as the tenure of choice.

**B2.0    Legislative and policy background**

B2.1    Following the Coalition Agreement of May 2010, the previous Government passed the **Localism Act 2011**, with the express intention of devolving power from central government towards local people. The Localism Act sets out a series of measures to seek substantial and lasting shift of powers including:

- new freedoms and flexibilities for local government, including directly elected mayors and empowering cities and other local areas;

- new rights and powers for communities and individuals;

- reform to make the planning system more democratic and more effective, including the abolition of regional spatial strategies (RSS), the introduction of the 'Duty to Cooperate', neighbourhood planning, Community 'Right to Build', reforming the community infrastructure levy and reforming the Local Plan process; and

- reform to ensure that decisions about housing are taken locally.

B2.2    In terms of housing reform, the Localism Act reforms aim to enable more decisions about housing to be made at the local level, making the system fairer and more effective. Local authorities have greater freedom to set their own policies about who can qualify to go on the waiting list in their area. In addition, the Act allows for more flexible tenure arrangements for people entering social housing, with social landlords able to grant tenancies for a fixed length of term rather than lifetime tenancies for all. In respect to homelessness, the Act allows local authorities to meet their homelessness duty by providing private rented accommodation, rather than in temporary accommodation until long-term social housing becomes available. The Act also reforms social housing funding, allowing local councils to keep the rent they collect and use it locally to maintain their housing stock. It facilitates a national 'Home Swap' scheme to facilitate house moves between social housing tenants. In addition, the Localism Act reforms the regulation of social housing, promoting tenant panels and changing the way complaints are handled.

B2.3    The National Housing Strategy for England, *Laying the Foundations: A Housing Strategy for England*, was published in November 2011 under the Coalition Administration and it currently remains in place. The Strategy acknowledges some of the problems within the housing market and sets out the Government's policy response, along the following themes:

- increasing supply: more homes, stable growth;

- social and affordable housing reform;

- a thriving private rented sector;

- a strategy for empty homes;

- quality of housing experience and support; and

- quality, sustainability and design.

B2.4    The measures promote home ownership, including a new-build mortgage indemnity scheme to provide up to 95% loan-to-value mortgages guaranteed by Government and a 'FirstBuy' 20% equity loan scheme for first-time buyers. There is an emphasis on providing new infrastructure, with the announcement of a 'Growing Places' Fund, and the freeing-up of public sector land for development. Community-led planning and design is championed, with financial incentives such as the 'New Homes Bonus' to promote increased housebuilding at the local authority level.

B2.5    The Housing Strategy acknowledges the importance of social housing and the need for more affordable housing. However, the Government reaffirm their programme to reform this sector, including *"changes to the way people access social housing, the types of tenancies that are provided and the way the homelessness duty is discharged"*[10]. The private rented sector is considered to play *"an essential role in the housing market, offering flexibility and choice to people and supporting economic growth and access to jobs"*[11]. The Government sets out an intention to support the growth of the private rented sector through innovation and investment, to meet continuing demand for rental properties.

B2.6    The Housing Strategy reaffirms the Government's commitment to bringing empty homes back into use, using the New Homes Bonus as an incentive. It also set out the objectives of preventing homelessness, protecting the most vulnerable and providing for older people's housing needs. It confirms a radical package of welfare reforms, including a reduction in Housing Benefit, changes to the Local Housing Allowance (Housing Benefit in the private sector) and the introduction of 'Universal Credit' to replace other means-tested working age benefits and tax credits. Finally, the Housing Strategy addresses environmental concerns, with energy efficiency and reduced carbon emissions being required from both new and existing homes in order to promote sustainability.

B2.7    The **National Planning Policy Framework (NPPF)** was published in March 2012. It sets out the Government's planning policies for England and how these are expected to be applied. The NPPF formed a key part of the Coalition Government's planning system reforms, simplifying national guidance (previously contained in multiple Planning Policy Statements and Planning Policy Guidance) and reducing the quantity of policy pages. Fundamentally, it must be taken into account in the preparation of local and neighbourhood plans and is a material consideration in planning decisions. The document states that *"at the heart of the National Planning Policy Framework is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking."*[12]

B2.8    The NPPF sets out 12 core planning principles to underpin both plan-making and decision-taking. It also establishes 13 aspects to achieving sustainable development, which include delivering a wide choice of high quality homes (#6) and promoting healthy communities (#8). The Framework also introduces new definitions of affordable housing covering social rented housing, affordable rented housing and intermediate housing.

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[10]    *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 22 para.11
[11]    *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 33 Summary
[12]    National Planning Policy Framework (November 2012), para. 14

B2.9    The NPPF is to be read alongside other national planning policies on Waste, Travellers, Planning for Schools Development, Sustainable Drainage Systems, Parking and Starter Homes[13]. **Planning Practice Guidance** on a range of more detailed topics has been revised and updated, made available through an online system since March 2014[14]. Planning Practice Guidance document topics include Duty to Cooperate, Housing and Economic Development Needs Assessments, Housing and Economic Land Availability Assessment, Housing - Optional Technical Standards, Local Plans, Neighbourhood Planning, Rural Housing and Starter Homes.

### B3.0    Current and emerging policy

B3.1    Following the election of a majority Conservative Government in May 2015, the Government's **Summer Budget 2015** was presented to Parliament by the Chancellor George Osbourne on 8th July 2015. The Budget set out proposed reforms to the welfare system, including a four-year freeze on working-age benefits; a reduction in the household benefit cap; restrictions on Child Tax Credit; and training requirements for those on Universal Credit aged 18 to 21. Alongside these welfare cuts, the Chancellor announced that rents for social housing will be reduced by 1% per year for four years, while tenants on incomes of over £30,000, or £40,000 in London, will be required to pay market rate (or near market rate) rents. A review of 'lifetime tenancies' was confirmed, with a view to limiting their use to ensure the best use of social housing stock. Support for home ownership measures was reiterated with measures such as the extension of the Right to Buy to housing association tenants and the introduction of Help to Buy ISAs.

B3.2    Alongside the Summer Budget the Government published a 'Productivity Plan', *Fixing the foundations: Creating a more prosperous nation* (10th July 2015). This sets out a 15-point plan that the Government will put into action to boost the UK's productivity growth, centred around two key pillars: encouraging long-term investment and promoting a dynamic economy.

B3.3    Of particular relevance to housing are the following points in the plan:

- Planning freedoms and more houses to buy: In order to increase the rate of housebuilding and enable more people to own their own home, a number of actions are identified including a zonal system to give automatic planning permission on suitable brownfield sites; speeding up local plans and land release, stronger compulsory purchase power and devolution of planning powers to the Mayors of London and Manchester, extending the Right to Buy to housing association tenants, delivering 200,000 Starter Homes and restricting tax relief to landlords.

- Resurgent cities, a rebalanced economy and a thriving Northern Powerhouse: In order to rebalance the economy, which is skewed towards London and the South East, the Government is committed to building a Northern Powerhouse through £13 billion of investment in transport in the North of England during this Parliament, backing new science, technology and culture projects, devolving significant powers to an elected Mayor for Manchester, taking steps to enable the Midlands Engine for Growth to reach its full potential and working towards devolution deals with the Sheffield City Region, Liverpool City Region and Leeds, West Yorkshire and partner authorities.

B3.4    The Chancellor of the Exchequer delivered his **Spending Review and Autumn Statement 2015** to Parliament on 25th November 2015. Of relevance to housing are:

- An improvement in public finances, so a moderated approach to the reform of Tax Credits/Universal Credit;

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[13]    http://planningguidance.communities.gov.uk/

[14]    http://planningguidance.communities.gov.uk/

- A new 'Help to Buy Shared Ownership' scheme, removing current restrictions on who can buy shared ownership properties to anyone with a household income of less than £80,000 outside London and £90,000 in London;

- 'London Help to Buy' – a new equity loan scheme giving buyers 40% of the new home value (as opposed to 20% under the Help to Buy scheme);

- 200,000 'Starter Homes' will be built over the next five years; these are new build homes available at 20% off the market price to first-time buyers under 40, where the discounted price is less than £250,000 outside London and £450,000 in London. £2.3 billion will be given to housebuilders to provide the 20% discount on new homes;

- From 1st April 2016 an extra 3% in stamp duty will be levied on people purchasing additional properties such as buy-to-let properties or second homes;

- Right to Buy will be extended to housing association tenants during 2016, giving 1.3 million households the chance to become homeowners;

- £400 million for housing associations and the private sector to build more than 8,000 new 'specialist' homes for older people and people with disabilities; and

- Consulting on reforms to the New Homes Bonus, with a preferred option for savings of at least £800 million which can be used for social care.

B3.5    In December 2015, DCLG published a **Consultation on proposed changes to national planning policy**, which is open for comment until 22nd February 2016. This consultation is seeking views on some specific changes to NPPF in terms of the following:

- broadening the definition of affordable housing, to expand the range of low cost housing opportunities for those aspiring to own their new home;

- increasing residential density around commuter hubs, to make more efficient use of land in suitable locations;

- supporting sustainable new settlements, development on brownfield land and small sites, and delivery of housing allocated in plans; and

- supporting the delivery of starter homes.

B3.6    In November 2015, DCLG announced a review of the Community Infrastructure Levy (CIL), which has been in use since April 2010 and seeks to provide a faster, fairer, more certain and transparent means of collecting developer contributions to infrastructure than individually-negotiated Section 106 planning obligations.

**B4.0    Emerging legislation**

B4.1    The Conservative Government has introduced several Bills to Parliament that have direct relevance to housing issues.

B4.2    The **Housing and Planning Bill 2015-16** has been through its third reading in the House of Commons in January 2016 and will now move to the House of Lords for consideration. The Bill is intended to support the delivery of the Government's commitments as put forward in the Conservative Party manifesto and the productivity plan *'Fixing the foundations: Creating a more prosperous nation'*. Through this Bill, the Government aims to take forward proposals to build more homes that people can afford, give more people the chance to own their own home and ensure housing management is improved. The Bill seeks to achieve this, in part, by implementing reforms to the planning system to simply and speed up neighbourhood planning and Local Plans. It also sets out the delivery framework for the Government's flagship 'Starter Homes' scheme.

B4.3    The **Welfare Reform and Work Bill 2015-16** has been through the House of Commons and is currently at Committee stage in the House of Lords. The Bill seeks to make provisions relating to a range of welfare benefits and employment schemes, including the benefit cap, social security and Tax Credits, loans for mortgage interest, social housing rents and apprenticeships.

B4.4    The **Immigration Bill 2015-16** has been through the House of Commons and is at Committee stage in the House of Lords. The Bill includes provisions relating to private rented accommodation, administered by landlords or their agents. If new tenants in private rented housing are found to be living in the UK illegally then there are requirements for landlords to evict illegal immigrants. Action could also be taken against landlords themselves.

B4.5    The **Cities and Local Government Devolution Bill 2015-16** started in the House of Lords and has proceeded through to Third Reading stage in the House of Commons. The Commons have returned the Bill to the House of Lords with amendments, which will be considered further. This Bill is central to the Government's devolution plans for England, facilitating its vision of a 'Northern Powerhouse'. The Bill makes provision for the election of mayors, providing the legislative framework to devolve power and establish sub-national transport powers.

**B5.0    Overview of housing policy themes**

B5.1    The 'Housing' Policy Area of the Department for Communities and Local Government website states that:

*'The government is helping local councils and developers work with local communities to plan and build better places to live for everyone. This includes building affordable housing, improving the quality of rented housing, helping more people to buy a home, and providing housing support for vulnerable people.'* [15]

B5.2    Thus the policy focus for Government can be broken down into four areas:

- building affordable housing;

- improving the quality of rented housing;

- helping more people to buy a home; and

- providing housing support for vulnerable people.

**B6.0    Building affordable housing**

B6.1    In line with successive governments, the current Administration continues to seek an increase in the rate of housebuilding, setting a target of delivering one million new homes by 2020. Ongoing reform of the planning system and removing complex regulations are intended to speed up delivery. However, the policy focus is increasingly towards home ownership, with a shift from traditional social rented affordable housing to Starter Homes and shared ownership.

B6.2    Following consultation in December 2014, the previous Government launched a national Starter Homes exception site planning policy in March 2015 through a written ministerial statement *"to make it easier for developers to gain planning permission for a new generation of Starter Homes on under-used commercial and industrial land."* [16] Sites where these homes are to be delivered are exempt from affordable housing requirements and the CIL.

B6.3    In January 2016, the Prime Minister announced [17] that the Government will step in and directly commission thousands of new affordable homes, seeking to fast-track housebuilding on publicly-owned land starting with five pilot sites:

15    https://www.gov.uk/government/topics/housing
16    https://www.gov.uk/government/speeches/housing-and-planning
17    https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes

- Northstowe, Cambridgeshire;

- Daedalus Waterfront, Hampshire;

- Old Oak Common, London;

- Connaught Barracks, Kent; and

- Lower Graylingwell, Chichester.

B6.4    A range of financial incentives to encourage new housing development have been implemented. Since New Year 2016, a £1.2 billion Starter Homes Fund has been announced[18], designed to prepare brownfield sites for at least 30,000 homes, along with £6.3 million of Housing Zones funding[19] for the 20 Housing Zones designated in March 2015. Together with eight further potential Zones these areas are considered to have the potential to deliver up to 45,000 new homes.

B6.5    Other projects to help finance housing development include:

- Get Britain Building programme,

- Builders Finance Fund,

- New Homes Bonus,

- Build to Rent Fund,

- Community Right to Build.

B6.6    To increase the supply of affordable rented homes the previous Government introduced the affordable rent model[20], aimed at giving providers greater flexibility on rents and use of assets, whilst at the same time providing affordable housing for people in need. In July 2014 the Homes and Communities Agency announced the Affordable Homes Programme for 2015 to 2018, which aims to invest £1.7 billion in new affordable housing to deliver 165,000 new homes by March 2018.

B6.7    In addition to the affordable rent model, the Affordable Homes Guarantee scheme was launched in 2013 to support the building of new affordable homes. The scheme offers a guarantee to providers on debt that they raise to deliver additional new build affordable homes. The guarantee aims to help reduce the borrowing costs of providers thus enabling them to provide more homes. As part of the 2013 budget £450 million was announced to support the delivery of up to 30,000 affordable homes in this way.

**B7.0    Improving the quality of rented housing**

B7.1    The Government have implemented a number of actions to improve the quality and quantity of properties for rent.

*Social rented housing*

B7.2    Since 2010 a series of social housing reforms have been introduced including:

- allowing local flexibility on waiting lists (allocations) and tenancy arrangements;

- helping social landlords stop tenant fraud and anti-social behaviour;

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[18]    https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes
[19]    https://www.gov.uk/government/news/tens-of-thousands-of-homes-supported-by-housing-zone-funding
[20]    Allows Registered Providers to charge no more than 80% of local market rent for affordable housing.

- changing the housing revenue account subsidy system to a locally-controlled system where local authorities are responsible for their housing services;

- funding local authorities to refurbish their housing stock;

- introduction of a national home swap scheme for social housing tenants;

- supporting tenants to play a bigger role in managing their accommodation through the tenant empowerment programme; and

- allowing local authorities to end the homelessness duty in the private rented sector.

B7.3    Alongside social housing reform sit reforms to the welfare system, which, with changes to benefit, eligibility and entitlement, impact significantly on housing supply and demand. There have been a number of policy changes with implications for social rented accommodation since the General Election 2015:

- the Housing and Planning Bill includes an amendment which will limit new secure tenancies (for new council tenants) to between two and five years;

- the 'Pay to Stay' scheme involves tenants being required to pay market rents once their income exceeds £30,000, or £40,000 in London. However, at the end of 2015 the Government announced that this would be voluntary for housing associations, leading to questions regarding equality between council and housing association tenants;

- the Summer Budget 2015 announced a rent cut of 1% per year for social renters, for four years from April 2016. This has significant implications for social landlord finance; and

- in October 2015, English housing associations were reclassified by ONS as being part of the public sector, adding £60 billion of debt to the national balance sheet. The consequent economic and political implications have led to the Government pledging to repeal the powers in the Housing and Regeneration Act 2008 which caused the reclassification.

### *Private rented housing*

B7.4    The private rented sector has grown significantly in recent years and the Government sees it as playing a vital role in meeting housing needs and supporting economic growth. Measures to promote the private rented sector include:

- the Build to Rent Fund, providing equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these homes;

- proposals to ensure tenants receive proper protection from their landlords, including a new model tenant agreement;

- £4.1 million funding allocated to 23 local authority areas to tackle rogue landlords and £2.6 million to tackle 'beds in sheds'; and

- the Government has also set up a Private Rented Sector Taskforce to improve the quality and choice of rented housing available to tenants nationally. The Taskforce is made up of developers, investors, and housing management bodies.

**B8.0    Helping more people to buy a home**

B8.1    The primacy of home ownership remains central to the Government's housing policy approach. A number of measures promote homeownership[21], including:

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[21]    https://www.ownyourhome.gov.uk/

- Help to Buy, which includes several current products[22]:

    o Help to Buy ISA – since Autumn 2015, first time buyers can save money towards a new home deposit and the Government will boost the value of their savings by 25%. The minimum bonus is £400 and the maximum is £3,000, meaning individual savers need to save between £1,600 and £12,000 to be eligible. The bonus is available on homes worth up to £250,000, or £450,000 in London.

    o Help to Buy Equity Loan, where the Government lends up to 20% of the value of a new-build home so buyers only need a 5% cash deposit.

    o Help to Buy Mortgage Guarantee, enabling lenders to offer more high-loan-to-value mortgages (80% to 95%).

- Shared Ownership, where purchasers can buy between 25% and 75% of their home and pay rent on the remaining share. From April 2016, Help to Buy Shared Ownership will lift the existing limits so that anyone with a household income of less than £80,000, or £90,000 in London can buy a shared ownership home, with only military personnel being given priority.

- Starter Homes, which will soon be available to first-time buyers aged under 40 years old. New-build homes will be offered for sale with a 20% discount to eligible households. The maximum cost of a home will be £250,000, or £450,000 inside London. The cost for the developer of providing the 20% discount is to be met in lieu of delivering affordable housing on these sites.

- Discounted Sales, where councils and housing associations build new homes for sale, some may be sold at a 25-50% discount. There are a number of critieria, including some set locally by the relevant council and housing associations who run the scheme. You must usually have a local connection to the area.

- Right to Buy, where council tenants with at least five years' tenancy might be eligible to buy their homes. Maximum discounts have been increased to £77,000, or £102,700 within London. In the case of secure council tenants living in their home when it was transferred to a housing association or similar there is also a 'Preserved' Right to Buy. A smaller discount has also been available under the Right to Acquire.

- Voluntary Right to Buy is a pilot scheme amongst a small number of housing associations, trialling the Conservative Government's flagship policy of extending the Right to Buy to housing associations. The Government plans to extend the Right to Buy beyond those in the pilot scheme but this will have significant funding implications.

- Self-build, where households find a plot of land and build or commission the construction of their own home, or work with a group in a Community Self Build project. Self-build was promoted by the Coalition Government, announcing 11 local authorities to become Right to Build 'vanguards' in September 2014 and passing the Self-Build and Custom Housebuilding Act 2015. This Act requires councils to maintain a register of those who have expressed an interest in buying serviced plots.

**B9.0    Housing for older and vulnerable people**

B9.1    The **Care Act 2014** came into effect in April 2015, replacing existing legislation and positioning housing as a key factor in the overhaul of the care system in England. The Act encourages providers to establish and develop services that help drive change, services which:

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[22]    https://www.helptobuy.gov.uk/

- promote people's independence, connections and wellbeing;

- prevent or postpone the need for care and support;

- put people in control, ensuring that services respond to what people need;

- give carers a right to assessment for support; and

- promote the integration of health and social care.

B9.2    The NHS Five Year Forward Review (October 2014) recognises the role that housing can play in promoting wellbeing and in particular keeping older people independent and healthy. This provides evidence of the strong and growing links between housing, health and social care.

B9.3    Schemes to support older and vulnerable people in their housing needs include:

- Disabled Facilities Grant, funding adaptations to properties to allow people to live in their homes for longer. This is now part of the Better Care Fund, which aims to better integrate health and adult social services. In 2016/17 there is £394 million funding available and in his Autumn Statement 2015 the Chancellor committed to making a further £500 million available by 2019/20;

- Care and Support Specialised Housing Fund, to stimulate the market in specialist housing provision. The Government committed an additional £400 million to build 8,000 new specialist homes in the Autumn Statement 2015. The Care and Support Specialised Housing Fund is on track to deliver 4,000 new homes with a further allocation of £155 million expected early in 2016. However wider housing and welfare reforms, including the 1% reduction in social rents, will impact on the financial viability of both existing and proposed supported housing schemes;

- FirstStop, an independent, impartial and free service offering advice and information to older people, their families and carers about housing and care options for later life;

- Home Improvement Agencies, providing help and advice to older and disabled people, housing associations and charities; and

- Handyperson services, delivering small home repairs and adaptations.

B9.4    Other projects of relevance to housing include the Prime Minister's Challenge on Dementia. Launched in 2012, the Challenge sought to deliver major improvements in dementia care and research by 2015, including raising awareness of the housing, care and support needs of people living with dementia and their families. In February 2015, the Prime Minister's Challenge on Dementia 2020 was published, highlighting progress and launching the next phase of the work.

B9.5    Also relating to older people's housing is the World Health Organisation's Age Friendly Cities programme, which in 2014 saw Manchester recognised as the UK's first Age Friendly city.

B9.6    In terms of safeguarding vulnerable adults, housing has a strong role to play alongside social services, health, the police and other agencies. The Care Act 2014 set out a new safeguarding power and places a duty on local authorities to respond to safeguarding concerns by making enquiries as necessary to decide on whether, and what, action is needed.

B9.7    From the April 1st 2013, Health and Wellbeing Boards (including Directors of Public Health) became statutory committees of local authorities. They are responsible for encouraging integrated working on health and wellbeing issues, including development of Joint Health and Wellbeing Strategies, and Joint Strategic Needs Assessments.

B9.8    In August 2012 the Government published its Homelessness Strategy, ***Making every contact count: A joint approach to preventing homelessness***. The Strategy focuses on prevention and

identifies ten local challenges that need to be addressed by local authorities. These include having a Homelessness Strategy setting out a proactive approach; not placing any young person aged 16 or 17 in Bed and Breakfast accommodation; and not placing any families in Bed and Breakfast accommodation, except in an emergency and for no longer than six weeks.

B9.9   In order to prevent and tackle homelessness and rough sleeping, a range of Government funding has been provided in recent years, including:

- the Homelessness Prevention Funding, providing grants for local homelessness services;

- the Homelessness Transition Fund, supporting 'No Second Night Out'; and

- the Crisis Private Rented Sector Access Development Programme to help single homeless people find privately rented accommodation.

B9.10  On 17th December 2015, the DCLG announced "a radical new package of measures to help tackle homelessness and ensure that there is a strong safety net in place for the most vulnerable people in society"[23]. At the same time, the Communities and Local Government Committee announced a parliamentary inquiry into the causes of homelessness and the approaches taken by national and local government to prevent and tackle homelessness. Ministers are also set to consider the option of imposing a new legal 'duty to prevent' on local authorities.

**B10.0   National housing reviews**

B10.1  Over recent years a number of housing reviews have been undertaken to assess the housing situation and recommend ways in which it can be addressed.

B10.2  In October 2014, the **Lyons Housing Review** was published. The review was commissioned by the Labour Party and identified that:

- Insufficient land is being brought forward for new housing and that communities are not able to take responsibility for the homes required, or are using planning powers reactively; and

- The capacity to build more housing has reduced significantly as it has become concentrated in the hands of a small number of volume house builders, whilst the number of smaller builders has reduced.

B10.3  Overall the report recommended that the delivery of new homes be increased to 200,000 per annum by 2020. It also recommended that capital investment should be made in housing and that housing should be a priority for the new (post-election) Government.

B10.4  The **Elphicke-House Report** (January 2015) reviewed the role of local authorities in increasing housing supply. It recommended that local authorities become housing delivery enablers in their areas, to proactively assess and lead on facilitating new housing development in their areas. To enhance the role of authorities as delivery enablers, the report recommended increased community involvement; clearer housing market assessments; increased housebuilding by reduced bureaucracy and more flexible funding.

**B11.0   Local strategic priorities**

B11.1  Local plans and strategies have replaced regional planning strategies and targets. Local Plans and strategies need to demonstrate evidence-based priorities, and show how they both support economic growth and reflect the economic priorities of the relevant Local Economic Partnerships (LEPs).

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23   https://www.gov.uk/government/news/radical-package-of-measures-announced-to-tackle-homelessness

**B12.0  Local Economic Partnerships**

B12.1   The Local Growth White Paper (October 2010) set out the Government's vision for empowering locally driven economic growth, encouraging business investment and promoting economic development. The paper highlighted a series of measures aimed at stimulating growth including the Regional Growth Fund. The Paper also established 24 LEPs aimed at overseeing economic growth and job creation. Whilst the LEPs have no statutory land use planning powers, they are responsible for determining local economic priorities and undertaking activities to drive economic growth and local job creation.

B12.2   Wyre Forest sits within two LEPS:

- the Greater Birmingham and Solihull LEP, and

- the Worcestershire LEP.

B12.3   The Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) includes the nine council areas of Birmingham, Bromsgrove, Cannock Chase, East Staffordshire, Lichfield, Redditch, Solihull, Tamworth and Wyre Forest. They launched their Strategy, *'Delivering Growth'*, in May 2013. The mission set out in the Strategy is to create jobs and grow the economy, thereby raising the quality of life for all of GBSLEP's population.

B12.4   GBSLEP is responsible for driving the delivery of the Region's Strategic Economic Plan (SEP), which was submitted to Government in March 2014. The SEP seeks to deliver a series of programmes that have either a thematic or spatial focus:

- Growing Business – supporting the provision of activity to enable the formation, growth, attraction and retention of businesses across Greater Birmingham;

- Enhancing the Regional Economic Hub – strengthening Birmingham City Centre as the regional hub for economic activity;

- UK Central, the Enterprise Belt and the wider Birmingham area – unlocking long-term growth potential on a national scale and targeting early investment to create housing and jobs; and

- Enhancing our Growth Sectors – supporting delivery of key sites, infrastructure, skills and innovation.

B12.5   The plans and projects across Greater Birmingham and Solihull aim to deliver:
- up to 29,000 jobs;
- up to 7,000 homes;
- up to 12,500 people upskilled;
- 15,000 businesses assisted;
- 641,703 sq m employment space, and
- £170m of public and private investment.

B12.6   The Worcestershire LEP (WLEP) includes the authority areas of Bromsgrove, Redditch, Wychavon, Malvern City and Malvern Hills, along with Wyre Forest. WLEP's Vision is:

*"To be an internationally recognised, highly competitive business location by stimulating investment, improving productivity and supporting the creation of sustainable economic growth and employment in Worcestershire."*

B12.7   The WLEP Business Plan was first published in November 2012, setting out the Vision, Strategic Objectives and Targets. The ten-year strategy sets out targets to 2025:

- 25,000 new jobs,

- 10,000 apprenticeships,

- 9,400 homes, and

- £2.9 billion increase in GVA.

### *Housing Strategy*

B12.8    The Worcestershire Housing Strategy (2011-2016) provides a framework for Partnership members, including Bromsgrove District Council, Redditch Borough Council, Worcester City Council, Malvern Hills District Council, Wychavon District Council and Wyre Forest District Council, to work together to improve the quality of life in the County. The mission of the Housing Strategy is to *"work with individuals, communities and partners to deliver housing opportunities so that people have the right homes, at the right time and in the right place".*

B12.9    The evidence reviewed in producing the Strategy included the following key findings:

- increasing population due to birth rate and in-migration with an increasing proportion of older people many of whom live longer;

- an undersupply of suitable, decent and affordable housing;

- issues around the funding of infrastructure requirements;

- under-utilisation of existing stock, for example, empty homes, under occupation of socially rented housing;

- need to improve property standards and combat fuel poverty; and

- increased needs for many vulnerable people including the homeless, older people, young people, people with chaotic lifestyles, those fleeing domestic abuse, people with dementia, physically disabled, sensory impairment, people with learning disabilities or mental health issues, minority groups including Gypsies and Travellers.

The Strategy identifies four primary goals:

- better use of existing homes,

- delivering new homes,

- improving the condition of existing homes, and

- providing house related support.

## B13.0    Local Plan

B13.1    The Development Plan is the strategic framework that guides land use planning for the area. The Core Strategy was adopted in December 2010, followed by the Site Allocations and Policies Local Plan and Kidderminster Central Area Action Plan in July 2013. The Chaddersley Corbett Neighbourhood Plan was adopted in September 2014.

B13.2    The Core Strategy sets out the broad strategy and vision for development within the District up to 2026. The Vision covers a range of topics, including housing:

*"The District's population has a choice of housing, catering for the needs of family and single households, the elderly and those with special needs. Vulnerable people have a choice of alternative forms of accommodation. Attractive, affordable housing with low carbon emissions, supported by reliable infrastructure, is available in the three towns and to meet local needs within the rural settlements."* (Vision 3.6)

B13.3  A series of Development Objectives are set out; these have been designed to address the key challenges facing future development to deliver the Vision. The first Development Objective is:

*"To provide a range of high-quality, highly energy efficient, market and affordable housing options for residents of all ages and needs to achieve sustainable communities."*

B13.4  Four cross-cutting themes emerge from the Development Objectives and these have been used as a basis to develop the Core Policies. The second theme is *"A desirable place to live"*, from which the following Core Policies come:

- CP04: Providing Affordable Housing,

- CP05: Delivering Mixed Communities,

- CP06: Providing Accommodation for Gypsies, Travellers and Travelling Showpeople, and

- CP07: Delivering Community Wellbeing.

B13.5  Wyre Forest District Council is currently preparing a new Local Plan for the area, which will replace the adopted Core Strategy and other Development Plan Documents. The Council produced an Issues and Options Paper as the first stage in the preparation of the Local Plan. This Paper asks questions about the main issues and challenges which may affect the District during the Plan Period 2016-2032. The Paper was open for consultation from 1st September to 16th October 2015.

B13.6  The Issues and Options Consultation Paper sets out a Vision of what Wyre Forest will be like in 2032. In respect of housing, this states:

*"The District's housing market provides a choice of accommodation responding well to local needs and catering for single households, families and the elderly in particular. Job creation is balanced with housing delivery, encouraging younger people to remain within the District and creating a balanced population structure."* (Paragraph 3.7).

B13.7  The Paper sets out 13 Objectives which will help to deliver the Vision, and provide the framework for the Local Plan. The first objective is to:

*"Provide a range of high-quality, highly energy efficient, market and affordable homes to meet the needs of all residents and encourage a balanced population structure."* (Objective 1).

B13.8  In terms of strategic issues for the Local Plan, the Issues and Options Paper states that housing provision in Wyre Forest needs to take account of the Housing Market Areas such as Worcestershire and Greater Birmingham HMAs.

**B14.0  Concluding comments**

B14.1  The main purpose of this Appendix has been to consider the general policy and strategic context within which this research needs to be positioned. The previous coalition Government had established its housing and planning priorities within the context of local decision making and accountability, reduced capital expenditure on housing, fundamental changes to welfare, a changing role for social rented housing, and a need for future housing investment to support economic growth. It is likely that this direction of travel will continue, with the new Conservative Government's legislative programme prioritising measures to increase access to home ownership, further reduce welfare spending, control immigration and assist devolution to cities.

B14.2  The importance of having robust and up-to-date information to help inform decision making at local authority level is evermore essential. In a challenging economic climate, this HNA provides the LEPs and the Council with an excellent range of material to inform policy debate and the

Local Plan process, help influence strategic responses, and shape local and sub-regional strategic housing priorities to inform future investment decisions.

# Appendix C: Wyre Forest Housing Market characteristics

**C1.0    Introduction**

C1.1.    The purpose of this chapter is to explore the housing market dynamics of Wyre Forest, focusing on: current stock profile and condition; tenure characteristics; housing need and affordable requirements; market demand and aspirations; overcrowding and under-occupancy; the needs of particular groups including older people, people with disabilities and Black, Asian and Minority Ethnic Groups.

**C2.0    Estimates of current dwellings in terms of size, type, condition, tenure**

C2.1    The latest Council Tax data reports a total of 44,490 dwellings in Wyre Forest District of which 1,404 are vacant, resulting in a total of 43,086 occupied dwellings. The overall vacancy rate is 3.2% which compares with a vacancy rate of 2.7% across England[24].

C2.2    The 2011 Census reported a total of 45,008 dwellings and 42,985 households. This data is set out by sub-area in Table C2.1. All data relating to households derived from the 2011 Census uses a household base of 42,985.

| Table C2.1: Dwellings and households across Wyre Forest District by sub-area | | |
|---|---|---|
| **Sub-Area (Parish/Town)** | **Total Dwellings** | **Total Households** |
| Bewdley | 4,449 | 4,234 |
| Broome | 125 | 117 |
| Chaddesley Corbett | 666 | 645 |
| Churchill and Blakedown | 703 | 681 |
| Kidderminster Foreign | 543 | 410 |
| Ribbesford | 451 | 194 |
| Rock | 1,069 | ,1013 |
| Rushock | 61 | 60 |
| Stone | 240 | 235 |
| Stourport-on-Severn | 9,587 | 9,008 |
| Upper Arley | 349 | 330 |
| Wolverley and Cookley | 2,138 | 2,066 |
| Kidderminster Town | 24,627 | 23,992 |
| **Wyre Forest District** | **45,008** | **42,985** |

Source: 2011 Census

*Property size and type*

C2.3    Table C2.2 reviews the profile of occupied dwelling stock by size and type across Wyre Forest. Overall, the vast majority (86.2%) of properties are houses or bungalows, of which 37.5% are semi-detached, 29.9% are detached and 18.8% are terraced. 13.8% of dwellings are flats, maisonettes, apartments or mobile/temporary accommodation. Of all dwellings, 9.4% have one bedroom, 25.4% have two bedrooms, 46.9% have three bedrooms and 18.2% have four or more bedrooms.

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[24]    2013 CLG Dwelling and Vacancy data

**AMION**

**Consulting**

Wyre Forest District Council
Wyre Forest District Local Plan Review
Objective Assessment of Housing Need (OAHN)
May 2016

C2.4    Overall, 65.1% of dwellings have three or more bedrooms and 34.8% of dwellings are terraced.

| Table C2.2: Property type and size across Wyre Forest District | | |
|---|---|---|
| **Dwelling type** | **Number** | **%** |
| Detached house/bungalow | 12,842 | 29.9 |
| Semi-detached house/bungalow | 16,135 | 37.5 |
| Terraced house/bungalow | 8,061 | 18.8 |
| Flat/maisonette/apartment/mobile home | 5,947 | 13.8 |
| **Total** | **42,985** | **100.0** |
| **No. of Bedrooms** | **Number** | **%** |
| One | 4,062 | 9.4 |
| Two | 10,935 | 25.4 |
| Three | 20,141 | 46.9 |
| Four | 6,289 | 14.6 |
| Five or more | 1,558 | 3.6 |
| **Total** | **42,985** | **100.0** |

Source: 2011 Census

C2.5    Table C2.3 reviews dwelling type and size variations by sub-area. This indicates that the proportion of detached dwellings is highest in the Broome, Rock and Rushock sub-areas of Wyre Forest District; the proportion of semi-detached dwellings is highest in Wolverley & Cookley and Stourport-on-Severn; terraced dwellings is highest in Bewdley and Upper Arley; and the proportion of flats/maisonettes/mobile homes is highest in Ribbesford and Kidderminster Foreign.

C2.6    In terms of dwelling size, the Ribbesford (70.7%) and Kidderminster Foreign (42.7%) sub-areas have the highest proportion of smaller dwellings with two bedrooms or fewer; across all sub-areas the proportion of three bedroom dwellings ranges between 19.6% (Ribbesford) and 50.5% (Kidderminster Town); and the proportion of dwellings with four or more bedrooms is highest in Broome (57.3%) and Rochock (45.0%).

| Table C2.3: Property type of occupied dwellings across Wyre Forest District | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Dwelling type (%) | | | | | |
| Sub-area | | Whole house or bungalow: Detached | Whole house or bungalow: Semi-detached | Whole house or bungalow: Terraced (including end-terrace) | Flat, maisonette or apartment | Total (%) | Base (2011 dwellings) |
| Bewdley | | 36.3 | 32.0 | 18.9 | 12.8 | 100.0 | 4,234 |
| Broome | | 77.8 | 12.0 | 3.4 | 6.8 | 100.0 | 117 |
| Chaddesley Corbett | | 46.0 | 33.8 | 10.5 | 9.6 | 100.0 | 645 |
| Churchill and Blakedown | | 47.1 | 30.4 | 10.6 | 11.9 | 100.0 | 681 |
| Kidderminster Foreign | | 58.0 | 14.9 | 8.5 | 18.5 | 100.0 | 410 |
| Ribbesford | | 12.4 | 9.3 | 2.6 | 75.8 | 100.0 | 194 |
| Rock | | 69.2 | 21.3 | 4.0 | 5.4 | 100.0 | 1,013 |
| Rushock | | 68.3 | 21.7 | 6.7 | 3.3 | 100.0 | 60 |
| Stone | | 58.3 | 34.5 | 4.7 | 2.6 | 100.0 | 235 |
| Stourport on Severn | | 30.8 | 39.4 | 15.7 | 14.1 | 100.0 | 9,008 |
| Upper Arley | | 57.9 | 18.8 | 18.2 | 5.2 | 100.0 | 330 |
| Wolverley and Cookley | | 26.8 | 46.5 | 10.9 | 15.7 | 100.0 | 2,066 |
| Kidderminster Town | | 24.7 | 39.1 | 22.2 | 14.0 | 100.0 | 23,992 |
| **Wyre Forest District** | | **29.9** | **37.5** | **18.8** | **13.8** | **100.0** | **42,985** |

Source: 2011 Census

| Table C2.4: Property size of occupied dwellings across Wyre Forest District | | | | | | |
|---|---|---|---|---|---|---|
| | No. bedrooms (%) | | | | Total (%) | Base (2011 households) |
| Sub-area | 1 bedroom | 2 bedrooms | 3 bedrooms | 4 or more bedrooms | | |
| Bewdley | 8.3 | 29.5 | 40.9 | 21.3 | 100.0 | 4,234 |
| Broome | 4.3 | 7.7 | 30.8 | 57.3 | 100.0 | 117 |
| Chaddesley Corbett | 9.8 | 21.4 | 34.3 | 34.6 | 100.0 | 645 |
| Churchill and Blakedown | 5.3 | 22.0 | 31.4 | 41.3 | 100.0 | 681 |
| Kidderminster Foreign | 5.6 | 37.1 | 30.7 | 26.6 | 100.0 | 410 |
| Ribbesford | 5.2 | 65.5 | 19.6 | 9.8 | 100.0 | 194 |
| Rock | 3.4 | 18.3 | 40.7 | 37.7 | 100.0 | 1,013 |
| Rushock | 1.7 | 20.0 | 33.3 | 45.0 | 100.0 | 60 |
| Stone | 3.8 | 17.0 | 38.3 | 40.9 | 100.0 | 235 |
| Stourport on Severn | 7.2 | 29.0 | 46.5 | 17.3 | 100.0 | 9,008 |
| Upper Arley | 5.2 | 25.8 | 40.9 | 28.2 | 100.0 | 330 |
| Wolverley and Cookley | 11.0 | 28.2 | 40.0 | 20.7 | 100.0 | 2,066 |
| Kidderminster Town | 11.0 | 23.3 | 50.5 | 15.3 | 100.0 | 23,992 |
| **Wyre Forest District** | **9.4** | **25.4** | **46.9** | **18.3** | **100.0** | **42,985** |

*Property tenure*

C2.6 The tenure profile of Wyre Forest District is summarised in Figure C2.1. Variations in broad tenure groups by sub-area are summarised in Figure C2.2. Overall, based on the 2011 Census, 71.23% of occupied dwellings are owner-occupied (including shared ownership), 14.44% are social rented (affordable rented) and 14.33% are private rented (including living rent free or tied accommodation).

C2.7 Across Wyre Forest District, the proportion of dwellings that are owner occupied ranges between 67.0% (Upper Arley) and 90.7% (Ribbesford). The proportion of affordable (social rented) accommodation is highest in Wolverley and Cookley at 17.3% of occupied dwellings, closely followed by Kidderminster Town at 16.9%. The proportion of households living in private rented accommodation is highest in Chaddesley Corbett (21.2%) and Upper Arley (18.5%).

**Figure C2.1: Wyre Forest District: tenure profile of occupied dwellings**
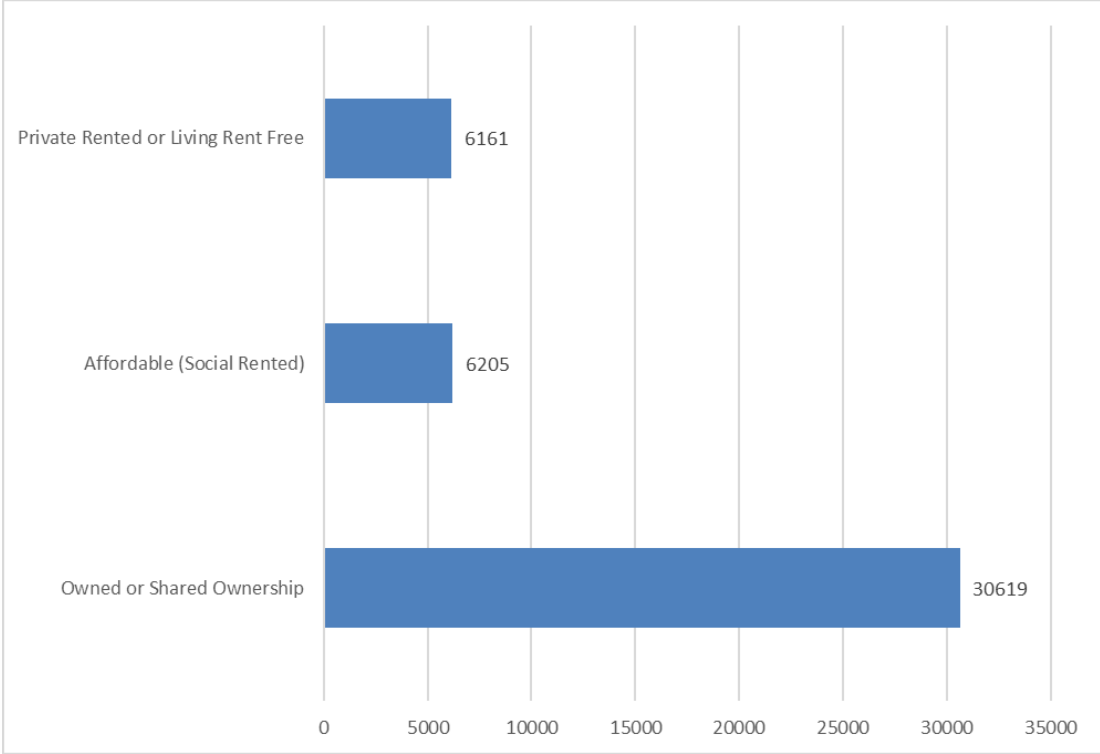


Source: 2011 Census

**Figure C2.2: Wyre Forest District tenure profile by sub-area**
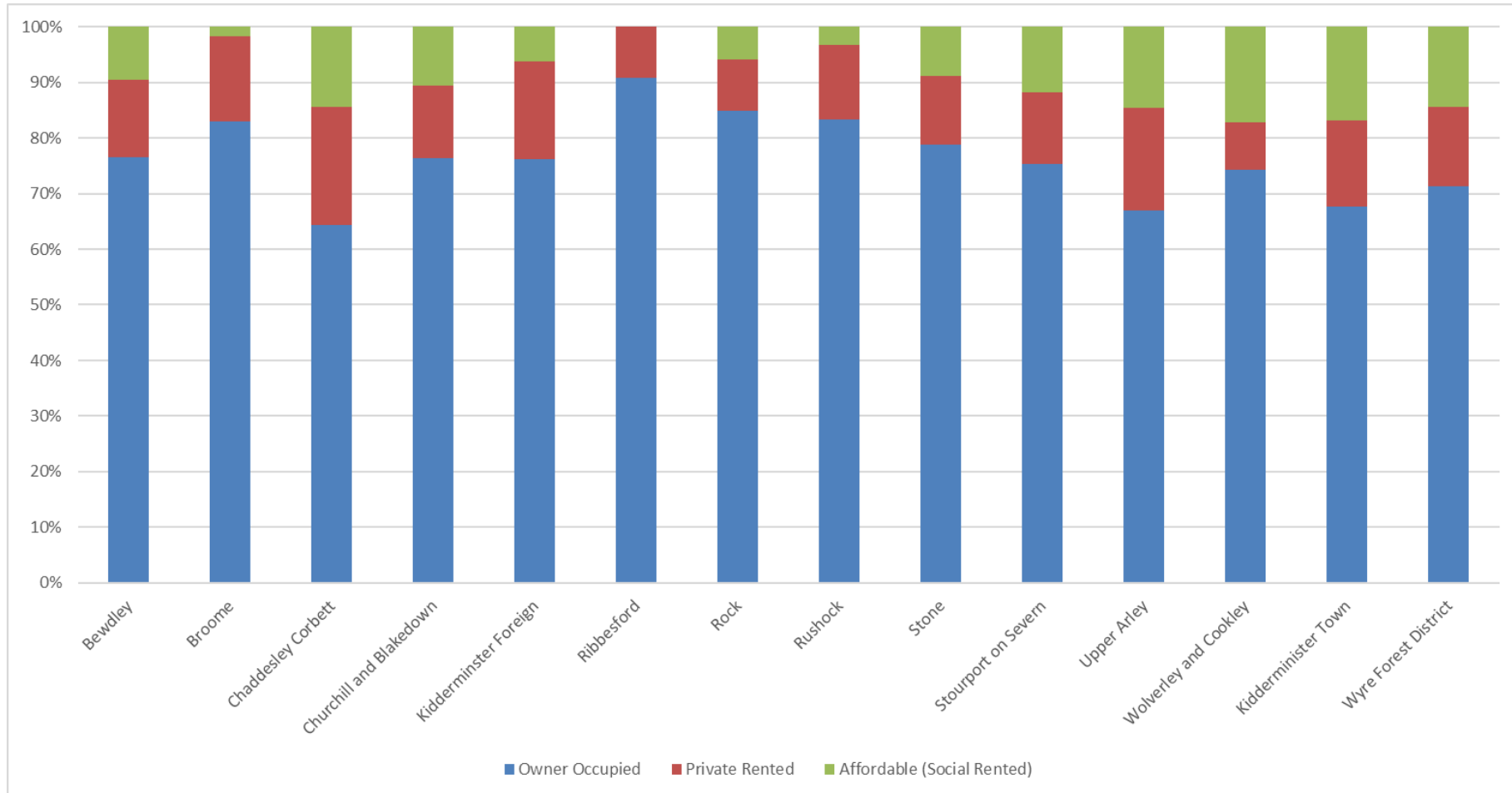


Source: 2011 Census

## C3.0 Past trends in housing delivery

C3.1 Over the period April 2010 to the end of September 2015, a total of 1,576 dwellings have been built in Wyre Forest District (Table C3.1). Of these, 63.1% were built in Kidderminster, 21.1% in Stourport and 15.6% in remaining Parishes. 66.9% of dwellings were open market and 22.1% were affordable. Table C3.1 summarsies the size and type of all dwellings built April 2010 to September 2015 and Table C3.2 summarises dwelling completions by tenure and area.

| Table C3.1: Dwelling completions  April 2010 to Sep 2015 by tenure and size | | | |
|---|---|---|---|
| **Dwelling size** | **Number** | | |
| | **Market** | **Affordable** | **Total** |
| 1/2 Bed | 103 | 193 | 296 |
| 3 Beds | 290 | 130 | 420 |
| 4 or more Beds | 290 | 26 | 316 |
| Flat | 372 | 172 | 544 |
| **TOTAL** | **1055** | **521** | **1576** |
| **Dwelling size** | **%** | | |
| | **Market** | **Affordable** | **Total** |
| 1/2 Bed | 9.8 | 37.0 | 18.8 |
| 3 Beds | 27.5 | 25.0 | 26.6 |
| 4 or more Beds | 27.5 | 5.0 | 20.1 |
| Flat | 35.3 | 33.0 | 34.5 |
| **TOTAL** | **100.0** | **100.0** | **100.0** |

Source: Wyre Forest District Council

| Table C3.2: Dwelling completions  April 2010 to Sep 2015 by location and tenure | | | |
|---|---|---|---|
| **Location** | **Tenure** | | |
| | **Market** | **Affordable** | **All** |
| Kidderminster | 61.2 | 66.8 | 63.1 |
| Stourport | 25.1 | 13.6 | 21.3 |
| Rural | 13.6 | 19.6 | 15.6 |
| Total | 100.0 | 100.0 | 100.0 |
| Base | 1055 | 521 | 1576 |

Source: Wyre Forest District Council

**C3.1** **Tenure characteristics**

*Owner-occupied market*

C3.1 According to the 2011 Census, 71.23% (30,619) of households across Wyre Forest District are owner occupiers or in shared ownership accommodation. 37.7% of all households (16,196) own outright and 33.6% of all households (14,423) have a mortgage or loan or shared ownership.

C3.2 The 2011 Census provides the following information on owner occupied (including shared ownership) stock:

- most owner-occupied properties are houses or bungalows, with 39.6% semi-detached, 38.6% detached, 16.2% terraced and 5.5% flats/maisonettes;

- 52.5% of properties have three bedrooms, 23.6% have four or more bedrooms, 21.2% have two bedrooms and 2.6% have one bedroom; and

- the highest proportions of owner occupied properties are found in Ribbesford (90.7%), Rock (84.8%), Rushock (83.3%) and Broome (82.9%); the lowest proportions are found in Chaddersley Corbett (64.3%), Upper Arley (67.0%) and Kidderminster Town (67.6%).

C3.3 Over the period 2000 to 2014, lower quartile and median house prices across Wyre Forest District have increased dramatically, as summarised in Table C3.3.

C3.4 It is interesting to note that, in 2000, a household income of £15,429 was required for a lower quartile price to be affordable; by 2014 this had increased to £34,286. In comparison, an income of £19,714 was required for a median priced property to be affordable in 2000 compared with £42,857 in 2014.

| Table C3.3: Lower Quartile and median price and income required to be affordable | | | | |
|---|---|---|---|---|
| | House Price (£) | | Income to be affordable* | |
| **Wyre Forest** | 2000 | 2014 | 2000 | 2014 |
| Lower Quartile | 54,000 | 120,000 | 15,429 | 34,286 |
| Median | 69,000 | 150,000 | 19,714 | 42,857 |

Source: DCLG / Land Registry     *Assuming a 3.5x income multiple

C3.5 A range of socio-economic and demographic information on residents has been obtained from the 2011 Census. Some interesting observations relating to owner-occupiers include:

- in terms of household type, 26.9% of owner occupiers are older (65 or over) singles and couples, 27.4% are couples with children, 22.3% are couples (under 65 with no children), 11.9% are singles (under 65), 6.8% are lone parents, and 4.8% are other household types; and

- the majority of Household Reference People (Heads of Household) living in owner occupied dwellings (including shared ownership accommodation) are in employment (64.0%) and a further 32.5% are wholly retired from work.

*Private rented sector*

C3.6 Nationally, the private rented sector has established itself as an important dimension of the housing market to complement owner occupation and social renting. The sector plays a major role in facilitating labour mobility. The sector is diverse in terms of the range of households it accommodates and the types of properties available. A report 'The Modern Private Rented

Sector'[25] provides a useful overview of the sector. Drawing upon 2001 census data, it suggests that the private rented sector has five key roles:

- a traditional housing role for people who have lived in the private rented sector for many years;

- easy access housing for the young and mobile;

- providing accommodation tied to employment;

- a residual role for those who are unable to access owner occupation or social renting; and

- an alternative to social rented housing (for instance those wanting to move to a different area but unable to do so through their social housing provider).

C3.7    Given the range of roles of the private rented sector, there is a considerable diversity in the characteristics of private renting tenants.  Evidence from the 2001 census (Rhodes, 2006) indicates that households living in private rented accommodation:

- tend to have younger Heads of Household;

- are ethnically diverse;

- singles, lone parents and other multi-adult households are over-represented compared with other tenures;

- people in professional and higher technical occupations are over-represented compared with other tenures;

- are more likely to be highly mobile geographically and turnover rates are high; and

- are more likely to accommodate international migrants.

C3.8    The report 'The Private Rented Sector: its contribution and potential'[26] identified that the private rented sector is complex and distinct sub-markets include:

- young professionals;

- students, whose needs are increasingly being met by larger, branded, institutional landlords;

- the housing benefit market, where landlord and tenant behaviour is largely framed by housing benefit administration;

- slum rentals at the very bottom of the PRS, where landlords accommodate often vulnerable households in extremely poor quality property;

- tied housing, which is a diminishing sub-sector nationally but still has an important role in some rural locations;

- high-income renters, often in corporate lettings;

- immigrants whose most immediate option is private renting;

- asylum seekers, housed through contractual agreements with government agencies;

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[25]    'The Modern Private Rented Sector' David Rhodes, 2006, University of York with CIH/JRF

[26]    The Private Rented Sector: its contribution and potential' Julie Rugg and David Rhodes, Centre for Housing Policy The University of York 2008

- temporary accommodation, financed through specific subsidy from the Department for Work and Pensions; and

- regulated tenancies, which are a dwindling portion of the market.

C3.9    The report concludes that the PRS needs to become a flexible, well-functioning element of the housing market. To this end, its recommendations include:

- more policy to encourage a better understanding of managed rented housing and mandatory regulation of managing agents to ensure better quality management standards and Registered Providers should be encouraged to enter this market place;

- initiatives to 'grow' the business of letting, encouraging smaller, good landlords to expand their portfolios and view this as a business;

- equalising rental choice so low-income households can make a real choice between a social or private let and see both as being equally desirable; and

- light-touch licensing and effective redress to encourage local authorities to target the very worst landlords and a permit/licence would be required by all landlords that would be revoked if the landlord did not meet statutory requirements on housing management and quality.

C3.10   The private rented sector accommodates around 14.3% (6,161) of households across Wyre Forest; 5,660 are privately rented and 501 live rent free. This compares with 3,641 or 9% of households privately renting in 2001, which indicates that the proportion of households privately renting has increased by 69.2%.

C3.11   In 2011, the proportion of private rented properties was highest in Chaddersley Corbett (21.2%), Upper Arley (18.5%) and Kidderminster Foreign (17.6%).

C3.12   33.3% of occupied private rented properties are flats/maisonettes/mobile homes, 28.1% are terraced houses/bungalows, 25.2% semi-detached and 13.3% detached.

C3.13   38.9% of households living in private rented properties have two bedrooms, 33.2% have three bedrooms, 21.1% have one bedroom and 6.7% have four or more bedrooms.

C3.14   The characteristics of tenants are diverse and in particular the private rented sector accommodates singles under 65 (31.6%), couples with children (17.6%), couples no children (17.0%), lone parents (15.8%), older person households (10.5%) and other types of household (7.4%).

C3.15   69.9% of household reference people (heads of household) living in private rented accommodation are employed, 12.4% are retired, 6.3% are unemployed, 1.6% are full-time students and 9.7% are other economically inactive.

### Affordable sector

C3.16   The 2011 Census reports that there are around 6,205 households who live in an affordable (social rented) property across Wyre Forest District, accounting for 14.44% of all occupied dwellings.

C3.17   39.4% of affordable dwellings (not including shared ownership properties) are semi-detached houses/bungalows and 35.5% are flats/maisonettes/mobile homes; a further 21.9% are terraced and 3.2% are detached houses/bungalows.

C3.18   31.6% of households living in social rented properties have one bedroom, 32.7% have two bedrooms, 32.8% have three bedrooms and 2.9% have four or more bedrooms.

C3.19    27.0% of households living in affordable accommodation are older singles and couples, a further 21.5% of households living in affordable dwellings are singles under 65, 19.1% are lone parents, 18.5% are couples with children, 8.9% are couples with no children and 5.0% are other household types.

C3.20    35.9% of Household Reference People living in social rented housing are in employment. A further 32.8% are wholly retired from work, 7.9% are unemployed, 1.2% are full time students and 22.2% are other economically inactive.

**C4.0      Estate and letting agent review of the housing market**

C4.1    Views were sought about current market activity from a range of estate and letting agents operating across Wyre Forest District. arc4 held interviews with the following agents in Wyre Forest:

- Severn Estate Agents (Stourport-on-Severn and Kidderminster),

- Connells Estate Agents (Kidderminster),

- Dixons (Kidderminster and Bewdley) and

- Shipways (Bewdley).

C4.2    The agents were asked a series of questions about the local housing market within Wyre Forest. A full analysis of the findings of this research is set out at Technical Appendix B. This section provides a summary of the analysis.

C3.1.3    All agents remain positive about the housing market in Wyre Forest. They believe that it is showing signs of recovery and feel that the increase in confidence within the market is clearly visible due to the increase in activity in both the owner-occupier and investor markets.

C4.4    The geography of the district is varied and location has the biggest impact on the housing market and the demand levels present. Areas towards the south and south-west of the district are typically viewed as more desirable localities and attract both locals and non-locals with the Georgian town of Bewdley is seen as particularly desirable. By comparison, desirability in Kidderminster is very mixed. Parts of the town are viewed as very undesirable due to the high concentration of council housing that fall within the area. Despite this, a number of new build developments have boosted the appeal in parts of the town and agents feel this has positively impacted the market as these properties receive good demand - most noticeably in the sales market.

C4.5    Demand is focused around family homes with 3-bed semi-detached or detached properties typically receiving the highest demand. Agents noted that the reason demand for these types of properties had increased is because many first-time buyers are now seeking a larger 'lifelong' home as their first property to avoid the costs associated with moving again when they wish to start a family in the future.

C4.6    The rental market has historically outperformed the sales market, although this is now becoming more balanced this is particularly prominent in desirable areas to the south of the district such as Bewdley.

C4.7    Properties at the higher end of the market have been performing very well. Larger 4+ bed properties that offer land receive significant interest when they come on to the market. However, agents noted a shortage of 'quality' family homes and bungalows and feel that this is 'clogging' up the market, as many will opt to stay in their homes rather than move due to limited supply.

C4.8    Affordability was not considered by the agents to present a particular challenge within the area. Property prices in most parts of the District are significantly lower than the surrounding geographies thus making it a desirable location for those seeking property.

C4.9    However, agents did mention that due to the "aspirational nature" and the change in demands of first time buyers, some may feel that parts of the District are unaffordable. However, agents feel that this is because they are now seeking as much for their money as possible and can sometimes be unrealistic about what this may buy them in different geographies within the area.

C4.10   Property prices in the area have seen a slight increase over the last year and agents feel that although sellers now more willing to negotiate on price, offers are coming more in line with asking prices.

## C5.0    Development profile of market dwellings

C5.1    Over the period April 2010 to the end of September 2015, a total of 1,055 market dwellings have been built in Wyre Forest District (Table C5.1). Of these, 63.1% were built in Kidderminster, 21.1% in Stourport and 15.6% in remaining Parishes. 66.9% of dwellings were open market and 22.1% were affordable. Table 5.6 summarsies the size and type of all dwellnings onsiders the range of open market dwellings built over this period by size, type and location and the data are further summarised in Table 5.8.

C5.2    Overall, across Wyre Forest District 9.8% of market dwellings built 2010-2014 have had one or two bedrooms, 27.5% have had three bedrooms, 27.5% have had four or more bedrooms and 35.5% have been flats.

C5.3    It is recommended that this broad range of dwelling type and sizes continues to be developed across Wyre Forest.

| Table C5.1: Lower Quartile and median price and income required to be affordable | | | | | | |
|---|---|---|---|---|---|---|
| **Parish/Town** | **Property size and type** | | | | | |
| | **1/2 BH** | **3BH** | **4+ BH** | **Flat** | **Total** | **%** |
| Bewdley | 17 | 5 | 5 | 11 | 38 | 3.6 |
| Broome | 0 | 3 | 0 | 0 | 3 | 0.3 |
| Churchill & Blakedown | 5 | 9 | 25 | 0 | 39 | 3.7 |
| Chaddesley Corbett | 2 | 4 | 3 | 0 | 9 | 0.9 |
| Kidderminster | 43 | 208 | 151 | 244 | 646 | 61.2 |
| Kidderminster Foreign | 1 | 2 | 4 | 0 | 7 | 0.7 |
| Rock | 5 | 6 | 5 | 0 | 16 | 1.5 |
| Ribbesford | 1 | 1 | 0 | 0 | 2 | 0.2 |
| Rushock | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Stourport | 18 | 43 | 91 | 113 | 265 | 25.1 |
| Stone | 7 | 2 | 1 | 0 | 10 | 0.9 |
| Upper Arley | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Wolverley | 4 | 7 | 5 | 4 | 20 | 1.9 |
| **Total** | **103** | **290** | **290** | **372** | **1055** | **100.0** |
| **%** | 9.8 | 27.5 | 27.5 | 35.3 | 100.0 | |

Source: Wyre Forest District Council Planning Dept

**C6.0    Key market drivers**

C6.1    Essentially, there are three key primary drivers influencing the current (and future) housing market: demographic, economic and dwelling stock characteristics, as summarised in Table C6.1.

| Table C6.1: Primary market drivers | | |
|---|---|---|
| **Primary Driver** | **Attributes** | **Impact on overall demand through:** |
| Demography | Changing no. of households, household structure, ethnicity | Natural Change |
| Economy | Jobs, income, activity rates, unemployment | Economic migration |
| Housing stock and aspirations | Quality vs. aspirations, relative prices, accessibility, development programmes | Residential migration |

C6.2    In summary, the following demographic drivers will continue to influence the operation of the Wyre Forest District housing market area:

- an increasing population, with a 3.7% increase (3,600 additional people) between 2012 and 2037, although there will be a decrease in all age cohorts with the exception of the 65 and over age cohort (Table C6.2);

- the number of people aged 65 and over is projected to increase by 54.0% (11,600 additional people) and the overall proportion of people aged 65 and over is projected to increase from 21.9% in 2012 to 32.5% in 2037; and

- the 2011 Census indicates that the following range of household groups live in Wyre Forest District: couples with children (24.7%), couples with no children (19.6%), singles under 65 (16.1%), singles 65 and over (13.9%), couples over 65 (10.6%), lone parents (9.9%) and other household types (5.2%).

| Table C6.2: Projected household change, 2012 to 2037 | | | | |
|---|---|---|---|---|
| **Age Group** | **2012** | **2024** | **2037** | **Change 2012-37** |
| 0-14 | 15,600 | 16,000 | 15,100 | -500 (-3.2%) |
| 15-39 | 26,700 | 25,200 | 24,800 | -1,900 (-7.1%) |
| 40-64 | 34,400 | 32,200 | 28,800 | -5,600 (116.3%) |
| 65+ | 21,500 | 26,300 | 33,100 | 11,600 (+54.0%) |
| **TOTAL** | 98,200 | 99,700 | 101,800 | 3,600 (+3.7%) |
| | | | | |
| % aged 65+ | 21.9 | 26.4 | 32.5 | |
| % aged 75+ | 9.4 | 12.9 | 18.2 | |

Source: ONS 2012-based population projections

C6.3    The following economic drivers underpin the operation of the housing market in Wyre Forest District:

- 60.8% of Household Reference People are economically active and are in employment according to the 2011 Census, a further 29.7% are retired, 2.8% are unemployed, 0.6% are full time students and 6.1% are other economically inactive;

- 59.2% of residents in employment work in Wyre Forest District. A further 7.9% work in Wychavon, 5.8% work in Dudley, 5.6% work in Worcester and 5.4% work in Birmingham; and

- According to the ONS Annual Survey of Hours and Earnings, lower quartile earnings in 2014 across Wyre Forest District were £18,377 each year which compares with £18,195 for the West Midlands region and £19,396 for England. Median incomes were £24,346, compared with a regional median of £24,991 and a national median of £27,227.

C6.4    In terms of dwelling stock, across Wyre Forest District, data from the 2011 Census reveals that:

- 86.2% of dwellings are houses or bungalows (of these 29.9% are detached, 37.5% semi-detached and 18.8% terraced) and 13.8% are flats, maisonettes, apartments or mobile accommodation;

- 9.4% of dwellings have one bedroom, 25.4% have two bedrooms, 46.9% have three bedrooms and 18.2% have four or more bedrooms;

- 71.23% of occupied properties are owner-occupied (37.7% owned outright and 33.6% owned with a mortgage or loan or shared ownership), 14.33% are private rented/living rent-free and 14.44% are affordable (rented from a social landlord).

# Appendix D: Defining the Housing Market Area

**D1.0 Introduction**

D1.1 NPPG (para 8) states that housing needs should be assessed in relation to the relevant functional area i.e. Housing Market Area and this may identify smaller sub-markets with specific features and it may be appropriate to investigate these specifically in order to create a detailed picture of local need. It is also important to recognise that there are 'market segments' i.e. not all housing types have the same appeal to different occupants.

D1.2 NPPG defines a Housing Market Area as *"a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap".*[27]

D1.3 NPPG comments that Housing Market Areas can be broadly defined by using three different sources of information as follows:

- House prices and rates of change in house prices;

- Household migration and search patterns;

- Contextual data (for example travel to work area boundaries, retail and school catchment areas).

D1.4 The District of Wyre Forest is located within the County of Worcestershire in the West Midlands region. The resident population of Wyre Forest District is 98,200[28]. The District is bounded to the east and south by the Worcestershire districts of Bromsgrove, Wychavon and Malvern Hills; to the north by South Staffordshire; and to the west by Shropshire. The local authority area includes the settlements of Kidderminster, Stourport-on-Severn and Bewdley, along with several civil parishes and their villages.

D1.5 In establishing the extent to which Wyre Forest is a Housing Market Area, house price, migration, travel to work and contextual data have been assembled. Firstly, though, this chapter considers existing national and regional analysis on housing market areas.

***The Geography of Housing Market Areas***

D1.6 In 2010, the DCLG published the 'Geography of Housing Market Areas' which was commissioned by the National Housing and Planning Advice Unit (NHPAU). This national study was undertaken by a multi-university team and sought to construct a consistent geography of housing market areas for England. This research viewed housing markets as a layered system characterised as:

- strategic framework housing market areas defined by long distance commuting flows and the long-term spatial framework within which housing markets operate (based on 77.5% commuting self-containment);

- local housing market areas defined by migration patterns (based on 50% migration self-containment); and

- sub-markets defined in terms of neighbourhood and/or house type price premiums.

D1.7 This work therefore suggests that there are two principal 'layers' of housing markets: wider strategic functional housing markets which tend to be multi-district and smaller local housing

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[27] National Planning Practice Guidance paragraph 10
[28] 2012-based Sub-national Population Projections, ONS

market areas. The research produced the first theoretically-based and rigorously-defended housing market area boundaries for England, drawing upon commuting, migration and house price data.

D1.8    The key outputs from the research were sets of 'gold standard' strategic and local housing market area definitions. They were termed 'gold standard' because their boundaries are defined to the maximum possible level, being based on ward-level migration and commuting data from the 2001 census. A set of single tier HMAs were also devised based on a 72.5% commuting and 55% migration self-containment. 'Silver standard' outputs have also been prepared which are based on local authority boundaries.

D1.9    The 'gold standard' analysis suggests that Wyre Forest is located within the 'Worcester' strategic framework HMA which extends across Malvern Hills, Worcester, Wychavon and Wyre Forest Districts (Map D1.1). Local HMA analysis identifies that Wyre Forest is wholly located in a Kidderminster local housing market area, which also extends into Shropshire (Map D1.2).

D1.10   Wyre Forest District Council's Local Plan Issues and Options Paper (September 2015) identified Wyre Forest within the Worcestershire Housing Market Area. It stated that the District does not have strong links with the Birmingham Housing Market Area, but has retained some long-standing links with the Black Country Housing Market Area.

**Map D1.1: Strategic Housing Market Area (Worcestershire)**
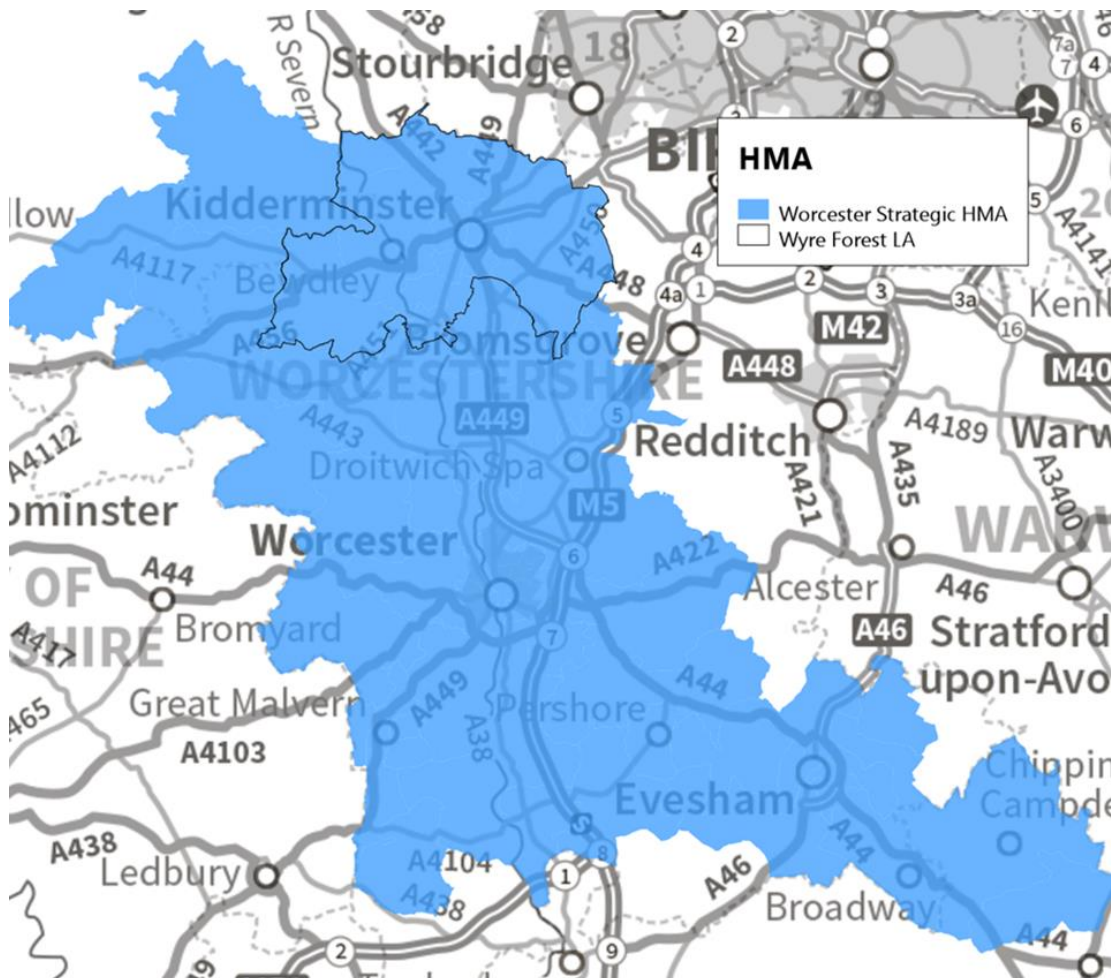


Source: Geography of Housing Markets, NHPAU 2010

**Map D1.2: Local Housing Market Areas**
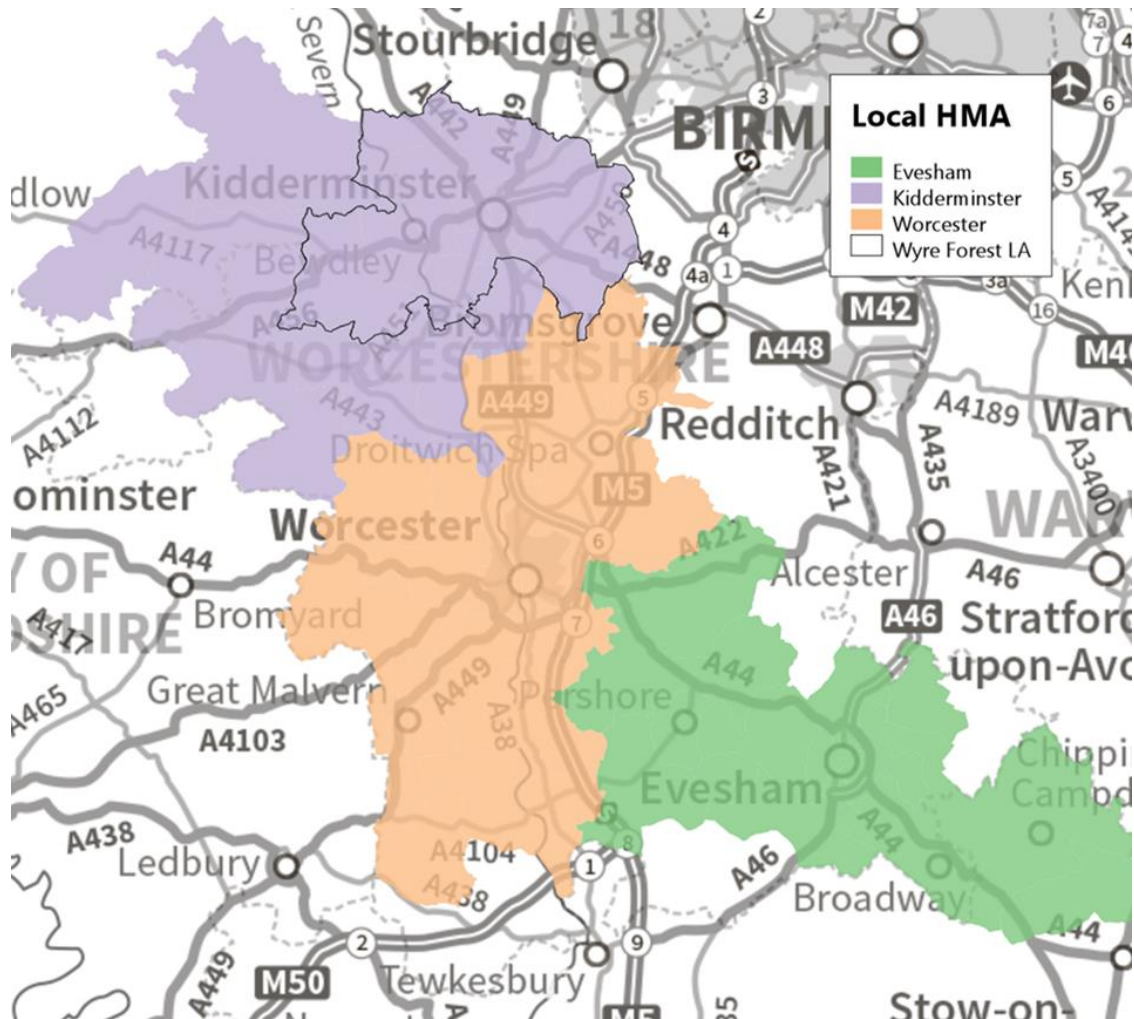


Source: Geography of Housing Markets, NHPAU 2010

**D2.0    House prices and rates of change in house prices**

D2.1    Figure D2.1 shows how house prices across the area have changed over the period 2000 to 2014.

D2.2    Since 2000, median prices in Wyre Forest were consistently higher than the median prices for the West Midlands until 2014, when they dropped very slightly below the regional median price. Overall, prices have increased from £69,000 in 2000 to £150,000 in 2014, an increase of 117.4%. Prices peaked at £155,000 in 2007 and have since dipped slightly, fluctuating between £145,000 and £150,000 since 2008. By comparison, the West Midlands regional median house price rose to £153,000 in 2014.

D2.3    During the 2014, median prices in Wyre Forest were £150,000 and lower quartile prices were £120,000. The distribution of median house prices in the District during 2014 is illustrated in Map D2.3 and indicates relatively lower prices in Kidderminster, Stourport-on-Severn, Bewdley and Wolverley & Cookley.

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**Figure D2.1: Median house price trends 2000 to 2014: Wyre Forest, the West Midlands and England**
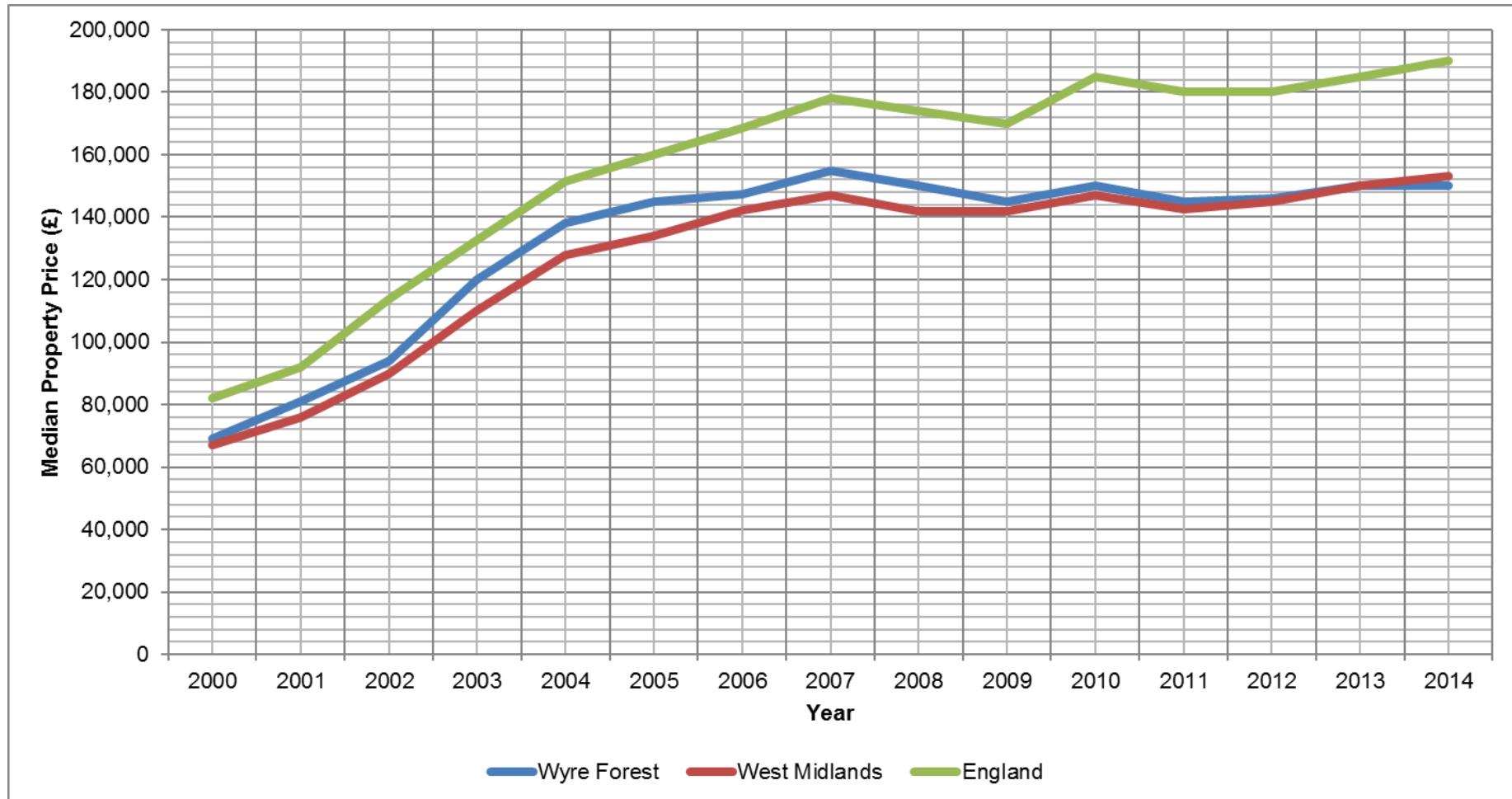


Source: DCLG; Land Registry

**Map D2.3: Median house prices by sub-area**
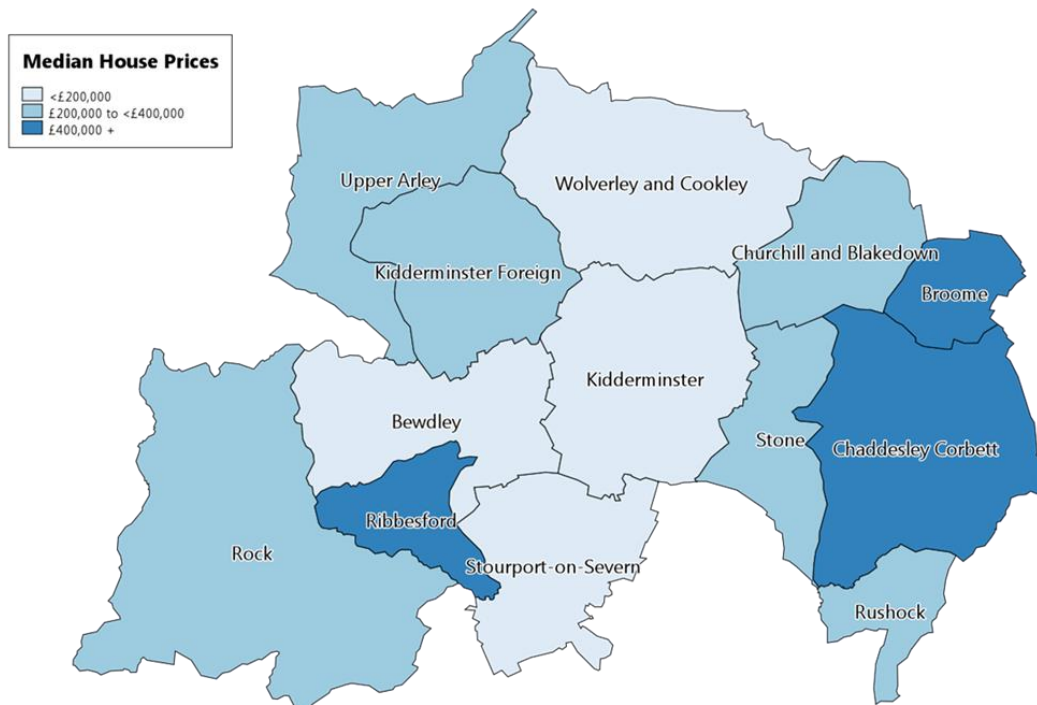


D2.4    Table D2.1 summarises lower quartile, median and upper quartile prices by sub-area during 2014 based on Land Registry address-level data. This shows significant variation across Wyre Forest, with the lowest prices in the urban areas of Kidderminster, Stourport-on-Severn, Bewdley and Wolverley & Cookley and the highest prices in Ribbesford, Broome, Chaddesley Corbett and Kidderminster Foreign. However, it should be noted that there were very few house price sales in some of the parishes.

| Table D2.1: House prices in Wyre Forest by sub-area | | | | |
|---|---|---|---|---|
| | Price (£) | | | |
| Sub-Area | Lower Quartile (25%) | Median | Upper Quartile (75%) | Count |
| Bewdley | 142,500 | 170,000 | 235,000 | 125 |
| Broome | 407,500 | 541,500 | 734,000 | 4 |
| Chaddesley Corbett | 184,000 | 431,250 | 610,000 | 16 |
| Churchill and Blakedown | 230,000 | 325,000 | 450,000 | 35 |
| Kidderminster Foreign | 325,000 | 397,500 | 575,000 | 6 |
| Ribbesford | 385,000 | 612,500 | 840,000 | 2 |
| Rock | 160,000 | 300,000 | 360,000 | 23 |
| Rushock | 248,000 | 373,975 | 499,950 | 2 |
| Stone | 215,000 | 281,000 | 435,250 | 4 |
| Stourport-on-Severn | 134,000 | 159,975 | 201,450 | 310 |
| Upper Arley | 229,950 | 229,950 | 229,950 | 1 |
| Wolverley and Cookley | 121,000 | 188,500 | 282,500 | 52 |
| Kidderminster | 109,975 | 136,750 | 170,000 | 796 |
| **Total** | **120,000** | **150,000** | **200,000** | **1376** |

Source: Land Registry Price Paid Data 1 Jan 2014 to 31 Dec 2014

**D3.0    Relative affordability**

D3.1    The relative affordability of open market dwellings in Wyre Forest is compared with the neighbouring local authorities in Table D3.1 and Table D3.2.

D3.2    Table D3.1 presents lower quartile house prices, lower quartile gross earnings of full-time workers and a ratio of lower quartile earnings to house prices. In terms of relative affordability, Wyre Forest is most affordable of surrounding Districts and similar to in the region figure, with a lower quartile house price to income ratio of 6.5, i.e. lower quartile house prices are 6.5x times the lower quartile gross earnings.

| Table D3.1: Relative affordability of lower quartile (LQ) prices by District (residence based) | | | | |
|---|---|---|---|---|
| **District** | **Lower Quartile House Price** | **LQ Gross Earnings per week** | **Annual Gross Earnings** | **LQ Income to House Price ratio** |
| Wychavon | £160,000 | 334.9 | £17,415 | 9.2 |
| Malvern Hills | £165,000 | 349.4 | £18,169 | 9.1 |
| Shropshire | £135,000 | 359.2 | £18,678 | 7.2 |
| Bromsgrove | £155,000 | 414.5 | £21,554 | 7.2 |
| South Staffordshire | £140,000 | 380.4 | £19,781 | 7.1 |
| **Wyre Forest** | **£120,000** | **353.4** | **£18,377** | **6.5** |
| West Midlands | £114,950 | 349.9 | £18,195 | 6.3 |

Sources: Land Registry Price Paid 2014; Annual Survey of Hours and Earnings 2014

D3.3    Table D3.3 sets out relative affordability by district based on median house prices and median gross incomes. On this basis, Wyre Forest is also the most affordable of surrounding districts and similar to the West Midlands ratio, with a median income to house price ratio of 6.2.

| Table D3.2: Relative affordability of median prices by District (residence based) | | | | |
|---|---|---|---|---|
| **District** | **Median House Price** | **Median Gross Income per week** | **Annual Gross Income** | **Median Income to House Price ratio** |
| Wychavon | £215,000 | 455.4 | £23,681 | 9.1 |
| Malvern Hills | £213,000 | 494.1 | £25,693 | 8.3 |
| Shropshire | £218,000 | 575.2 | £29,910 | 7.3 |
| South Staffordshire | £175,000 | 482.5 | £25,090 | 7.0 |
| Bromsgrove | £176,000 | 508.1 | £26,421 | 6.7 |
| **Wyre Forest** | **£150,000** | **468.2** | **£24,346** | **6.2** |
| West Midlands | £153,000 | 480.6 | £24,991 | 6.1 |

Sources: Land Registry Price Paid 2014; Annual Survey of Hours and Earnings 2014

**D4.0    Household migration and search patterns**

D4.1    Data reported in the 2011 Census suggests that 66.1% of households who moved in the year preceding the Census originated from within Wyre Forest and on the basis of a 70% self-containment threshold Wyre Forest cannot therefore be described as self-contained. Table D4.1 summarises the origins of households based on 2011 Census data. Of the 8,352 households moving in Wyre Forest, 9.9% originated from the Worcestershire districts (Bromsgrove, Redditch, Malvern Hills, Worcester and Wychavon), 4.8% originated from

Dudley, 2.9% from Birmingham, 1.5% from Sandwell, 1.9% from Shropshire, 0.6% from South Staffordshire, 2.8% from elsewhere in the West Midlands and 9.5% from elsewhere in the UK.

| Table D4.1:Origin of moving households | | |
|---|---|---|
| Place of Origin | Number | % |
| Wyre Forest | 5,524 | 66.1 |
| Bromsgrove | 187 | 2.2 |
| Redditch | 65 | 0.8 |
| Malvern Hills | 148 | 1.8 |
| Worcester | 175 | 2.1 |
| Wychavon | 247 | 3.0 |
| Birmingham | 246 | 2.9 |
| Dudley | 400 | 4.8 |
| Sandwell | 124 | 1.5 |
| Shropshire | 161 | 1.9 |
| South Staffordshire | 49 | 0.6 |
| Elsewhere West Midlands | 235 | 2.8 |
| Elsewhere UK | 791 | 9.5 |
| Total | 8,352 | 100.0 |

Source: 2011 Census

D4.2    Table D4.2 illustrates the principal interactions between Wyre Forest and other Districts, with the strongest inflows from Dudley, Wychavon and Birmingham and outflows to Dudley, Worcester, Shropshire and Wychavon. There are also interactions with other neighbouring authorities and the wider West Midlands area, and significant interactions with elsewhere in the UK, especially in terms of outflow.

| Table D4.2: Migration in- and out-flows in year preceding Census | | | |
|---|---|---|---|
| District | Inflow to Wyre Forest | Outflow from Wyre Forest | Net flow |
| Wyre Forest | 5,524 | 5,524 | 0 |
| Bromsgrove | 187 | 192 | -5 |
| Redditch | 65 | 43 | 22 |
| Malvern Hills | 148 | 138 | 10 |
| Worcester | 175 | 244 | -69 |
| Wychavon | 247 | 202 | 45 |
| Birmingham | 246 | 198 | 48 |
| Dudley | 400 | 295 | 105 |
| Sandwell | 124 | 39 | 85 |
| Shropshire | 161 | 216 | -55 |
| South Staffordshire | 49 | 53 | -4 |
| Elsewhere West Mids | 235 | 255 | -20 |
| Elsewhere UK | 791 | 1,207 | -416 |
| Total | 8,352 | 8,606 | -254 |

Source: 2011 Census

**D5.0    Travel to work trends**

D5.1    The 2011 Census provides an analysis of travel to work patterns and the extent to which residents in Wyre Forest travel to other areas together with details of how many people commute into the District area. The 2011 Census identified the following travel to work data:

- 25,419 lived and worked in Wyre Forest District (including 5,254 who work at home);

- 17,520 lived in Wyre Forest but commuted out of the District for work;

- 20 residents worked on offshore installations, 3,641 had no fixed place of work and 72 worked outside the UK; and

- 8,632 lived outside Wyre Forest but worked in the District.

D5.2    Overall, there is a net out-commute of 8,888 residents from Wyre Forest.

D5.3    Table D5.1 summarises the workplaces of economic active households living in Wyre Forest District.

| Table D5.1: Workplace of economically active residents | | |
|---|---|---|
| **Origin of moving household** | **Number** | **%** |
| Wyre Forest (inc. working from home) | 25,419 | 59.2 |
| Bromsgrove | 1,186 | 2.8 |
| Redditch | 478 | 1.1 |
| Malvern Hills | 717 | 1.7 |
| Worcester | 2,387 | 5.6 |
| Wychavon | 3,377 | 7.9 |
| Birmingham | 2,318 | 5.4 |
| Dudley | 2,473 | 5.8 |
| Sandwell | 902 | 2.1 |
| Wolverhampton | 395 | 0.9 |
| Shropshire | 638 | 1.5 |
| South Staffordshire | 221 | 0.5 |
| Elsewhere West Mids | 1,228 | 2.9 |
| Elsewhere UK | 1,200 | 2.8 |
| **Total** | **42,939** | **100.0** |

Source: 2011 Census

D5.4    Using a base of 42,939 economically active residents in Wyre Forest[29], 59.2% live and work in Wyre Forest, a further 7.9% work in Wychavon, 5.8% work in Dudley, 5.6% work in Worcester and 5.4% work in Birmingham.

D5.5    This data further substantiates the importance of recognising that Wyre Forest is part of a wider functional economic area focused on Worcester

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[29]    These figures exclude residents with no fixed place of work and therefore differ from those cited in Appendix E and Section 2 of the covering report.

**D6.0    Concluding comments**

D6.1    The purpose of this chapter has been to consider the general housing market context of Wyre Forest and its inter-relationships with other areas. By reviewing house prices, migration and travel to work patterns, a picture of the market dynamics of Wyre Forest District emerges.

D6.2    Wyre Forest is positioned within Worcestershire strategic housing market area. An analysis of 2011 Census migration data suggests that 66.1% of households move within Wyre Forest District area and 59.2% of residents in employment work within the District. Therefore, Wyre Forest is a largely self-contained housing market area in terms of migration but it is part of a wider functional economic area which extends across Worcestershire.

D6.3    It is appropriate for Wyre Forest District to be considered to be a housing market area for the purposes of Local Planning Policy. The HNA has regard to the fact that there are strong interactions with other areas of Worcestershire, both in terms of net in-migration and travel to work patterns.

# Appendix E: Report by Edge Analytics on Demographic Forecasts

# Wyre Forest
## Demographic Analysis & Forecasts
January 2016

**For the attention of:**

*Steve Thomas*
*AMION Consulting*

# edge analytics

Leeds Innovation Centre | 103 Clarendon Road | Leeds | LS2 9DF

0113 384 6087 | www.edgeanalytics.co.uk

# Acknowledgements

# Table of Contents

# Introduction

## Context & Requirements

1.1 Wyre Forest District Council is currently undertaking a Local Plan Review. To inform this, AMION Consulting has been commissioned to produce the Objectively Assessed Housing Need (OAHN) for the district. The evidence provided within the OAHN will be in line with the requirements of the National Planning Policy Framework (NPPF)[30] and the associated Planning Practice Guidance (PPG)[31]. The OAHN will include a review of the Housing Market Area for Wyre Forest, will examine secondary data to deliver a range of housing market intelligence, and will incorporate demographic scenario modelling in the derivation of its housing need estimate.

1.2 Edge Analytics has been commissioned by AMION Consulting to provide a range of demographic evidence to inform the OAHN. This report provides a profile of demographic change for Wyre Forest, plus a suite of growth forecasts which consider the impact of both demographic and economic change. The analysis incorporates the latest population and household projections from the Office for National Statistics (ONS) and the Department for Communities and Local Government (DCLG) respectively.

## Guidelines

1.1 The NPPF and PPG provide guidance on the appropriate approach to the objective assessment of housing need. Guidance is also provided by the Planning Advisory Service (PAS)[32], with practical advice on assessing the housing needs and establishing housing targets for an area.

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[30] http://planningguidance.planningportal.gov.uk/blog/policy/

[31] http://planningguidance.planningportal.gov.uk/blog/guidance/

[32] http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d

1.2    In the objective assessment of need, demographic evidence is a key input. The PPG states that the DCLG household projections, which are underpinned by the ONS sub-national population projections (SNPPs), should provide the "starting point estimate of overall housing need" (PPG paragraph 2a-015). Whilst these official projections provide the 'benchmark' for the assessment of need, alternative assumptions relating to the underlying demographic projections and household growth should be considered, as should the latest ONS population estimates (PPG paragraph 2a-017). Evidence that links demographic change to forecasts of economic growth should also be assessed (PPG paragraph 2a-018).

# Approach

1.3    This report provides a 'demographic profile' for the district of Wyre Forest, including detail on the mid-year population estimates (MYE) and the historical 'components of change' (births, deaths and migration), plus an analysis of historical commuting and migration patterns.

1.4    The starting point of the analysis is the 2012-based sub-national population and household projections for Wyre Forest, from the ONS and DCLG respectively. The components of change underpinning the 2012-based sub-national population projection (SNPP) from ONS are compared to previous projections and to the historical data on births, deaths and migration. The 2012-based household projection model from DCLG is also presented and compared to earlier projections.

1.5    In accordance with the PPG, Edge Analytics has used POPGROUP (v.4) technology to develop a range of growth scenarios (see Appendix A). The use of demographic models, which enable a range of growth scenarios to be evaluated, is now a key component of the objective assessment process. POPGROUP is widely used by local authorities and planners across the UK (for information on POPGROUP, refer to Appendix C).

1.6    As the official 'benchmark' scenario, the 2012-based sub-national population projection (SNPP) from the ONS is presented. Additional trend scenarios have been developed using alternative migration assumptions and the latest mid-year population estimate data.

1.7    In line with the PPG, household growth in all scenarios has been assessed using assumptions from the latest 2012-based DCLG household projection model.

1.8    In POGPROUP, it is possible to derive the size and structure of the labour force and the number of jobs that an implied level of population growth could support, through the application of three key economic assumptions: economic activity rates, unemployment rates and a commuting ratio.

1.9    The outcomes of this analysis are compared with independent employment forecasts from Experian, Oxford Economics and Cambridge Econometrics, in line with the PPG recommendation to consider the links between population and employment growth. Through the development of 'jobs-led' scenarios in POPGROUP, the demographic implications of the official employment forecasts has been evaluated.

1.10   The choice of assumptions used in POPGROUP has an important bearing on scenario outcomes. In light of this, and the PPG recommendation to consider 'alternative assumptions', a range of 'sensitivity scenarios' has been developed, relating to (a) household formation rates and (b) the economic assumptions used in POPGROUP.

1.11   The scrutiny of demographic assumptions is now a critical component of the public inspection process, providing much of the debate surrounding the appropriateness of defined housing targets. For transparency, detail on the assumptions used in the POPGROUP modelling is therefore provided in 0

## Report Structure

1.12   The report is structured in the following way:

- In **Section 2** a profile of Wyre Forest is presented. This includes an historical perspective on population change since the 2001 Census, analysis of the 'components of change' from the 2012-based SNPP and commentary on the 2012-based DCLG household projection model.
- In **Section 3,** the population and household projections from the ONS and DCLG are considered.
- **Section 4** summarises the range of alternative demographic scenarios developed for Wyre Forest.
- In **Section 5**, the future size and structure of the Wyre Forests labour force is analysed, together with the linkages between its labour force characteristics and three alternative employment forecasts.

- **Section 6** summarises the analysis and identifies a number of key issues for AMION Consulting and Wyre Forests District Council to consider.

- **Appendix A** provides an overview of the POPGROUP methodology.

- In **Appendix B**, an additional jobs-led sensitivity is presented.

- **Appendix C** provides detail on the data inputs and assumptions used in the development of the scenarios presented in the main report.

# 2 Wyre Forest Area Profile

## Introduction

2.1    The district of Wyre Forest forms part of two Local Enterprise Partnership (LEP) areas: the Worcestershire LEP and the Greater Birmingham and Solihull LEP. Neighbouring districts include South Staffordshire (to the North), Bromsgrove (to the East), Wychavon (to the South) and Shropshire (to the West) (Figure 1).

2.2    The largest towns within Wyre Forest are Kidderminster, Bewdley and Stourport-on-Severn. There are no motorway routes running through the district, although the M5 runs through the neighbouring districts of Bromsgrove and Wychavon.
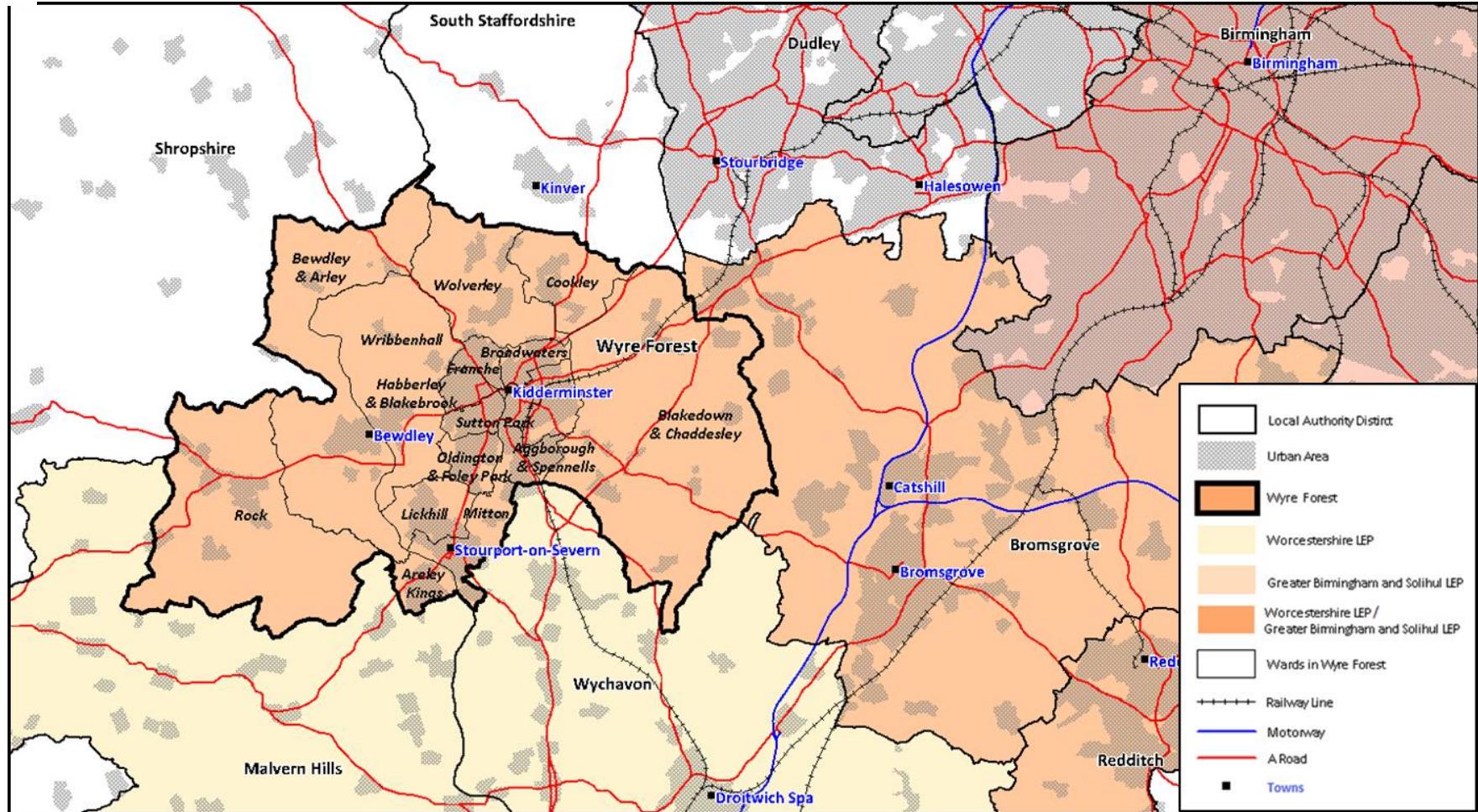
Figure 1: The district of Wyre Forest and its wider geographical context. Contains OS data © Crown copyright [and database right] (2015)

edge analytics

# Population Growth Profile

2.3    The latest 2014 mid-year population estimate (MYE) for Wyre Forest suggests a population of 98,960, a 2.1% increase since 2001. This rate of growth is lower than the regional average of 8.2% and the average England growth rate of 9.8% (**Error! Reference source not found.**).

**Table 1: Wyre Forest population change comparison (source: ONS)**

| Area | Population | | | |
|------|------------|--------|--------|----------|
| | 2001 | 2014 | Change | % Change |
| **Wyre Forest** | 96,929 | 98,960 | 2,031 | 2.1% |
| **West Midlands** | 5,280,727 | 5,713,284 | 432,557 | 8.2% |
| **England** | 49,449,746 | 54,316,618 | 4,866,872 | 9.8% |

2.4    Following the 2011 Census, the 2002–2010 mid-year population estimates were 'rebased' to align them with the 2011 mid-year estimate and to ensure the correct transition of the age profile of the population over the 2001–2011 decade. At the 2011 Census, the population of Wyre Forest was 97,975 a 1.0% increase over the 2001–2011 decade. The 2011 Census population total proved to be lower than that suggested by the trajectory of growth from the previous mid-year estimates. For this reason, the revised final mid-year estimates are lower than the previous mid-year estimates (Figure 2).
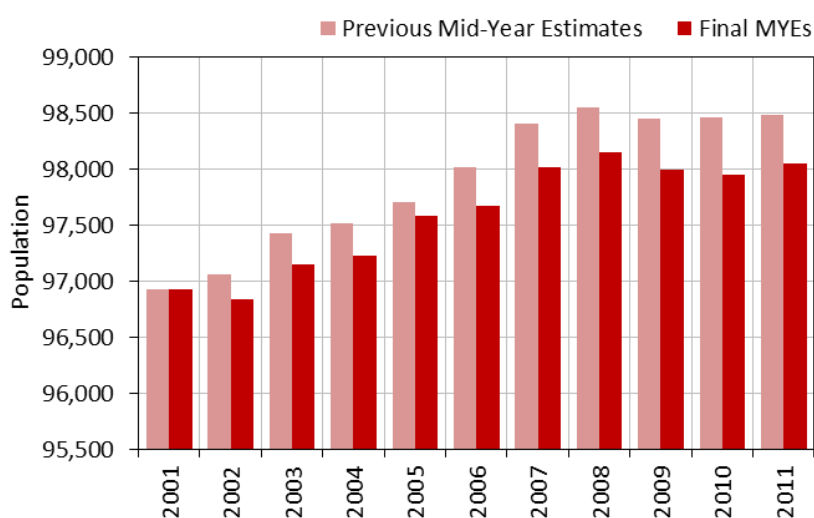


**Figure 2: Mid-Year Population Estimates (Source: ONS)**

2.5    The rebasing of the mid-year estimates involved the recalibration of the components of change for the 2001/02–2010/11 time period. Once methodological changes and errors in the components were accounted for, the remaining difference between the expected 2011 mid-year estimate and the 2011

Census-based mid-year estimate was found to be 103,700 for England[33]. This difference is referred to as 'unattributable population change' (UPC).

2.6    ONS has not attributed UPC to any one component of change, but suggests that it may be due to international migration estimates, the Census estimates or internal migration estimates. In the case of Wyre Forest, the impact of the UPC component is relatively small (Figure 3), averaging -61 per year.
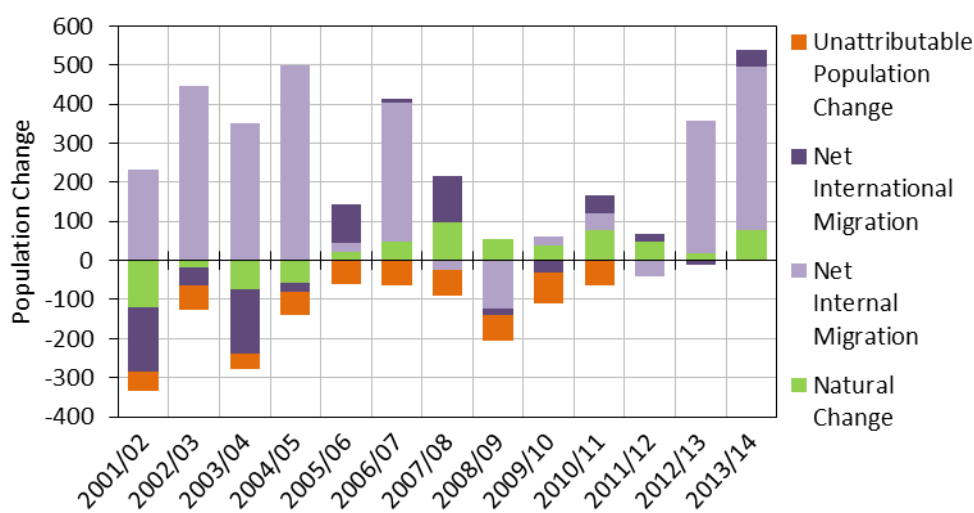


Figure 3: Mid-Year Population Estimates (Source: ONS)

2.7    Between Censuses, births and deaths are accurately recorded in vital statistics registers and provide a robust measure of 'natural change' (the difference between births and deaths) in a geographical area. Given that births and deaths are robustly recorded, and assuming that the 2001 Census provided a robust population count, the 'error' in the historical MYEs is most likely due to the difficulties associated with the estimation of migration.

2.8    Internal migration (i.e. migration flows to and from other areas in the UK) is adequately measured using data from the Patient Register (PR), the National Health Service Central Register (NHSCR) and Higher Education Statistics Agency (HESA), although data robustness may be lower where there is under-registration in certain age-groups (young males in particular).

2.9    It is most likely that the UPC component is associated with the mis-estimation of international migration, i.e. the balance between immigration and emigration flows to and from Wyre Forest. Based on this assumption, and with the inclusion of statistics from the latest 2012, 2013 and 2014 mid-year estimates

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[33] 2012-based SNPPs for England, Report on Unattributable Population Change, 20 January 2014, ONS

from ONS, a thirteen-year profile of the 'components of change' is presented for Wyre Forest (Figure 4).
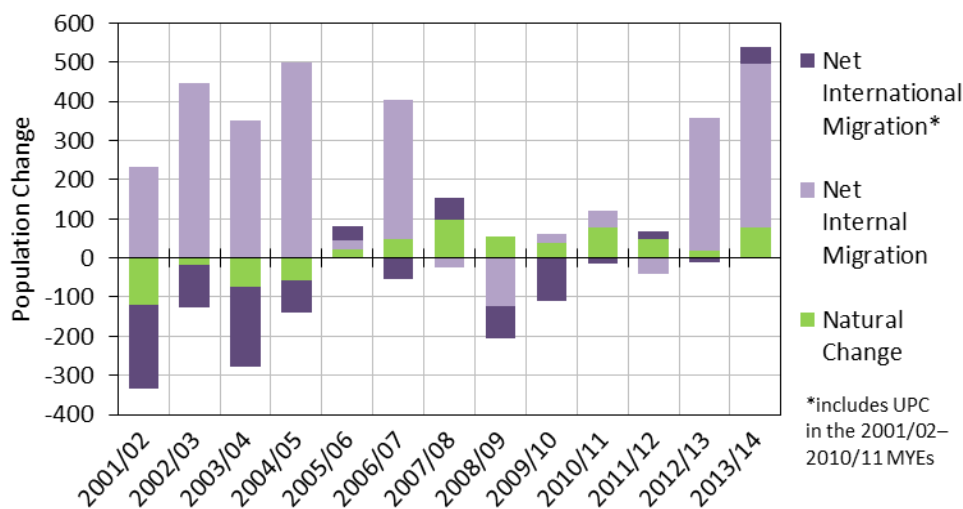


Figure 4: Components of population change 2001/02 to 2013/14, including the UPC component in the 2001/02 to 2010/11 international migration component. (Source: ONS).

2.10 Between 2001/02–2004/05, natural change had a small negative impact upon population change in Wyre Forest. Since 2005/06 however, natural change has had a small positive impact upon population change in the district.

2.11 Net international migration (i.e. the balance between immigration and emigration) is estimated to have had a negative impact upon population change in most years over the 2001/02–2013/14 period. The latest mid-year estimate suggests a 'recovery' in in the level of migration to Wyre Forest, with a small positive impact recorded in 2013/14.

2.12 Population change since 2001/02 has been predominantly driven by net in-migration from elsewhere in the UK. The number of internal in-migrants has exceeded the number of internal out-migrants in all years except 2007/08, 2008/09 and 2011/12. In the following section, an internal migration profile for Wyre Forest is presented.

# Internal Migration

2.13 Wyre Forest has generally experienced a net gain through internal migration over the 2001/02–2013/14 period (with the exception of 2007/08, 2008/09 and 2011/12), averaging +195 people per year. This net gain was greatest during the earliest and final years of the historical period (see Figure 4).

2.14 The relatively small net internal migration total conceals the larger in and out flows that have occurred over the historical period (Figure 5). Internal in-migration averaged 3,489 per year over the 2001/02–2013/14 period, with internal out-migration lower, averaging 3,293 per year. The rise in net migration in 2012/13 and 2013/14 has been due to an increase in the inflow of migrants to Wyre Forest, with the level of outflow remaining relatively stable.
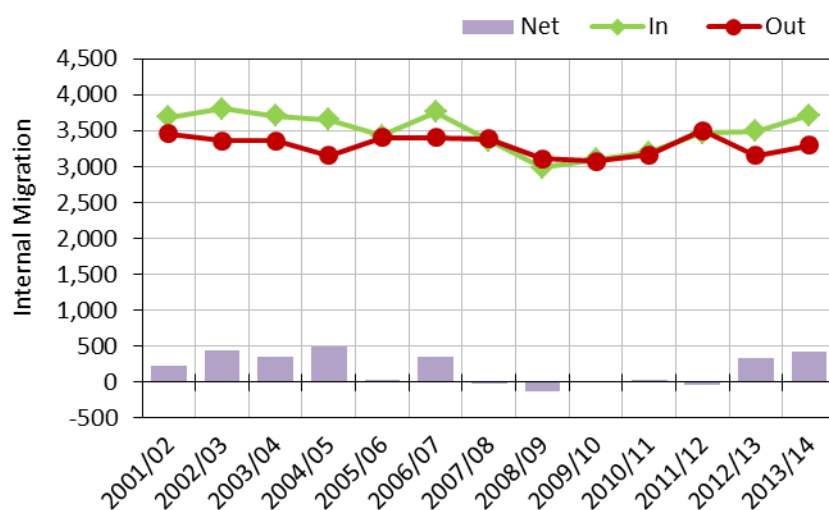


**Figure 5: Wyre Forest's internal migration profile, 2001/02–2013/14 (source: ONS)**

2.15 In terms of the origins and destinations of internal migrants to and from Wyre Forest, the largest positive average annual net exchange (higher inflow than outflow) has historically been with Dudley, Birmingham and Sandwell. In terms of a net outflow exchange, the largest net outflow has been between Wyre Forest and neighbouring Shropshire UA and Malvern Hills (Figure 6). All statistics are based upon an annual average for the 2001/02–2013/2014 time-period.

2.16 There has been a consistent net outflow of population in the 15–19 age-group over the 2001/02-2013/14 period, associated with the annual student outflow (Figure 8). There is evidence of a smaller flow in the 20–24 age-group, possibly associated with returning students and/or economic migration. All other age groups experience a net inflow to Wyre Forest.
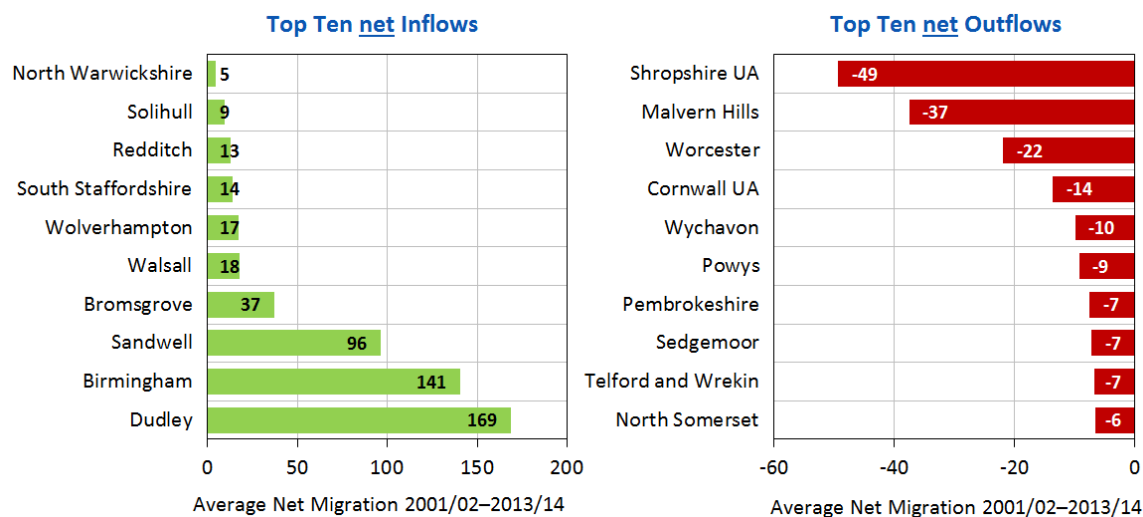
**Figure 6: Wyre Forest top-10 internal migration net inflows and outflows (source: ONS)**

# Population Age-Structure

2.17 The changing age structure of Wyre Forest's population is of key importance when considering future housing needs and the evolution of the resident labour force. Using the 2012 base year of the latest ONS sub-national population projections, the age profile of Wyre Forest is compared to that of the West Midlands region, and to England as a whole (Figure 7).
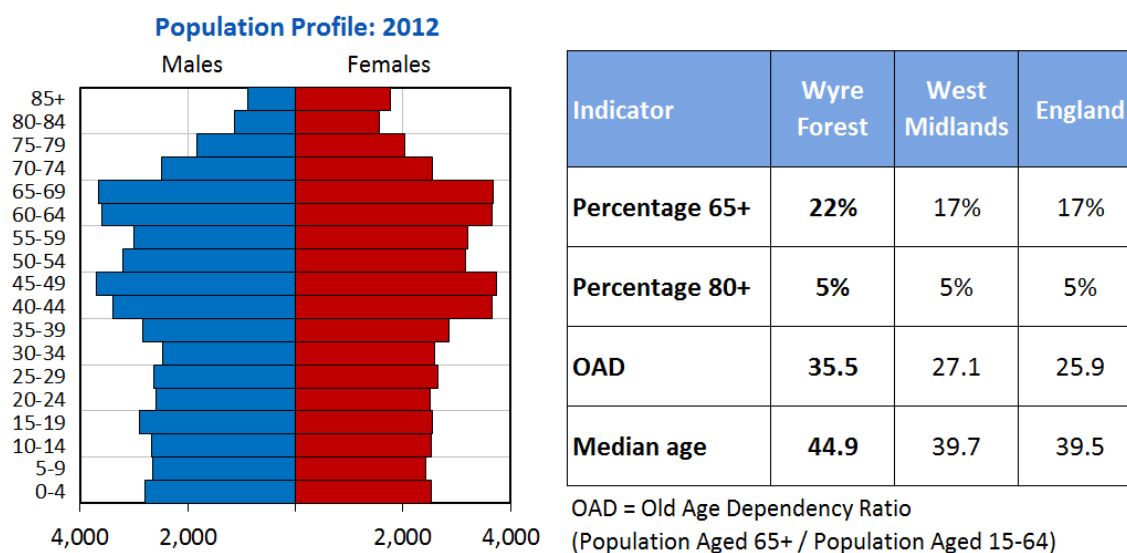


| Indicator | Wyre Forest | West Midlands | England |
|---|---|---|---|
| **Percentage 65+** | **22%** | 17% | 17% |
| **Percentage 80+** | **5%** | 5% | 5% |
| **OAD** | **35.5** | 27.1 | 25.9 |
| **Median age** | **44.9** | 39.7 | 39.5 |

OAD = Old Age Dependency Ratio
(Population Aged 65+ / Population Aged 15-64)

**Figure 7: Wyre Forest, population age structure (source: ONS)**

2.18 The resident population of Wyre Forest has a larger proportion of its population aged 65+ than the West Midlands and England, 22% compared to 17% respectively. However, from 80+ a 5% proportion is

consistent across all three areas. Wyre Forest's old age dependency (OAD) ratio and median age statistics are both higher than those of the West Midlands and England.
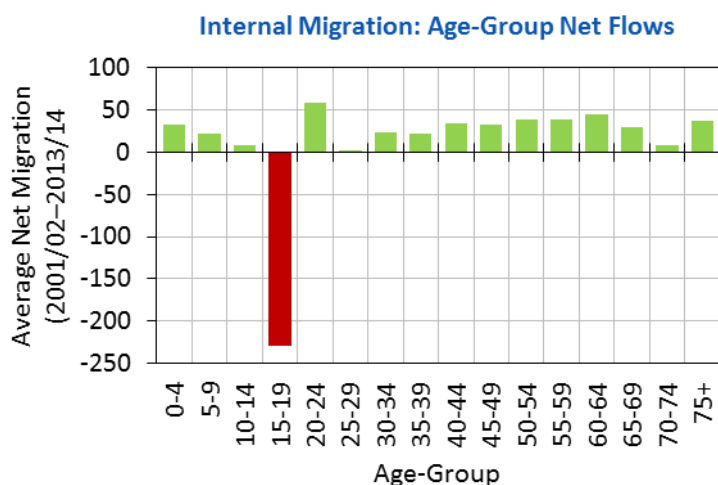


Figure 8: Wyre Forest internal migrant age profile

# Commuting Flows

2.19 In terms of travel-to-work commuting flows, the 2011 Census recorded 46,339 workers (ages 16–74) living in Wyre Forest (Table 2) and 37,397 workers (ages 16–74) working in Wyre Forest (Table 3). Approximately 62.2% of Wyre Forest's labour Force both live and work within the district. Others commute to jobs in the neighbouring districts Wychavon (7.3%), Dudley (5.3%), Worcester (5.1%) and Birmingham (5.0%), with smaller percentages to Bromsgrove and Sandwell. The remaining 10.7% of resident workers travel elsewhere (Table 2).

2.20 The majority of jobs in Wyre Forest (77.0%) are taken by the district's resident workers (Table 3). The remaining jobs are taken by workers who live in the neighbouring districts such as Dudley (5.1%), Shropshire (2.8%) and Wychavon (2.8), and Worcester (2.1%). The remaining 10.3% of jobs are taken by workers who live in other districts (Table 3).

2.21 Data from successive censuses reveal that the number of available jobs in Wyre Forest is exceeded by the number of resident workers, resulting in an overall net out-commute. This imbalance has reduced over the 2001–2011 decade, with a marginally lower growth in the number of resident workers relative to jobs (i.e. a reduced net out-commute).

**Table 2: Wyre Forest 2011 Census commuting flows: workers, ages 16–74 (source: ONS)**

| Where do people who <u>live</u> in Wyre Forest work? | | | |
|---|---|---|---|
| **Live** | **Work** | **Flow** | **%** |
| Wyre Forest | Wyre Forest | 28,802 | 62.2% |
| Wyre Forest | Wychavon | 3,366 | 7.3% |
| Wyre Forest | Dudley | 2,458 | 5.3% |
| Wyre Forest | Worcester | 2,381 | 5.1% |
| Wyre Forest | Birmingham | 2,307 | 5.0% |
| Wyre Forest | Bromsgrove | 1,180 | 2.5% |
| Wyre Forest | Sandwell | 895 | 1.9% |
| Wyre Forest | Other | 4,950 | 10.7% |
| | **Total Workers** | **46,339** | **100.0%** |

**Table 3: Wyre Forest 2011 Census commuting flows: jobs, ages 16–74 (source: ONS)**

| Where do people who <u>work</u> in Wyre Forest live? | | | |
|---|---|---|---|
| **Live** | **Work** | **Flow** | **%** |
| Wyre Forest | Wyre Forest | 28,802 | 77.0% |
| Dudley | Wyre Forest | 1,919 | 5.1% |
| Shropshire | Wyre Forest | 1,032 | 2.8% |
| Wychavon | Wyre Forest | 1,031 | 2.8% |
| Worcester | Wyre Forest | 772 | 2.1% |
| Other | Wyre Forest | 3,841 | 10.3% |
| | **Total Jobs** | **37,397** | **100.0%** |

**Table 4: Wyre Forest Census travel-to-work commuting ratios, ages 16–74 (source: ONS)**

| **Wyre Forest** | | **2001 Census** | **2011 Census** |
|---|---|---|---|
| **Workers** | $a$ | 47,127 | 46,339 |
| **Jobs** | $b$ | 37,170 | 37,397 |
| **Commuting Ratio** | $a/b$ | **1.27** | **1.24** |

# 3 Official Projections

## Introduction

3.1   In this section, the latest population and household projections from the ONS and the DCLG are considered. Together with Section 2, this section presents the context for the development of a range of alternative growth scenarios, presented in Section 4.

## Official Statistics

3.2   In the absence of a population register, the UK continues to rely on the ten-yearly Census for a definitive count of population within its constituent local authority areas. Between Censuses, the mid-year population estimates are produced, using data on births, deaths, internal and international migration to quantify annual growth (Figure 9).
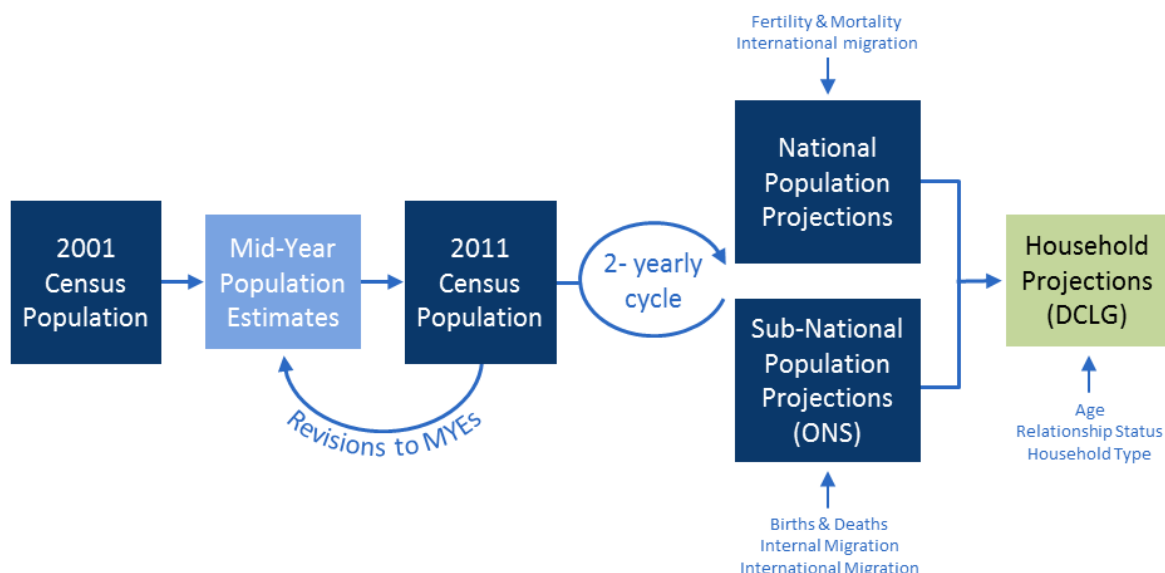


Figure 9: Official Statistics: population and households

3.3     Every two years, the Office for National Statistics (ONS) publishes its national population projections, setting key assumptions on the long-term effects of fertility, mortality and international migration to estimate population growth outcomes for England, Wales, Scotland and Northern Ireland (Figure 9). The next national projection update is due in autumn 2015.

3.4     These national projections inform the sub-national population projections (SNPPs) for English local authorities, also published on a two-yearly cycle (Figure 9). The latest, 2012-based SNPPs use a combination of national and local assumptions on births, deaths and migration to formulate a 25-year projection for each local authority area.

3.5     The SNPPs provide the key demographic input to the DCLG household projections. These have a less regimented publication timetable, but the latest 2012-based household projection model, provides a 25-year projection of household growth in each of the English local authorities.

3.6     The PPG states that the DCLG household projections should provide the "starting point estimate of overall housing need" (PPG paragraph 2a-015). The remainder of this section, considers the 2012-based SNPP and the 2012-based DCLG household projection model for Wyre Forest are considered, providing the context for contemplating scenario development in Section 4.

# ONS Sub-national Population Projections

3.7     In the development and analysis of population forecasts, it is important to benchmark any growth alternatives against the latest 'official' population projection. The most recent official subnational population projection is the ONS 2012-based SNPP, released in May 2014. These projections are based upon the 2012 MYE and use demographic assumptions derived from a 5/6-year historical period in combination with national assumptions on fertility, mortality and international migration[34].

3.8     Figure 10 presents the six most recent ONS population projections for Wyre Forest. Under the latest 2012-based SNPP, the population of Wyre Forest is projected to increase by 3,591 over the full 25-year projection period (2012–2037), an increase of 3.7%. With the exception of the flat growth forecast in the 2004-based projection, the 2012-based outcome suggests lower growth in Wyre Forest than previous projections.

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[34] http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/2012-based-projections/stb-2012-based-snpp.html#tab-Introduction
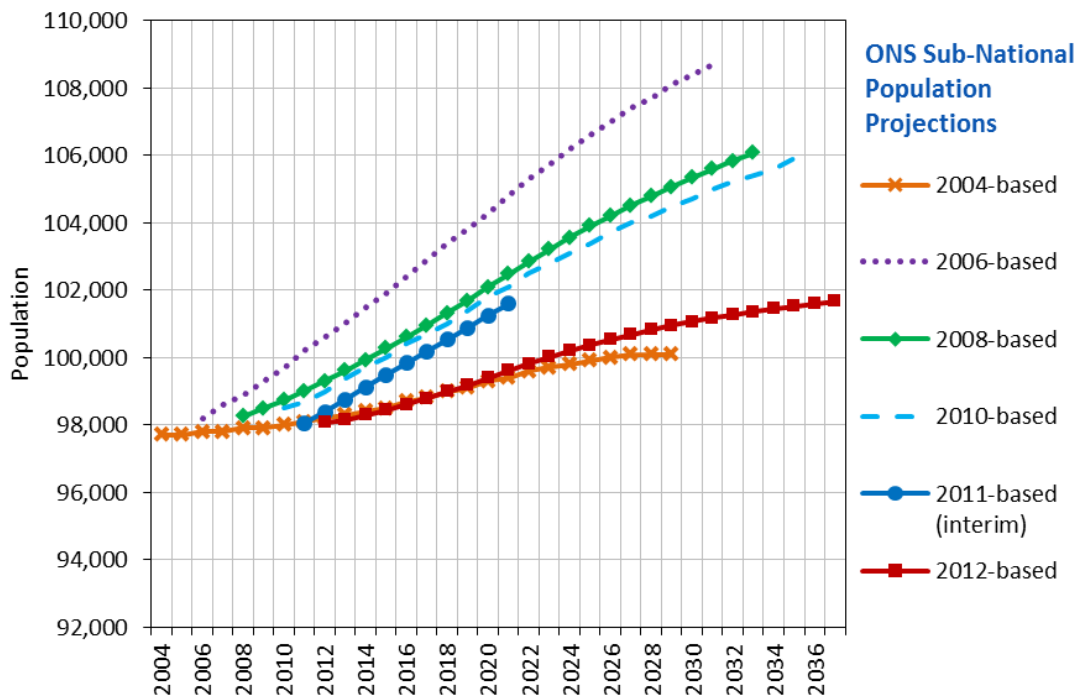
Figure 10: Official ONS population projections for Wyre Forest (source: ONS)

3.9    The 2012-based SNPP components of change are presented in Figure 11, with the historical components of change for 2001/02 to 2011/12 included for comparison. Net internal migration is projected to be the dominant driver of growth over the 25-year period, countered by a net decrease in natural change.
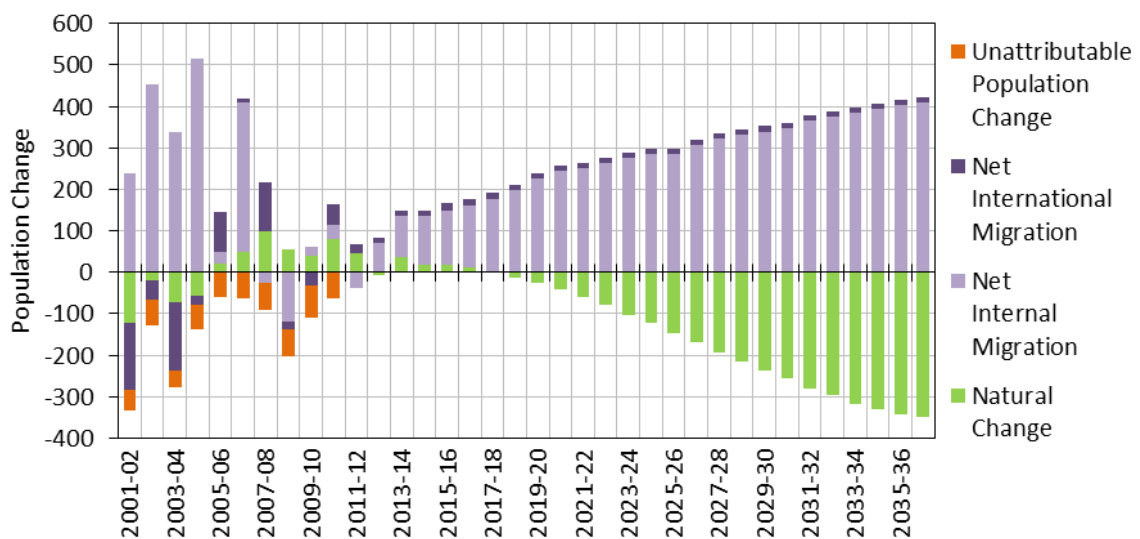


Figure 11: Historical and 2012-based SNPP components of change for Wyre Forest (source: ONS)

3.10    To illustrate how the ONS assumptions on demographic change in Wyre Forest compare to the historical evidence, the average annual natural change, net migration (internal and international) and population change for the 2012-based SNPP are compared to the 5-year and 10-year historical averages (Table 5).

**Table 5: 2012-based SNPP components of change for Wyre Forest (source: ONS)**

| Component of Change | Historical | | Projected |
|---|---|---|---|
| | 5-year average (2007/08–2011/12) | 10-year average (2002/03–2011/12) | 2012-based SNPP average (2012/13–2036/37) |
| Natural Change | 64 | 24 | -140 |
| Net Internal Migration | -25 | 157 | 270 |
| Net International Migration | 28 | 1 | 13 |
| UPC* | -55 | -56 | - |
| Total Net Migration and UPC | -52 | 102 | - |

Note that the UPC component is only applicable to the years 2001/02–2010/11. The historical 5-year and 10-year averages presented in this table are up to the base year of the 2012-based SNPP (i.e. up to 2012). In Section 5, the Edge Analytics scenarios have been developed using two additional years of historical data (i.e. including the latest 2013 and 2014 MYEs).

3.11    Historically, over both the 5-year and 10-year periods, net international migration has played a relatively small role in population growth, averaging 28 and 1 per year respectively. With the inclusion of UPC, net international migration has been negative. A small annual growth impact is continued in the projection.

3.12    Natural change has been positive (i.e. the number of births have exceeded the number of deaths) over the historical 5-year and 10-year periods. However, this is not expected to continue in the 2012-based SNPP, with an increasing net loss of population throughout the 25-year period.

3.13    Net internal migration histories vary considerably between the 5-year and 10-year periods, with an annual average of -25 to 157 respectively. Its influence is projected to grow significantly to become the biggest driver of population growth with an average annual growth of 270 over the projection period.

# DCLG Household Projections

3.14 The 2012-based household projection model, which is underpinned by the 2012-based SNPP, was released by the DCLG in February/March 2015, superseding the 2011-based interim household projection model.

3.15 The methodological basis of the new 2012-based model is consistent with that employed in the previous 2011-based interim and 2008-based household projections; a 'two-stage' methodology has been used by DCLG. 'Stage One' produces the national and local projections for the total number of households by age-group and relationship status group over the projection period. 'Stage Two' provides the detailed household type breakdown by age. Currently, only Stage One output is available for the 2012-based household projection model (refer to 0 for further detail).

3.16 Whilst methodologically similar to previous releases, the 2012-based household projections provide an important update on the 2011-based interim household projections with the inclusion of the following information:

- 2012-based SNPP by age and sex that extend to 2037 (rather than to 2021 as was the case in the 2011-based interim projections).
- Household population by sex, age and relationship-status consistent with the 2011 Census (rather than estimates for 2011 which were derived from 2001 Census data, projections and national trends, as used in the 2011-interim projections).
- Communal population statistics by age and sex consistent with the 2011 Census (rather than the previous estimate, which were calibrated to the total communal population from the 2011 Census).
- Further information on household representatives from the 2011 Census relating to aggregate household representative rates by relationship status and age.
- Aggregate household representative rates at local authority level, controlled to the national rate, based on the total number of households divided by the total adult household population (rather than the total number of households divided to the total household population).
- Adjustments to the projections of the household representative rates in 2012 based on the Labour Force Survey (LFS).

Source: DCLG Methodology[35]

3.17 The official 2012-based DCLG household projection model for Wyre Forest, underpinned by the 2012-based SNPP, suggests that the number of households will increase by 3,994 over the full 2012–2037 projection period, equivalent to an additional 160 households per year (Figure 12). Average household size is projected to decrease from 2.25 in 2012 to 2.12 by 2037. Under the earlier 2008-based model,

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[35] Household Projections 2012-based: Methodological Report. DCLG ( February 2015)
https://www.gov.uk/government/statistics/2012-based-household-projections-methodology

the rate of household growth was higher than under the latest 2012-based model, at 308 households per year (2008–2033).
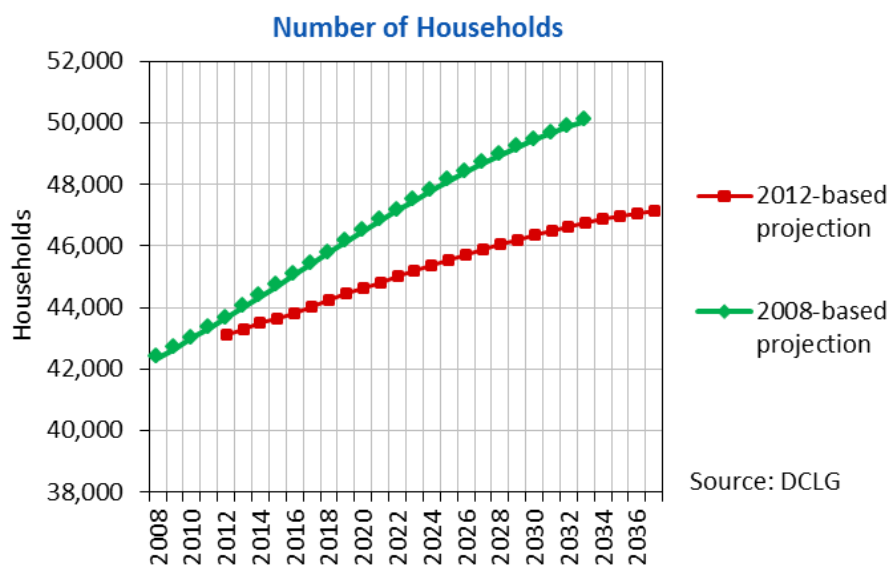
**Number of Households**



Figure 12: Household growth under the latest DCLG household projections for Wyre Forest

# Wyre Forest: Starting Point Estimate

3.18    As outlined in the PPG, the latest DCLG household projections provide the 'starting point' in the assessment of housing need (PPG paragraph 2a-015).

3.19    Over the 2016–2032 plan period for Wyre Forest, the 2012-based household projection model suggests an increase of 2,800 households, approximately 175 per year. Over the same time period, the 2012-based SNPP (which underpins the household projection model) projects a 2.7% growth in the population, equivalent to an additional 2,700 people (Table 6).

3.20    As outlined in the PPG, it is appropriate to consider *"alternative assumptions in relation to the underlying demographic projections and household formation rates"* of the local area (PPG Paragraph 2a-017). Therefore, in the following sections, these 'official' projections are compared to a range of alternative demographic scenarios.

**Table 6: Wyre Forest 'starting point' estimates (source: ONS and DCLG)**

| Official Projection | Variable | 2016 | 2032 | Difference | Difference (%) | Average Annual Change |
|---|---|---|---|---|---|---|
| **2012-based SNPP** | **Population** | 98,600 | 101,300 | 2,700 | 2.7% | 169 |
| **2012-based DCLG Model** | **Households** | 43,800 | 46,600 | 2,800 | 6.4% | 175 |
| | **Household population** | 97,500 | 99,700 | 2,200 | 2.3% | 138 |
| | **Average household size** | 2.23 | 2.14 | -0.09 | -3.9% | -0.01 |

Note that population and household growth figures have been rounded to the nearest 10

# 4 Demographic Scenarios

## Introduction

4.1    There is no single definitive view on the likely level of population and household growth expected in Wyre Forest. Ultimately, a combination of economic, demographic and national/local policy issues will determine the speed and scale of change. Whilst the official 2012-based population and household projections form the 'starting point' of the assessment of housing need (see Table 6), it is necessary to evaluate a range of growth alternatives to establish the most 'appropriate' basis for determining future housing provision.

4.2    In line with the PPG, Edge Analytics has developed a range of alternative demographic scenarios for Wyre Forest, using POPGROUP v.4 technology (for detail on the POPGROUP methodology, refer to 0).

4.3    The 2012-based SNPP is presented as the official 'benchmark' scenario, with household growth assessed using headship rate assumptions from the 2012-based DCLG household projection model. For comparison with this, a range of 'alternative trend' scenarios has been developed, in which varying migration assumptions have been applied.

4.4    In each of the demographic scenarios, household growth has been assessed through the application of 'headship rates' and 'communal population' assumptions from the latest 2012-based DCLG household projection model. Two 'headship rate sensitivities' have also been developed, to evaluate the impact of (1) the earlier 2008-based headship rates on the household growth outcomes, and (2) a 'recovery' in household formation rates of the younger age groups.

4.5    In the following sections, the demographic scenarios are defined and the results presented. In Section 5, the labour force and jobs growth implications of these scenarios are considered, alongside employment forecasts for Wyre Forest.

4.6    For further detail on the data inputs and assumptions used in the demographic scenarios, please refer to Appendix C.

# Scenario Definition

## Official 'Starting Point'

4.7 The SNPP-2012 scenario replicates the 2012-based SNPP from ONS. Through the application of the household growth assumptions from the 2012-based DCLG household projection model, the 'starting point estimate' for Wyre Forest is provided.

## Alternative Trend Scenarios

4.8 The PPG recommends that, in the assessment of housing need, the most recent demographic statistics from ONS should be considered (PPG Paragraph 2a-017). The 2012-based SNPP from ONS is a trend-based projection that draws demographic assumptions from a 5- to 6-year historical period to 2012[36]. Given the unprecedented economic changes that have occurred since 2008, and the differences between the projected 2012-based SNPP data and the historical data (see Table 5 on page 17), it is appropriate to consider alternative time periods in the derivation of migration assumptions.

4.9 For these reasons, the following 'alternative trend' scenarios have been developed:

- **PG-5yr**: internal migration rates and international migration flow assumptions are based on the last five years of historical evidence (2009/10–2013/14).

- **PG-10yr**: internal migration rates and international migration flow assumptions are based on the last 10 years of historical evidence (2004/05–2013/14).

4.10 Note that these scenarios include two additional years of historical data when compared to the 2012-based SNPP (i.e. the 2013 and 2014 MYEs). Furthermore, in both of these scenarios the UPC adjustment is included within the international migration assumptions.

4.11 An additional **Natural Change** scenario has also been developed, in which internal and international migration are set to zero from 2014/15. This scenario is hypothetical, but provides an indication of the degree to which dwelling growth is driven by migration to/from Wyre Forest.

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[36] http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/2012-based-projections/stb-2012-based-snpp.html#tab-Introduction

## Household & Dwelling Growth

4.12    In POPGROUP, the level of household growth implied by a certain population growth trajectory is assessed through the application of communal population (population not-in-households, e.g. care homes, student halls of residence) and headship rate assumptions. In all scenarios, these assumptions have been sourced from the latest 2012-based DCLG household projection model.

4.13    As outlined in the PPG, it is appropriate to consider *"alternative assumptions in relation to the underlying demographic projections and household formation rates"* of the local area (PPG Paragraph 2a-017). Therefore, two household growth sensitivities have been developed.

4.14    In the first sensitivity, the headship rate assumptions from the earlier 2008-based DCLG household projection model have been applied. The 2008-based and 2012-based household models were formulated during very different market conditions and consequently result in different levels of household growth and average household sizes. These 'HH-08' results are provided for comparison with the 2012-based benchmark.

4.15    In the second sensitivity, adjustments have been made to the 2012-based headship rates to model a 'return' to previous higher rates of household formation for young adults (i.e. the cohort in which household formation has been most constrained due to housing affordability and availability). When viewed by age-group, the 2012-based headship rates for Wyre Forest decline in the 20–24, 25–29 and 30–34 age groups over time (Figure 12). Therefore, in this 'HH-12 Return' sensitivity, the headship rates of these age groups have been returned to their respective 2001 values by 2022, following the original trend thereafter.

4.16    To derive a 'dwelling requirement' from each scenario, a dwelling vacancy rate of 4.5% has been applied. The vacancy rate is calculated using 2011 Census statistics on households (occupied, second homes and vacant) and dwellings (shared and unshared). See 0 for further detail.
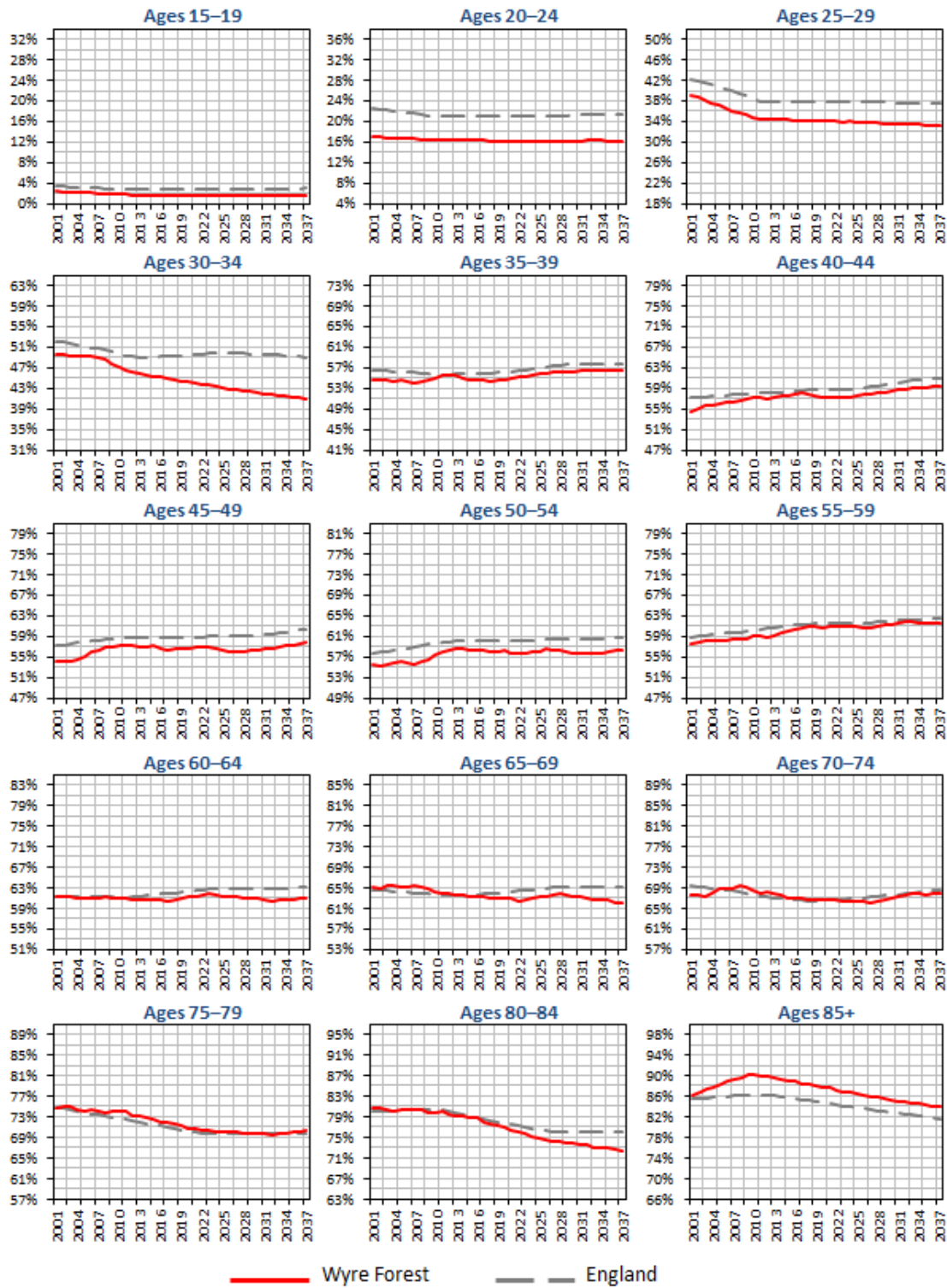
Figure 13: 2012-based headship rates by 5-year age group (source: DCLG)

# Demographic Scenario Results

4.17 Four demographic scenarios have been produced for Wyre Forest, with the 2012-based SNPP from ONS included as the official benchmark scenario. Scenario results are presented in Figure 14 and Table 7 for the 2016–2032 plan period.
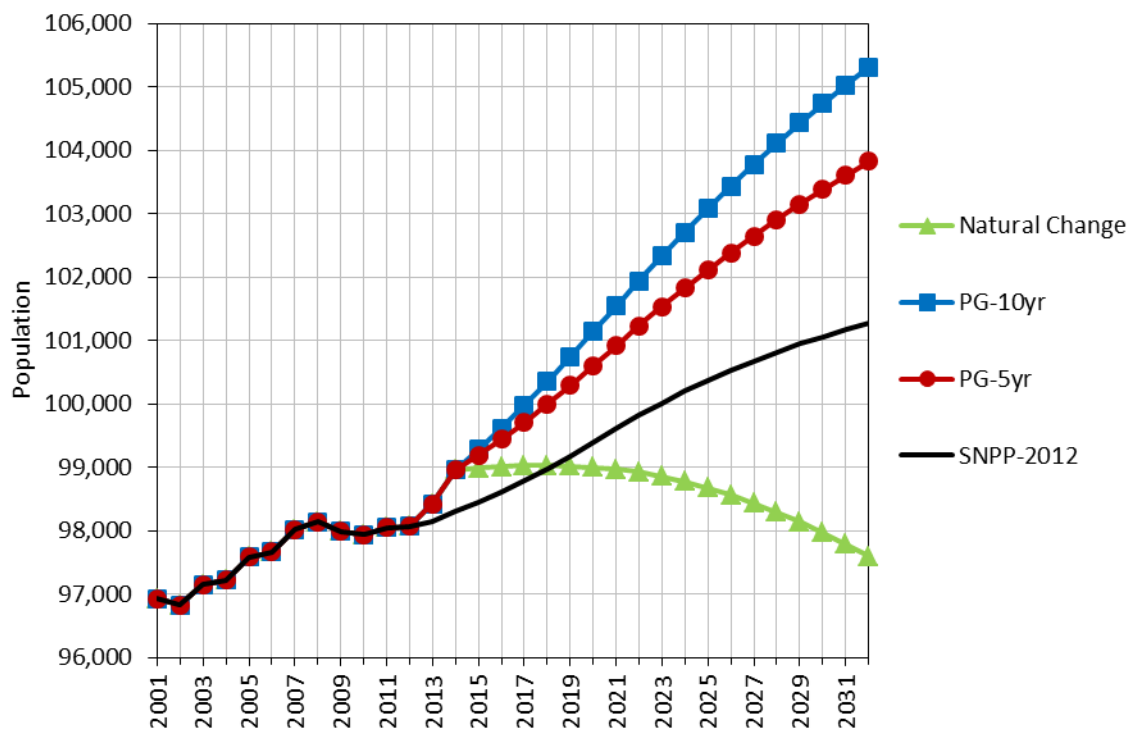


Figure 14: Wyre Forest demographic scenario outcomes: population growth 2001–2032

**Table 7: Wyre Forest demographic scenario outcomes 2016–2032**

| Scenario | Change 2016–2032 | | | | Average per year | |
|---|---|---|---|---|---|---|
| | Population Change | Population Change % | Households Change | Households Change % | Net Migration | Dwellings |
| **PG-10yr** | 5,697 | 5.7% | 3,972 | 9.0% | 433 | 260 |
| **PG-5yr** | 4,385 | 4.4% | 3,488 | 7.9% | 386 | 228 |
| **SNPP-2012** | 2,655 | 2.7% | 2,799 | 6.4% | 286 | 183 |
| **Natural Change** | -1,416 | -1.4% | 349 | 0.8% | 0 | 23 |

Note that household growth has been assessed using the 2012-based DCLG headship rates (HH-12). Dwelling growth figures have been calculated using a fixed 4.5% vacancy rate.

4.18   Under the benchmark SNPP-2012 scenario, the population of Wyre Forest increases by 2,655 over the 2016–2032 plan period, equivalent to a 2.7% growth. The number of households increases by +2,799, equivalent to +6.4% growth, resulting in an average annual dwelling requirement of +183.

4.19   Population growth under the two PG scenarios is higher than under the benchmark SNPP-2012 scenario. This is a reflection of the higher levels of net migration seen in the most recent MYEs (see Figure 4 on page 9 and Figure 15 below), which are used in the calibration of the migration assumptions in these 'alternative trend' scenarios. Of the two PG scenarios, population growth is highest under the PG-10yr scenario, at +5.7% 2016–2032. The PG-5yr scenario results in a lower level of population growth, at 4.4%.

4.20   The differences between the two PG scenarios is a reflection of the historical time series from which the migration assumptions were calibrated; net migration was negligible at the start of the five-year period (2009/10–2013/14), reducing the average level of net migration under the PG-5yr scenario compared to the PG-10yr. At the start and end of the ten-year historical time period (2004/05–2013/14), net migration was higher, balancing the lower/negative levels of net migration seen between 2007/08 and 2011/12 (Figure 15).
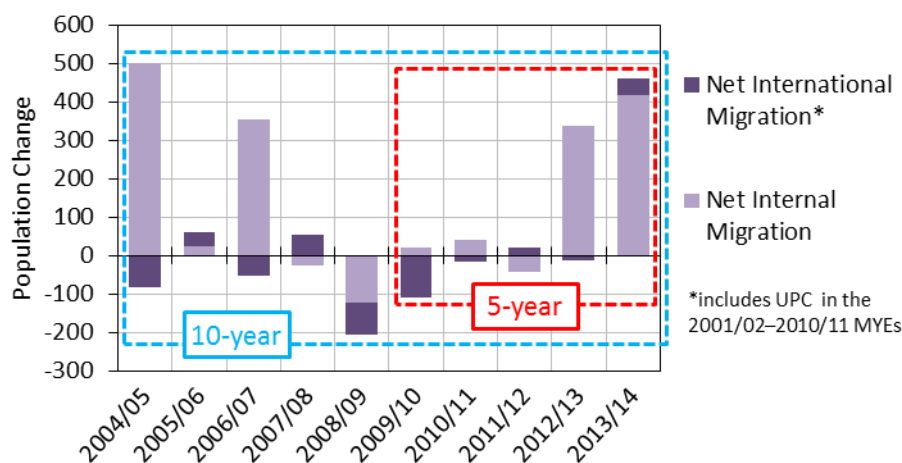


Figure 15: Historical net migration statistics used in the calibration of the **PG** scenarios

4.21   Population growth is lowest under the Natural Change scenario, at -1.4% over the plan period. Whilst this scenario is hypothetical, it illustrates the importance of net migration in driving population growth in Wyre Forest. The slowing of population growth between 2014 and 2020, followed by a gradual decline (see Figure 14), is reflective of Wyre Forest's ageing population. This has important implications for the size and structure of the resident labour force, and for the provision of housing in the district.

## *Population Age Profiles*

4.22　As the people born during the 1950s, 60s and 70s move into the retirement ages, the balance of the population in the younger and older age groups alters. This 'ageing' of the population occurs in all scenarios, with population decline focussed in ages 40–60 (Figure 16). This is most pronounced in the hypothetical Natural Change scenario, and in the SNPP-2012 benchmark. Population growth is concentrated in the oldest age groups (aged 60–70 and 75+), with a smaller level of growth in the 10–20 and 30–35 age groups.
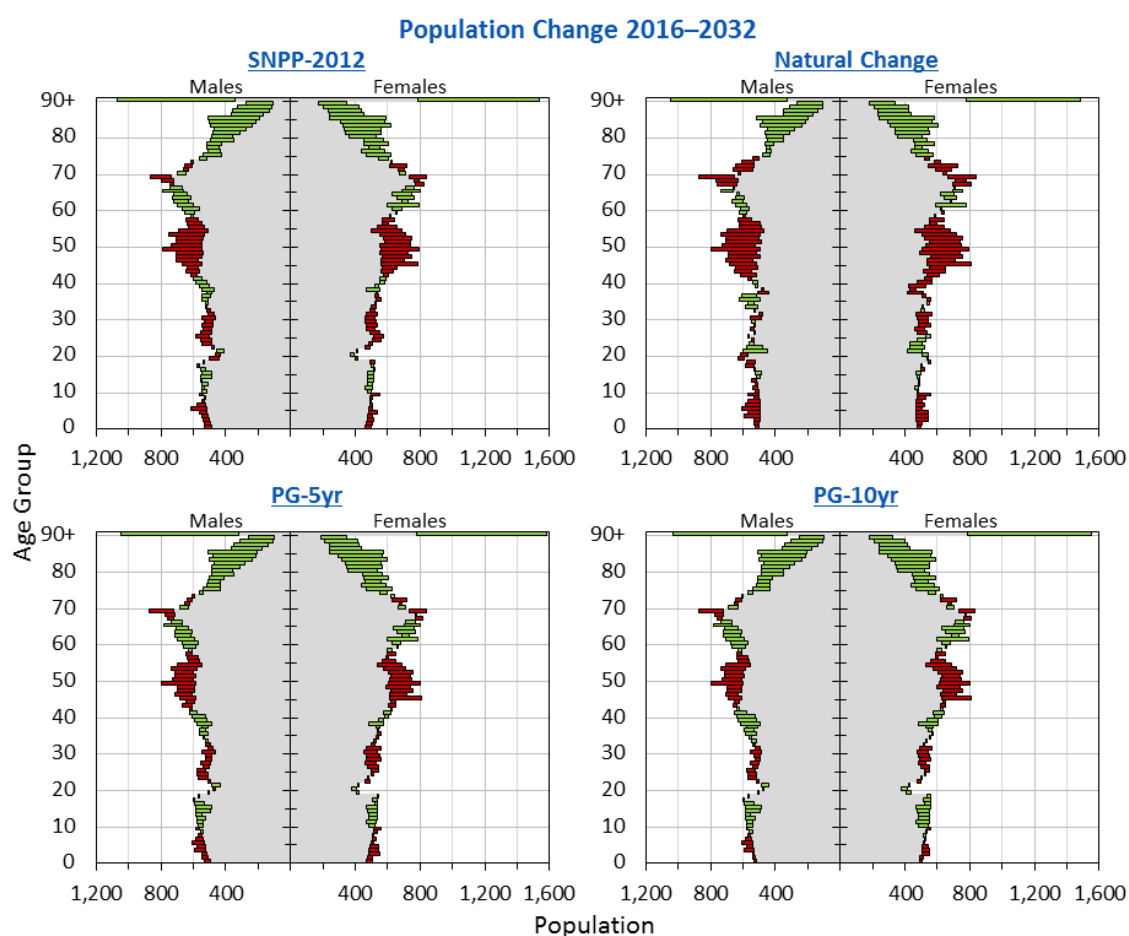
Figure 16: Population age profiles under each of the four demographic scenarios.
Red indicates a decrease in population 2016–2032 and green indicates an increase in population.

4.23　For the 2016–2032 plan period, a range of summary statistics on Wyre Forest's ageing population are provided in Table 8 for each scenario. Under the benchmark SNPP-2012 scenario, the population aged 65+ increases by 6 percentage points between 2016 and 2032. The Old Age Dependency Ratio, which is a measure of the balance between people aged 65+ and those aged 15–64, increases under all scenarios.

**Table 8: Population age-profile summary statistics 2016–2032**

| Scenario | Percentage aged 65+ | | | Old Age Dependency Ratio | | |
|---|---|---|---|---|---|---|
| | 2016 | 2032 | Change* | 2016 | 2032 | Change |
| SNPP-2012 | 25% | 31% | 6% | 41.4 | 57.4 | 16.0 |
| PG-5yr | 24% | 30% | 6% | 41.0 | 54.9 | 13.9 |
| PG-10yr | 24% | 29% | 5% | 40.8 | 53.3 | 12.5 |
| Natural Change | 24% | 30% | 5% | 40.9 | 54.2 | 13.2 |

Old Age Dependency Ratio = Population aged 65+ / Population aged 15–64

*Change is expressed as percentage point change

## Headship Rate Sensitivity

4.24 In the four demographic scenarios presented above, household growth has been assessed using headship rate and communal population assumptions from the latest 2012-based household projection model (abbreviated here to HH-12). Whilst this model replaces the earlier 2008-based and 2011-based (interim) models, the PPG states that it is appropriate to consider *"alternative assumptions in relation to the underlying … household formation rates"* (PPG Paragraph 2a-017).

4.25 Therefore, two alternative headship rate profiles have been applied to the demographic scenarios, to illustrate the impact that alternative rates of household formation might have on the resulting dwelling requirements:

   1. HH-08: each scenario has been run using the 2008-based headship rates;

   2. HH-12 Return: the headship rates of the 20–34 age groups have been returned to their 2001 values by 2022, following the original trend thereafter.

4.26 The household growth outcomes and average annual dwelling requirements for each sensitivity are summarised in Table 9, with the 'core' outcomes (using the 2012-based headship rates) presented for comparison.

4.27 The application of the 2008-based headship rates suggests more optimistic household formation, reflective of the different market conditions during the period from which the model was calibrated. Under the benchmark SNPP-2012 scenario, household growth 2016–2032 increases from 6.4% using the 2012-based rates (HH-12) to 7.7% using the 2008-based rates (HH-08). This results in an increase in the average annual dwelling requirement from 183 per year to 223 per year. Adjusting the headship rates of the younger (20–34) age groups so that there is a 'recovery' in rates of household formation, results

in a higher overall dwelling requirement than the HH-12 outcome, and a slightly lower level of growth than the HH-08 outcome.

**Table 9: Wyre Forest demographic scenario dwelling growth using varying headship rates**

| Scenario | Household Growth 2016–2032 (%) | | | Average Annual Dwelling Requirement | | |
|---|---|---|---|---|---|---|
| | HH-12 | HH-08 | HH-12 Return | HH-12 | HH-08 | HH-12 Return |
| **PG-10yr** | 9.0% | 10.3% | 9.8% | 260 | 300 | 284 |
| **PG-5yr** | 7.9% | 9.3% | 8.7% | 228 | 271 | 252 |
| **SNPP-2012** | 6.4% | 7.7% | 7.1% | 183 | 223 | 205 |
| **Natural Change** | 0.8% | 2.1% | 1.7% | 23 | 61 | 50 |

**HH-08**: the 2008-based DCLG headship rates are applied, scaled to be consistent with the 2011 DCLG household total but following the original trend thereafter. **HH-12:** the 2012-based DCLG headship rates are applied. **HH-12 Return**: adjustments made to the 20–34 age groups of the HH-12 rates to account for a 'recovery' in household formation rates.

In each variant, the communal population assumptions from the 2012-based household projection model have been applied and a consistent, Wyre Forest-specific dwelling vacancy rate used. Only the household and dwelling growth outcomes differ; the population growth and net migration figures are consistent with those presented in Table 7.

# 5 Labour Force & Jobs Growth

## Introduction

5.1 In the assessment of housing need, the PPG states that *"plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area"* (PPG paragraph 2a-018).

5.2 In POGPROUP, it is possible to derive the size and structure of the labour force and the number of jobs that an implied level of population growth could support, through the application of: (1) **economic activity rates**; (2) **unemployment rates**; (3) a **commuting ratio**. Through a 'jobs-led' configuration of POPGROUP, the demographic implications of employment forecasts can also be evaluated using these three key economic assumptions.

5.3 In this section, the economic assumptions used in the POPGROUP modelling are defined and the labour force and jobs growth implications of the demographic scenarios presented. Using three employment forecasts for Wyre Forest from Cambridge Econometrics, Experian and Oxford Economics, a range of jobs-led scenarios has also been developed, with sensitivity testing around the key economic assumptions.

## Economic Assumptions

### Economic Activity Rates

5.4 The Economic Activity Rates determine the proportion of the working-age population (16–74) that are economically active (i.e. the labour force). The labour force includes those who are in work (i.e. 'workers') and also those who are unemployed.

5.5 Economic activity rates for Wyre Forest have been sourced from the 2011 Census, defined by 5-year age group and sex (ages 16–74). Although more recent economic activity rates are available from the ONS

Annual Population Survey (APS), these are sample-based figures and therefore do not present a complete picture of economic activity. The Census rates provide a definitive measure of economic activity for Local Authorities and are used for this reason.

5.6     Between the 2001 and 2011 Censuses, economic activity rates in Wyre Forest increased in almost all age groups, and most notably in the older age groups (Figure 17). The increase in the economic activity rates has been more pronounced for females than for males.
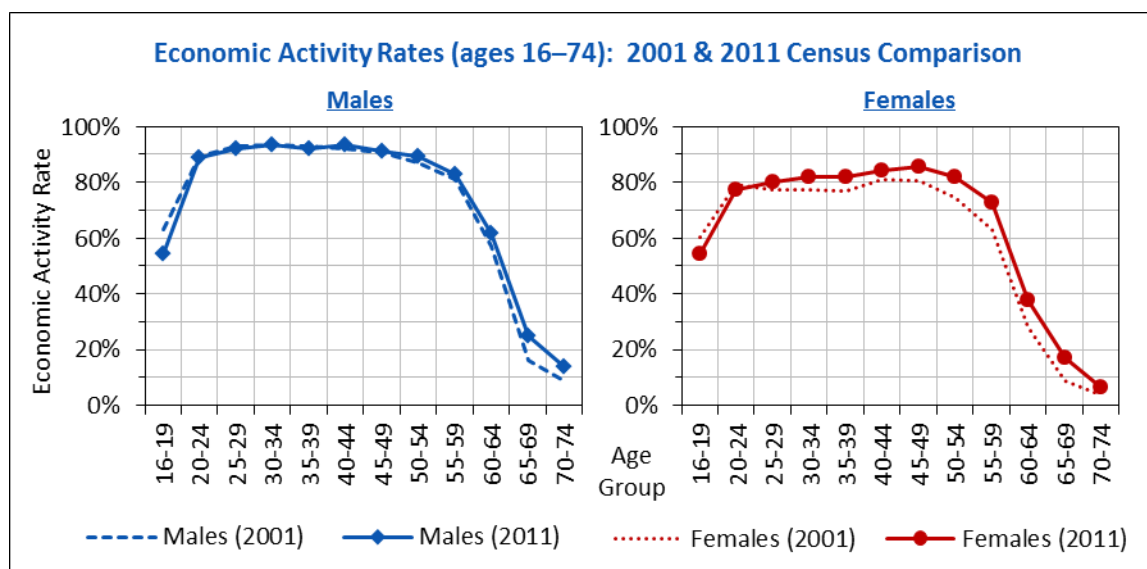


**Figure 17: 2001 and 2011 Census economic activity rates for Wyre Forest (source: ONS)**

5.7     Whilst economic activity rates have increased historically, forecasting changes to future economic activity rates is challenging. In reality, it is highly unlikely that future rates of economic activity will remain static. The ageing of the population profile of most local authorities means that the older age-groups increasingly make up a larger proportion of the population (see Figure 16 on page 6). Furthermore, with increased life expectancies and changes to the State Pension Age, people are remaining in the labour force for longer, resulting in increased participation rates in the older age groups. To at least maintain the current level of overall economic activity requires higher economic activity rates generally, but most importantly in the older age-groups.

5.8     The Office for Budget Responsibility (OBR) has undertaken analysis of labour market trends in its 2014 Fiscal Sustainability Report[37]. Included within its analysis is a forecast of changing 'employment' rates for males and females in the 60–74 year-old age groups, extending to a long-term 2066 forecast horizon.

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[37] http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf

The employment rate changes estimated by the OBR imply a substantial growth in older-age participation rates ( Table *10*).

**Table 10: OBR age-specific employment rate forecasts, 2011–2031 (source: OBR)**

| Age Group | OBR Employment Rates Change 2011–2031 |
|-----------|:---:|
| 60–64 (male) | 17% |
| 65–69 (male) | 39% |
| 70–74 (male) | 20% |
| 60–64 (female) | 71% |
| 65–69 (female) | 93% |
| 70–74 (female) | 83% |

5.9    The OBR figures summarised in                    Table *10* have been used to produce an 'adjusted' set of economic activity rates for Wyre Forest, with alteration made to the 60–74 age groups between 2011 and 2031. The economic activity rates for all other age groups remain fixed throughout the forecast period.

## Unemployment Rate

5.10    The Unemployment Rate determines the proportion of the labour force that is unemployed (and as a result, the proportion that is employed).

5.11    The historical unemployment rate profile for Wyre Forest has been sourced from the ONS model-based estimates of unemployment from Nomis. These figures provide a better estimate of unemployment than the APS unemployment statistics, which are based on very small samples and are therefore unreliable in many areas[38].

5.12    In the POPGROUP modelling, the unemployment rate has been incrementally reduced from the current (2014) unemployment rate of 5.4%, to a 'pre-recession' average of 4.0% by 2021 (fixed thereafter). This takes into account what is likely to be a gradual recovery in unemployment following the recession.

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[38] https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=127

## Commuting Ratio

5.13 The **Commuting Ratio** determines the balance between the resident number of 'workers' (i.e. the employed labour force) and the number of jobs in an area. A commuting ratio greater than 1.0 indicates a net out-commute (i.e. the number of resident workers in an area is greater than the number of jobs). A commuting ratio less than 1.0 indicates a net in-commute (i.e. the number of jobs is greater than the number of workers).

5.14 A fixed commuting ratio of 1.24 has been applied in all scenarios. This ratio is derived from the 2011 Census Travel to Work data for Wyre Forest (Table 11). This indicates a net out-commute from Wyre Forest, at a slightly lower level than that seen at the 2001 Census.

**Table 11: Wyre Forest commuting ratios**

| Wyre Forest | | 2001 Census | 2011 Census |
|---|---|---|---|
| Workers | *a* | 47,127 | 46,339 |
| Jobs | *b* | 37,170 | 37,397 |
| Commuting Ratio | *a/b* | **1.27** | **1.24** |

Note: 2001 data from Census Table *T101 – UK Travel Flows* ; 2011 data from Census Table *WU02UK - Location of usual residence and place of work by age* .

# Labour Force & Jobs Growth Outcomes

5.15 With the economic assumptions defined above, the derived labour force and jobs growth figures for the demographics scenarios are summarised in Table 12. In all but the **PG-10yr** scenario, the size of the labour force reduces over time, by 4% under the benchmark **SNPP-2012** scenario. This shrinking of the labour force results in a reduction in the number of jobs that can be supported in Wyre Forest, at a loss of 69 jobs per year under the **SNPP-2012** scenario. Under the **PG-10yr** scenario, the increase in the size of the labour force is negligible (<1%), but does support jobs growth at an average of 42 jobs per year.

5.16 The changes to the size of the labour force under the demographic scenarios are a result of: (a) the economic assumptions applied, and (b) Wyre Forest's ageing population. The implications of the ageing of the population for the size and structure of the labour force are summarised for the **SNPP-2012** scenario in Figure 18.

**Table 12: Labour Force and jobs-growth outcomes 2016–2032**

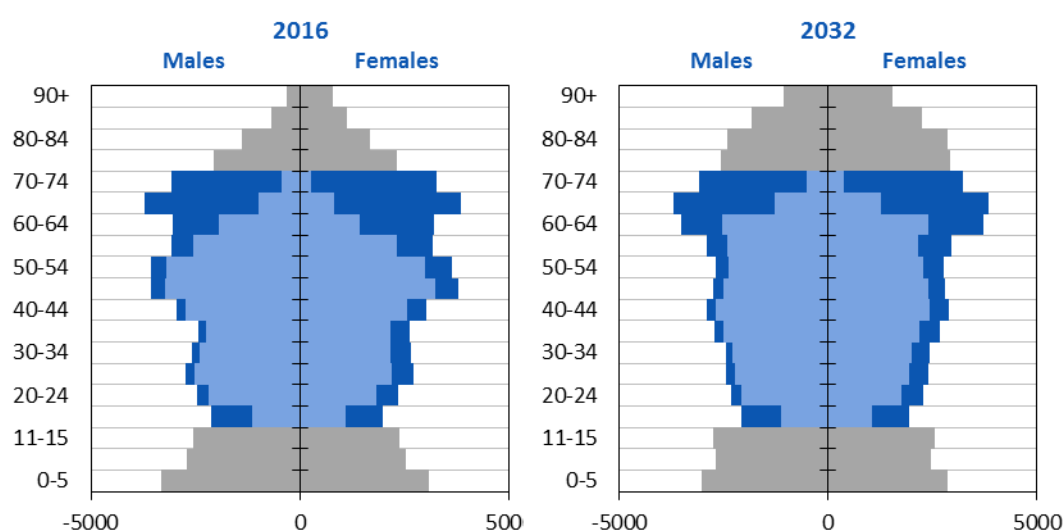| Scenario | Labour Force | | | | Average Annual Jobs Growth |
|---|---|---|---|---|---|
| | 2016 | 2032 | Change | % Change | |
| PG-10yr | 49,266 | 49,620 | 354 | 0.7% | 42 |
| PG-5yr | 49,113 | 48,539 | -574 | -1.2% | -3 |
| SNPP-2012 | 48,693 | 46,763 | -1,930 | -4.0% | -69 |
| Natural Change | 48,889 | 45,773 | -3,116 | -6.4% | -127 |



**Figure 18: Population profiles: working age population and labour force change**

5.17   Although the size of the labour force reduces over the forecast period (or shows minimal growth in the case of the PG-10yr scenario), the adjustments made to the economic activity rates mean that the overall economic activity rate increases under each scenario (Table 13); whilst the working age population (aged 16–74) decreases over time, the proportion of this age group that is economically active increases.

**Table 13: Derived aggregate economic activity rates 2016–2032**

| Scenario | Aggregate Economic Activity Rate (16–74) | | |
|---|---|---|---|
| | 2016 | 2032 | Change |
| PG-10yr | 68.1% | 70.0% | 2.8% |
| PG-5yr | 68.1% | 69.8% | 2.4% |
| SNPP-2012 | 67.9% | 69.3% | 2.1% |
| Natural Change | 68.0% | 70.2% | 3.2% |

# Aligning Jobs Growth & Population Growth

5.18    The application of the economic assumptions to the demographic forecasts has produced a range of labour force and jobs growth outcomes for Wyre Forest. With adjustments to the economic activity rates of the older age groups, a fixed commuting ratio and a reducing unemployment rate, the number of jobs that could be supported in Wyre Forest decreases over time in all but the **PG-10yr** scenario (see Table 12).

5.19    In the consideration of future jobs growth in an area, the PPG states that *'economic forecasts'* should be considered (PPG paragraph 2a-018). For Wyre Forest, three employment forecasts have been provided by Cambridge Econometrics[39], Experian[40] and Oxford Economics[41]. In the following sections, these employment forecast are linked to the demographic scenarios through the development of a range of 'jobs-led' scenarios. In a jobs-led scenario, population growth is determined by growth in the number of jobs, using the three key economic assumptions. Sensitivity testing has also been carried out in relation to the economic activity rate and commuting ratio assumptions.

## Wyre Forest Employment Forecasts

5.20    The employment growth trajectories from each of the three employment forecasts are summarised in Figure 19 and Table 14.
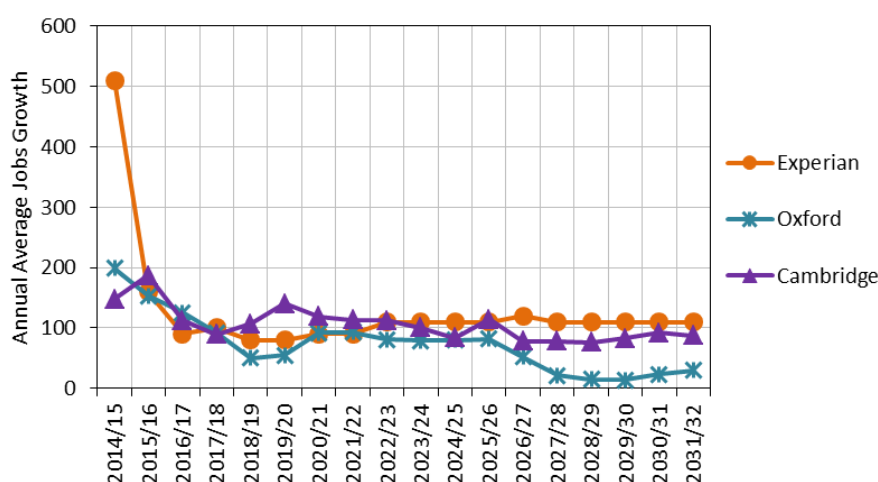


**Figure 19: Employment growth trajectories for Wyre Forest for the 2014/15–2031/32 forecast period (source: Cambridge Econometrics, Experian and Oxford Economics)**

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[39] Cambridge Econometrics employment forecasts for Wyre Forest, April 2015
[40] Experian UK Local Market Forecasts Quarterly, June 2015
[41] Oxford Economics Wyre Forest Local Authority Forecasts, July 2015

**Table 14: Jobs-led scenario jobs growth targets**

| Scenario | Measure of Employment | Jobs Growth Targets | |
|---|---|---|---|
| | | **Forecast Period (2014/15–2031/32)** | **Plan Period (2016/17–2031/32)** |
| **Experian** | Workforce Jobs | **2,310** (128 p.a.) | **1,640** (102 p.a.) |
| **Cambridge Econometrics** | Total Employment | **1,919** (107 p.a.) | **1,584** (99 p.a.) |
| **Oxford Economics** | Total Employment | **1,337** (74 p.a.) | **985** (62 p.a.) |

Source: Cambridge Econometrics, Experian and Oxford Economics

5.21  The highest level of employment growth occurs under the Experian forecast, at an average of 103 additional jobs per year over the 2016–2032 plan period. Employment growth under the Cambridge Econometrics forecast is lower, at 99 jobs per year (2016–2032), with the lowest level of employment growth occurring under the Oxford Economics scenario, at 62 jobs per year (2016–2032).

5.22  The alignment of the Edge Analytics demographic forecasts with economic forecasting models presents a particular challenge when seeking to provide evidence for the assessment of housing requirements. In all instances, the annual average jobs growth figures from the three employment forecasts are higher than those implied by the demographic scenarios (Figure 20).
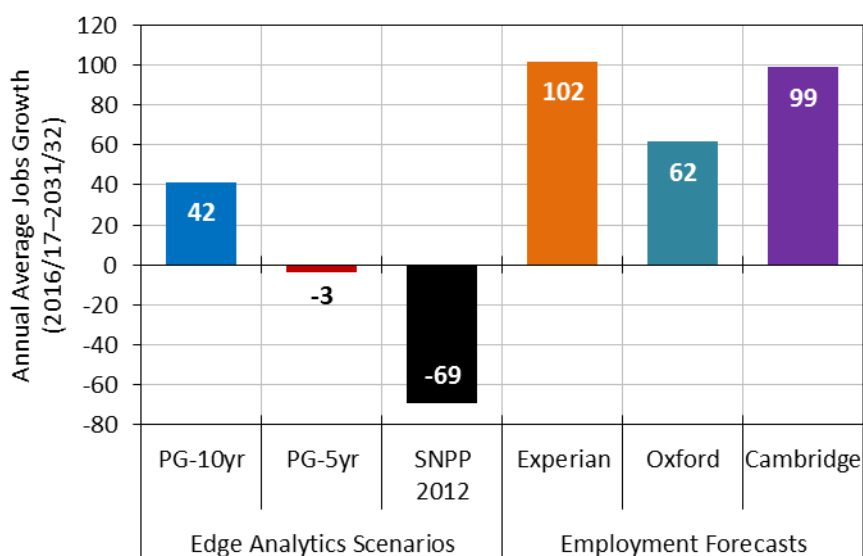


Figure 20: Jobs growth comparison: Edge Analytics and Wyre Forest employment forecasts

5.23 Whilst the Edge Analytics jobs growth figures are derived through the application of economic assumptions to scenarios of demographic change, the Cambridge Econometrics, Experian and Oxford Economics forecasts are derived using a different methodology.

5.24 Economic forecasts combine a national and regional economic outlook with data on the sectoral mix of businesses, to produce a forecast of jobs growth for a local area. These forecasts incorporate a population projection; in the case of Experian, the latest 2012-based SNPP from ONS is used. Oxford Economics state that their own 'economically-driven' forecasts of population are produced which "differ from the official population projections" (Oxford Economics LAD Forecasting Model data guide). The level of population growth under the Oxford Economics forecast is higher than that of the **PG-10yr** scenario. No detail has been provided on the level of population growth assumed in the Cambridge Econometrics forecast.

5.25 The employment forecasts do not adjust the migration assumptions to account for higher or lower population growth to support a forecast level of jobs growth. Instead, economic forecasting models will typically balance jobs and population growth through changes to economic activity and unemployment rates and, in some instances, the commuting ratio. It is the balance between these factors (economic activity, employment rates, commuting and migration) that are key considerations when linking demographic and economic evidence. In seeking to 'align' the jobs growth estimates of the demographic scenarios with those from the three employment forecasts, evidence is required on the key economic assumptions made in the employment forecasts. However, this information is not always available in a consistent and comparable form.

5.26 For the Cambridge Econometrics forecast, information is only available on employment growth, with no additional data on the population growth trajectory used or on the economic assumptions. For the Oxford Economics and Experian forecasts, a greater level of detail is available, although direct comparison between the assumptions is complicated due to differences in the data provided.

5.27 Both Experian and Oxford Economics adopt unemployment rate trajectories that are relatively flat throughout the Wyre Forest plan period (i.e. 2016–2032), with the Oxford Economics forecast suggesting a lower level of unemployment throughout (around 3.0%). The Experian unemployment rate profile is similar to that used by Edge Analytics, falling from a high of around 7% to a low of 4.0%. In terms of commuting, both the Experian and Oxford Economics forecasts suggest a similar commuting balance to that used by Edge Analytics (i.e. a net out-commute at a ratio of around 1.23–1.29).

5.28    In terms of economic activity, directly comparable rates are not readily accessible. However, the available evidence from Experian does suggest that the employment rate and rates of economic participation increase significantly over the forecast period. In the Edge Analytics demographic scenario analysis, age- and sex-specific adjustments have been made to the economic activity rates, in line with the OBR employment forecasts. These adjustments mean that the aggregate rate of economic activity is maintained over the forecast period (see Table 13).

5.29    The different assumptions and methodologies used in the three employment forecasts ultimately mean that a higher level of jobs growth can be supported by a level of population growth similar to that seen in the Edge Analytics demographic scenarios. To achieve a level of jobs growth similar to that implied by the three employment forecasts would require one (or more) of the following to apply in the Edge Analytics demographic scenarios:

- Higher rates of economic participation (i.e. economic activity rates) to increase the proportion of the working-age population who are economically active;
- A greater reduction in unemployment to increase the proportion of the labour force in employment;
- A reduced net out-commute to increase the proportion of jobs taken up by residents;
- Higher net in-migration to increase the size of the working-age population.

5.30    To evaluate how migration might alter with jobs growth in Wyre Forest, a range of jobs-led scenarios has been developed.

## Jobs-led Scenarios in POPGROUP

5.31    In the demographic scenarios, the labour force and jobs growth implications of the population growth trajectories have been evaluated through the application of economic activity rates, the unemployment rate and the commuting ratio. Although alterations can be made to these assumptions, resulting in different levels of derived labour force and jobs growth, the migration assumptions remain unaltered.

5.32    In a jobs-led scenario, population growth is determined by growth in the number of jobs, using the three key economic assumptions (economic activity rates, the unemployment rate and the commuting ratio). If there is an imbalance between the resident labour force and the number of jobs, net migration is used to redress this. A higher level of net in-migration will occur if there is insufficient resident population

and labour force to meet the forecast number of jobs. A higher level of net out-migration will occur if the population is too high relative to the number of jobs.

## Jobs-led Scenarios Development

5.33    To evaluate the demographic implications of the three employment forecasts for Wyre Forest, three jobs-led scenarios have been developed:

- **Jobs-led Cambridge**
- **Jobs-led Experian**
- **Jobs-led Oxford**

5.34    In each scenario, jobs growth targets have been applied from 2014/15–2031/32 (see Table 14). As in the demographic scenarios, the household growth outcomes of the **Jobs-led** scenarios have been derived from the population, using the latest 2012-based DCLG household growth assumptions, in line with the PPG.

5.35    The same set of economic assumptions has been applied in the **Jobs-led** scenarios as has been applied to the demographic scenarios. Whilst this set of assumptions is considered to be reasonable and appropriate, it is possible that higher rates of economic activity could be achieved in Wyre Forest, and that, with jobs growth, the net out-commute could reduce. Therefore, two alternative economic activity rate profiles have also been applied, as has an alternative commuting ratio profile. The same unemployment rate assumptions have been used in each of the jobs-led scenarios (consistent with those applied in all other scenarios).

## Alternative Economic Activity Rates

5.36    In each jobs-led scenario, the same economic activity rate profile has been applied as in the demographic scenarios: the 2011 Census rates with the OBR adjustments to the 60–74 age groups (see Table *10*). The jobs-led scenarios run with these rates are labelled with the '**OBR EA Rates**' identifier. Additionally, two 'sensitivity' sets of economic activity rates have also been applied to the jobs-led scenarios:

- **OBR2 EA Rates**
- **West Midlands (WM) Adjusted EA Rates**.

## *OBR2 EA Rates*

5.37   The OBR analysis[42] also examines the potential for continued improvements in the rates of economic activity for women more generally. In the first sensitivity, therefore, adjustments have been made to the 30–59 female age-groups, in addition to the adjustments made to the 60–74 age groups (Figure 21).
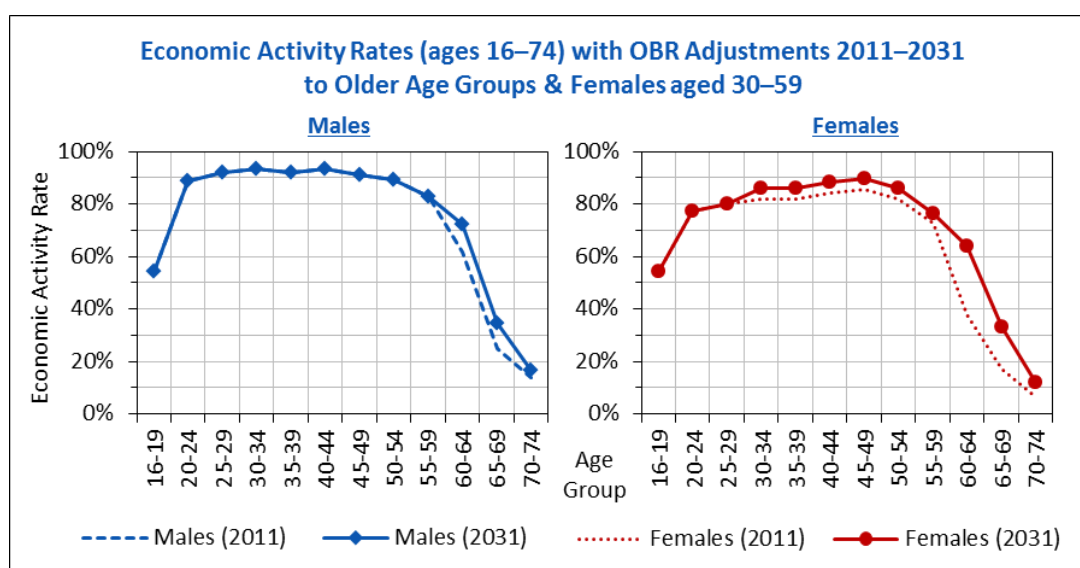


Figure 21: **OBR 2** economic activity rate adjustments

5.38   The OBR analysis projects that women born in the 1980s will have higher participation rates than women born in the 1970s, across all comparable ages. In seeking to replicate these OBR projections, an incremental 5% change in economic activity rates for the 30–59 female age-ranges has been applied over a twenty-year period (2011–2031). The jobs-led scenarios run with these rates are labelled with the '**OBR2 EA Rates**' identifier.

## *West Midlands (WM) Adjusted EA Rates*

5.39   In the second sensitivity, the 2011 Census economic activity rates for Wyre Forest are assumed to increase in line with West Midlands' rates between the 2001 and 2011 Census. This implies a percentage point increase from 68.6% in 2011 to 72% by 2032 (0.15% per year). The profile of economic activity rates applied in this sensitivity are summarised in Figure 22.
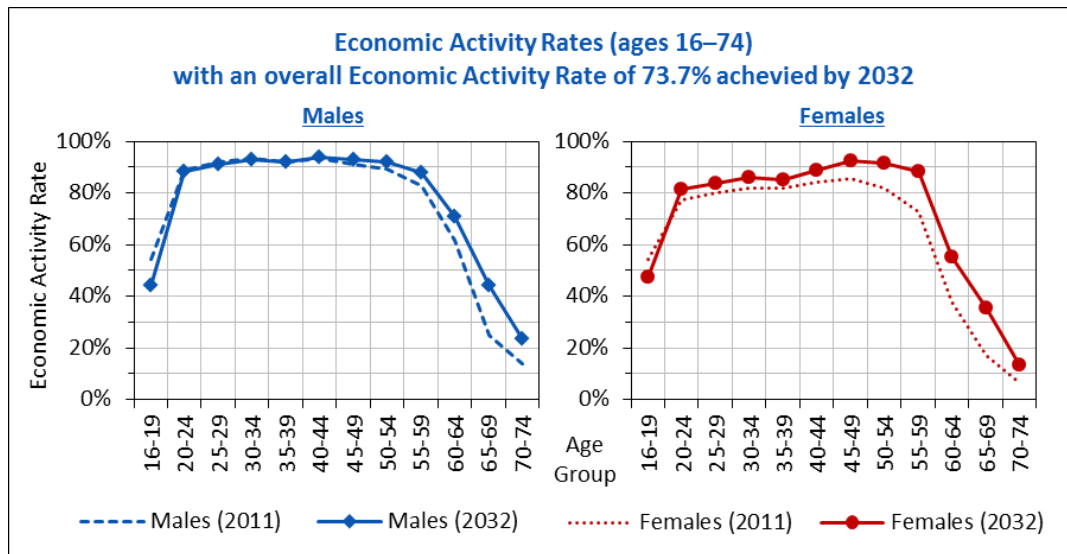
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[42] http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf

**Figure 22: West Midlands adjusted economic activity rates**

## Commuting Ratio Sensitivity

5.40    In the demographic scenarios, the commuting ratio has been fixed throughout the forecast period; this assumptions has also been applied to the jobs-led scenarios. The jobs-led scenarios run with this commuting ratio profile are labelled with the '**CR Fixed**' identifier.

5.41    Additionally, an alternative commuting ratio profile has been applied, in which the commuting ratio is incrementally reduced at the same rate of change seen between the 2001 and 2011 Censuses (Figure 23).  This equates to a reduced net out-commute, from 1.24 in 2011, to 1.21 by 2021. After 2021, the commuting ratio remains fixed. The jobs-led scenarios run with this alternative commuting ratio profile are labelled with the '**CR SENS**' identifier.
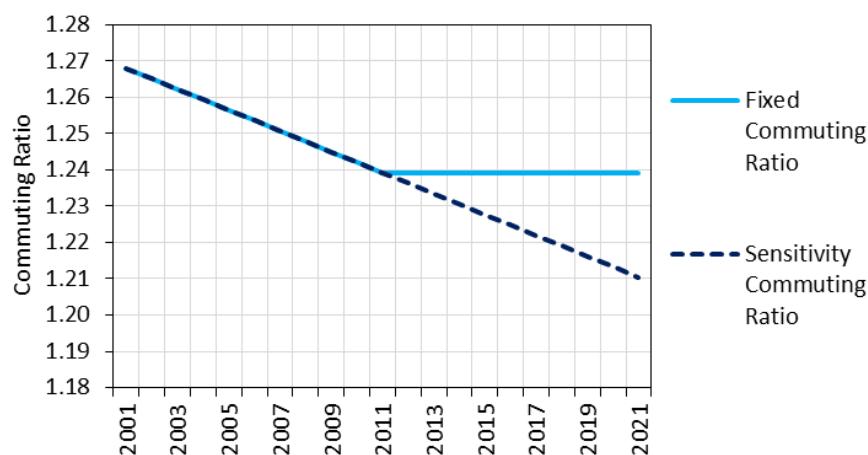


**Figure 23: Commuting ratio profiles applied in the jobs-led scenarios**

# Jobs-led Scenario Results

5.42 The results for each of the jobs-led scenarios are summarised in Table 15, Table 16 and Table 17. In all instances, the highest level of population growth results from the jobs-led scenarios that have been run with the **OBR EA Rates & CR Fixed** assumptions. In these scenarios, the economic activity rates of the 60–74 age groups have been adjusted and the commuting ratio is fixed (i.e. consistent assumptions with the demographic scenarios).

5.43 With a reduced net out-commute, as in the scenarios labelled **OBR EA Rates & CR SENS**, the level of net migration required to meet the defined jobs growth targets reduces, as a greater proportion of jobs are taken up by the resident labour force. Taking the **Jobs-led Cambridge** scenario, for example, the average annual net migration reduces from 638 per year to 572 per year with a reducing net out-commute.

5.44 With increased rates of economic activity for females aged 30–59 (in combination with increased economic activity rates for males and females aged 60–74), as in the scenarios labelled **OBR2 EA Rates & CR SENS**, the size of the resident labour force is increased. When combined with a reduced net out-commute, the proportion of jobs taken up by the resident labour force increases, again reducing the level of net migration. Under the **Jobs-led Cambridge** scenario, average annual net migration reduces to 518 per year.

5.45 With the West Midlands Adjusted economic activity rates (**WM Adjusted EA**), the size of the labour force is increased further, reducing the level of net migration needed to meet the jobs growth targets. The lowest levels of growth result from combining these 'West Midlands adjusted' economic activity rates with the reducing commuting ratio.

5.46 The reduced net migration in the jobs-led sensitivity scenarios result in lower levels of population growth associated with the same level of jobs growth, resulting in lower dwelling growth requirements.

**Table 15: Jobs-led Cambridge scenario outcomes 2016–2032**

| Jobs-led Cambridge | Change 2016–2032 | | | | Average per year | | |
|---|---|---|---|---|---|---|---|
| | Population Change | Population Change % | Households Change | Households Change % | Net Migration | Dwellings | Jobs |
| **OBR EA Rates & CR Fixed** | 9,032 | 9.0% | 5,515 | 12.5% | 638 | 361 | 99 |
| **OBR EA Rates & CR SENS** | 7,767 | 7.8% | 4,979 | 11.3% | 572 | 326 | 99 |
| **OBR2 EA Rates & CR SENS** | 6,784 | 6.8% | 4,577 | 10.4% | 518 | 300 | 99 |
| **WM Adjusted EA Rates & CR Fixed** | 6,633 | 6.7% | 4,544 | 10.3% | 503 | 297 | 99 |
| **WM Adjusted EA Rates & CR SENS** | 5,407 | 5.4% | 4,023 | 9.1% | 440 | 263 | 99 |

**Table 16: Jobs-led Experian scenario outcomes 2016–2032**

| Jobs-led Experian | Change 2016–2032 | | | | Average per year | | |
|---|---|---|---|---|---|---|---|
| | Population Change | Population Change % | Households Change | Households Change % | Net Migration | Dwellings | Jobs |
| **OBR EA Rates & CR Fixed** | 9,254 | 9.2% | 5,628 | 12.6% | 646 | 368 | 102 |
| **OBR EA Rates & CR SENS** | 7,975 | 7.9% | 5,087 | 11.5% | 580 | 333 | 102 |
| **OBR2 EA Rates & CR SENS** | 6,983 | 7.0% | 4,680 | 10.6% | 525 | 306 | 102 |
| **WM Adjusted EA Rates & CR Fixed** | 6,834 | 6.8% | 4,648 | 10.5% | 510 | 304 | 102 |
| **WM Adjusted EA Rates & CR SENS** | 5,595 | 5.6% | 4,122 | 9.3% | 446 | 270 | 102 |

**Table 17: Jobs-led Oxford scenario outcomes 2016–2032**

| Jobs-led Oxford | Change 2016–2032 | | | | Average per year | | |
|---|---|---|---|---|---|---|---|
| | Population Change | Population Change % | Households Change | Households Change % | Net Migration | Dwellings | Jobs |
| **OBR EA Rates & CR Fixed** | 7,651 | 7.6% | 4,969 | 11.2% | 557 | 325 | 62 |
| **OBR EA Rates & CR SENS** | 6,417 | 6.4% | 4,445 | 10.1% | 493 | 291 | 62 |
| **OBR2 EA Rates & CR SENS** | 5,451 | 5.5% | 4,049 | 9.2% | 440 | 265 | 62 |
| **WM Adjusted EA Rates & CR Fixed** | 5,287 | 5.3% | 4,010 | 9.1% | 424 | 262 | 62 |
| **WM Adjusted EA Rates & CR SENS** | 4,091 | 4.1% | 3,501 | 8.0% | 363 | 229 | 62 |

Note that in the tables above household growth has been assessed using the 2012-based DCLG headship rates and the dwelling growth figures using a fixed 4.5% vacancy rate.

# 6 Summary

## Approach

6.1 Edge Analytics has been commissioned by AMION Consulting to produce a suite of population, household and housing forecasts for the borough of Wyre Forest, underpinned by the latest demographic inputs and economic assumptions. This includes the latest official population and household projections from ONS and the DCLG respectively.

6.2 In line with the PPG, Edge Analytics has developed a range of demographic scenarios for Wyre Forest, using POPGROUP technology. Scenarios have been produced for the 2016–2032 plan period.

6.3 The 2012-based population projection from ONS is presented as the official 'benchmark' scenario, with household growth assessed using household headship rate assumptions from the 2012-based DCLG household projection model. This provides the 'starting point' for the assessment of housing need (in line with PPG paragraph 2a-015). For comparison with the official benchmark, a range of alternative trend scenarios has been developed, in which variant migration assumptions have been applied. In addition, household growth has been assessed using alternative headship rate assumptions, in line with the PPG.

6.4 Consideration of the alignment of housing growth with economic growth is a key requirement of the PPG. This analysis has therefore evaluated the labour force and jobs growth implications of the demographic scenarios, and the demographic implications of 'jobs-led' scenarios, developed using employment forecasts for Wyre Forest, from Cambridge Econometrics, Experian and Oxford Economics. These jobs-led scenarios consider how key assumptions on future economic activity rates and commuting ratios might influence dwelling growth outcomes.

# Area profile

6.5     The latest 2014 mid-year population estimate for Wyre Forest suggests a population of 98,960, a 2.1% increase since 2001. This rate of growth is lower than the regional average of 8.2% and the average England growth rate of 9.8%. Historically, over the 2001–2014 period, population growth in Wyre Forest has predominantly been driven by net internal migration (i.e. flows between Wyre Forest to the rest of the UK).

6.6     The resident population of Wyre Forest has a larger proportion of its population aged 65+ than the West Midlands and England, 22% compared to 17% respectively. The **SNPP-2012** population growth outcome suggests that by 2032, 31% of the population will be aged 65+, driving an increase in the Old Age Dependency ratio. The ageing of Wyre Forest's population over the course of the plan period will have significant implications for both household growth and labour force change.

# Growth Outcomes

## Demographic Scenarios

6.7     In line with the PPG, a range of demographic growth scenarios has been formulated for Wyre Forest using POPGROUP v.4 technology (Figure 24). Dwelling growth outcomes have been calculated using assumptions from the DCLG's 2012-based household model (HH-12). These have been compared to growth outcomes using the 2008-based household model (HH-08) and using 2012-based rates adjusted to allow a 'return' to previously higher rates of household growth in younger adult age-groups (HH-12 Return).

6.8     Under the benchmark **SNPP-2012** scenario, the population of Wyre Forest increases by 2,655 over the 2016–2032 plan period, equivalent to a 2.7% growth. Under the HH-12 outcome, the number of households increases by +2,799 (equivalent to +6.4% growth), resulting in an average annual dwelling requirement of +183 per year.

6.9     The 2012-based SNPP from ONS is a trend-based projection that uses demographic assumptions from a 5/6-year historical period prior to 2012. Two alternative trend scenarios have therefore been developed for Wyre Forest, which make more explicit use of historical evidence from a period prior to the latest (2014) mid-year population estimates. The **PG-5yr** scenario derives its internal migration rates and international migration flow assumptions from the 2009/10–2013/14 historical period. A **PG-10yr**

scenario derives its internal migration rates and international migration flow assumptions for a longer 10-year period (2004/05–2013/14). Population growth under both of these scenarios is higher than under the benchmark **SNPP-2012**, resulting in higher annual average dwelling requirements. The hypothetical **Natural Change** scenario highlights the importance of migration in driving population growth in Wyre Forest.
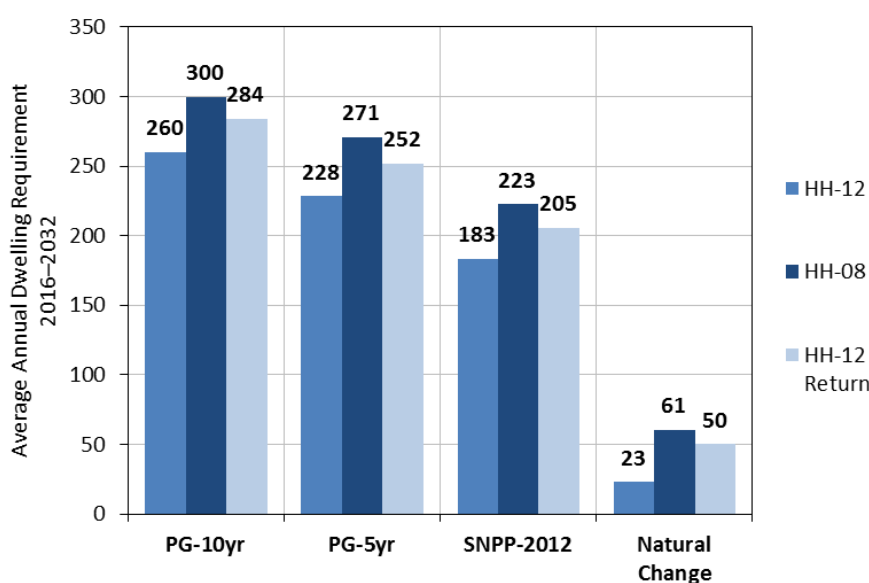


**Figure 24: Demographic scenarios: dwelling growth summary**

## Aligning Demographic & Economic Growth

6.10 The alignment of demographic scenarios with output derived from economic forecasting models presents a particular challenge when seeking to provide evidence for the assessment of long-term housing need. The analysis presented here has used published statistics on unemployment and commuting, together with complementary analysis from the OBR on future economic participation rates, to assess the potential level of jobs growth that the demographic scenarios might support.

6.11 With an ageing population, the resident labour force of Wyre Forest is forecast to decrease in size under the demographic scenarios, despite increases to the age and sex-specific economic activity rates. Jobs growth under these scenarios is forecast to be lower than the levels of employment growth implied by the Cambridge Econometrics, Experian and Oxford Economics employment forecasts.

6.12 Through the development of a range of 'jobs-led' scenarios, the demographic implications of these three employment growth trajectories have been evaluated. A range of 'sensitivity' economic activity and commuting ratio assumptions has also been applied to the jobs-led scenarios. The dwelling growth outcomes for the jobs-led scenarios are compared to those derived from the demographic scenarios in

Figure 25. A dwelling requirement range of (excluding the hypothetical Natural Change scenario) **183 to 368** dwellings per year has been produced.
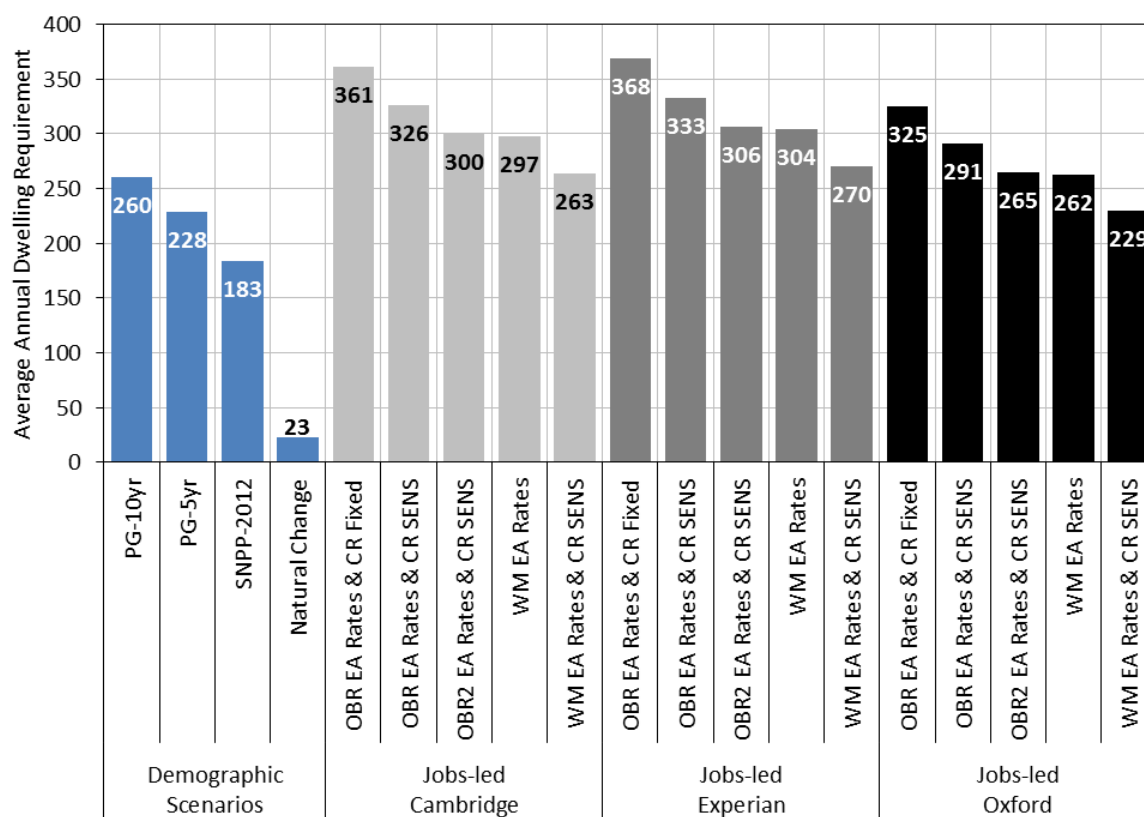


**Figure 25: Demographic & jobs-led scenarios: dwelling growth summary**

# Key Issues for Consideration

6.13    A range of new evidence has been presented in this demographic report to inform the development of the SHMA for Wyre Forest. In considering this evidence, a number of issues are of particular importance.

6.14    Wyre Forest's population profile will be subject to substantial ageing over the 2016–2032 plan period, with the larger birth cohorts of the 1940s, 1950s and 1960s moving beyond retirement age. This will have an impact upon the balance of population within and outside the labour force and upon the profile of household growth (and therefore the dwelling requirement).

6.15    The benchmark **SNPP-2012** scenario suggests relatively low growth when compared to the alternative trend-based scenarios, which consider both the latest migration evidence and a longer-term demographic history from which to capture trend assumptions.

6.16    The DCLG's 2012-based household model has yet to include detailed growth assumptions by household type, but it has provided a more definitive perspective on likely household change that updates the 2008-based evidence. In evaluating the dwelling growth outcomes presented here, the SHMA analysis should consider the additional dwelling growth that might result from slightly higher household growth assumptions for young adults (HH-12 Return) and the housing market conditions that might enable this.

6.17    The adjustment of demographic evidence with independent forecasts of employment growth in Wyre Forest presents a particular challenge when seeking to provide evidence for the assessment of long-term housing need. Future rates of economic participation across the age profile are a key consideration in seeking to align demographic change with likely jobs growth. Scenario outcomes presented here have incorporated changes to the economic activity rates in line with (i) OBR forecasts and (ii) with the change in economic activity seen across the West Midlands between 2001 and 2011.

6.18    This analysis has suggested that the level of employment growth implied by the Cambridge Econometrics, Experian and Oxford Economics forecasts could likely only be achieved through increased participation (economic activity) rates, a reduced net out-commute, a higher rate of net in-migration or a reducing unemployment rate. More significant increases in economic activity would maintain a larger local labour force but would likely require a significant increase in participation of older age-groups to enable this.

# Appendix A

# POGGROUP Methodology

## Forecasting Methodology

A.1    Evidence is often challenged on the basis of the appropriateness of the methodology that has been employed to develop growth forecasts. The use of a recognised forecasting product which incorporates an industry-standard methodology (a cohort component model) removes this obstacle and enables a focus on assumptions and output, rather than methods.

A.2    Demographic forecasts have been developed using the POGGROUP suite of products. POGGROUP is a family of demographic models that enables forecasts to be derived for population, households and the labour force, for areas and social groups. The main POGGROUP model (Figure 26) is a cohort component model, which enables the development of population forecasts based on births, deaths and migration inputs and assumptions.

A.3    The Derived Forecast (DF) model (Figure 27) sits alongside the population model, providing a headship rate model for household projections and an economic activity rate model for labour-force projections.

A.4    The latest development in the POGGROUP suite of demographic models is POGGROUP v.4, which was released in January 2014. A number of changes have been made to the POGGROUP model to improve its operation and to ensure greater consistency with ONS forecasting methods. The most significant methodological change relates to the handling of internal migration in the POGGROUP forecasting model. The level of internal in-migration to an area is now calculated as a rate of migration relative to a defined 'reference population' (by default the UK population), rather than as a rate of migration relative to the population of the area itself (as in POGGROUP v3.1). This approach ensures a closer alignment with the 'multi-regional' approach to modelling migration that is used by ONS.

A.5    For further information on POGGROUP, please refer to the Edge Analytics website: http://edgeanalytics.co.uk/popgroup .
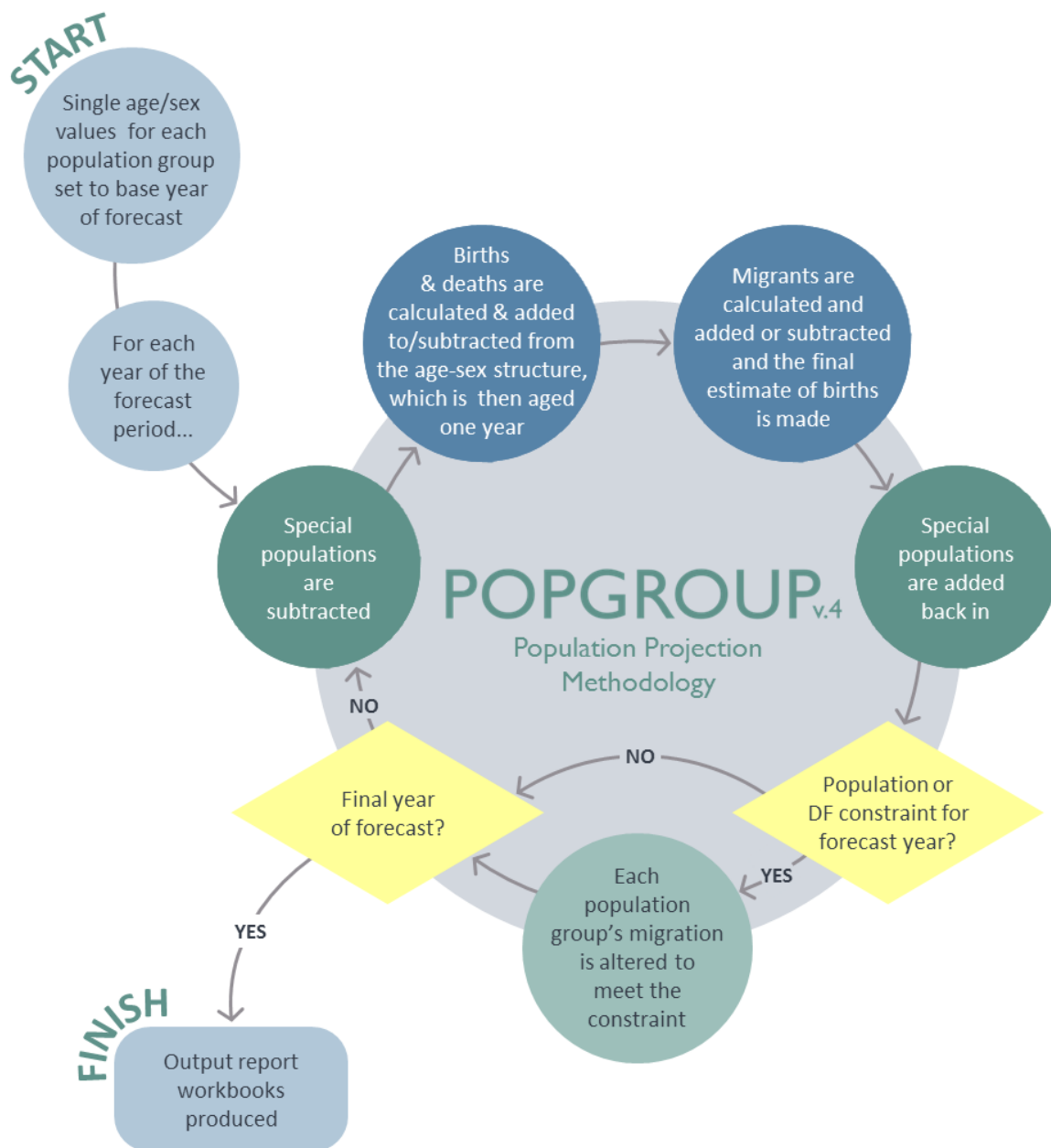
**Figure 26: POPGROUP population projection methodology**

**DERIVED FORECAST Model**

Population 'at risk' forecast by age and sex

Derived Cateogry Rates by age and sex (e.g. headship & economic activity rates)

Derived Cateogry Forecast
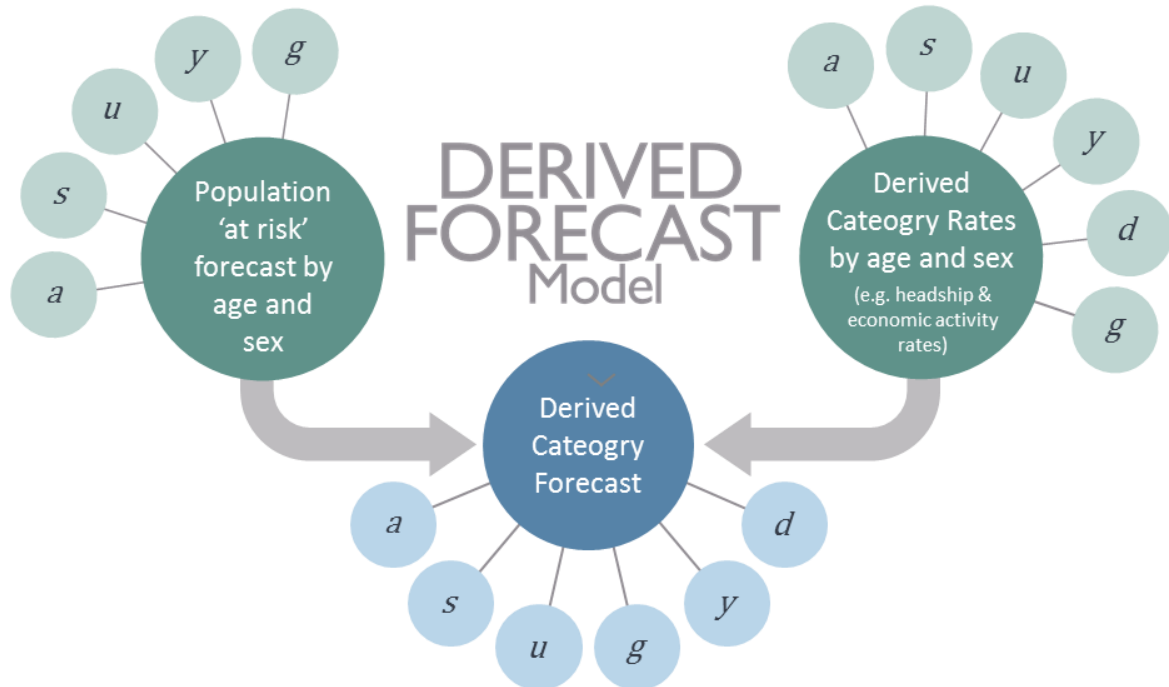
$$D_{a,s,u,y,d,g} = \frac{P_{a,s,u,y,g} \ R_{a,s,u,y,d,g}}{100}$$

| | | | |
|---|---|---|---|
| $D$ | Derived Category Forecast | $y$ | Year |
| $P$ | Population 'at risk' Forecast | $d$ | Derived category |
| $R$ | Derived Category Rates | $g$ | Group (usually an |
| $a$ | Age-group | | area, but can be an |
| $s$ | Sex | | ethnic group or |
| $u$ | Sub-population | | social group) |

**Figure 27: Derived Forecast (DF) methodology**

# Appendix B

# Data Inputs & Assumptions

## Introduction

B.1 Edge Analytics has developed a suite of demographic scenarios for Wyre Forest using POPGROUP v.4 and the Derived Forecast model. The POPGROUP suite of demographic models draw data from a number of sources, building an historical picture of population, households, fertility, mortality and migration on which to base its scenario forecasts. Using historical data evidence for 2001–2014, in conjunction with information from ONS sub-national population projections (SNPPs) and DCLG household projections, a series of assumptions have been derived which drive the scenario forecasts.

B.2 The following scenarios have been developed:

- **SNPP-2012**
- **PG-5yr**
- **PG-10yr**
- **Natural Change**
- **Jobs-led Cambridge**
- **Jobs-led Experian**
- **Jobs-led Oxford**

B.3 A range of jobs-led sensitivity scenarios has also been developed, in which the economic activity rate and commuting ratio assumptions have been altered.

B.4 Household growth has been assessed using assumptions from the latest 2012-based and the earlier 2008-based DCLG household projection models. An additional household growth sensitivity has been developed in which higher rates of household formation in the younger age groups are considered.

B.5 In the following sections, a narrative on the data inputs and assumptions underpinning the scenarios is presented.

# Population, Births & Deaths

## Population

B.6    In each scenario, historical population statistics are provided by the mid-year population estimates (MYEs), with all data recorded by single-year of age and sex. These data include the revised MYEs for 2002–2010, which were released by the ONS in May 2013. The revised MYEs provide consistency in the measurement of the components of change (i.e. births, deaths, internal migration and international migration) between the 2001 and 2011 Censuses.

B.7    In the **SNPP-2012** scenario, the historical MYEs are defined up to 2012. From 2012, future population counts are provided by single-year of age and sex to ensure consistency with the trajectory of the ONS 2012-based SNPP.

B.8    In the **PG, Jobs-led** and **Natural Change** scenarios, the historical MYEs are defined up to 2014.

## Births & Fertility

B.9    In each scenario, historical mid-year to mid-year counts of births by sex have been sourced from the ONS MYEs.

B.10    In the **SNPP-2012** scenario, historical births are defined from 2001/02 to 2011/12. From 2012/13, future counts of births are specified to ensure consistency with the 2012-based official projection.

B.11    In the PG, Jobs-led and Natural Change scenarios, historical births are defined from 2001/02 to 2013/14. From 2014/15, a 'local' (i.e. area-specific) age-specific fertility rate (ASFR) schedule is included in the POPGROUP model assumptions. This is derived from the ONS 2012-based SNPP. Long-term assumptions on changes in age-specific fertility rates are taken from the ONS 2012-based SNPP. In combination with the 'population-at-risk' (i.e. all women between the ages of 15–49), the area-specific ASFR and future fertility rate assumptions provide the basis for the calculation of births in each year of the forecast period (i.e. from 2014 onwards).

## Deaths & Mortality

B.12    In each scenario, historical mid-year to mid-year counts of deaths by age and sex have been sourced from the ONS MYEs.

B.13   In the **SNPP-2012** scenario, historical deaths are defined from 2001/02 to 2011/12. From 2012/13, future counts of deaths are specified to ensure consistency with the 2012-based official projection.

B.14   In the **PG, Jobs-led** and **Natural Change** scenarios, historical deaths are defined from 2001/02 to 2013/14. From 2014/15, a 'local' (i.e. area-specific) age-specific mortality rate (ASMR) schedule is included in the POPGROUP model assumptions. This is derived from the ONS 2012-based SNPP. Long-term assumptions on changes in age-specific mortality rates are taken from the ONS 2012-based SNPP. In combination with the 'population-at-risk' (i.e. the total population), the area-specific ASMR and future mortality rate assumptions provide the basis for the calculation of deaths in each year of the forecast period (i.e. from 2014 onwards).

# Migration

## Internal Migration

B.15   In each scenario, historical mid-year to mid-year estimates of in- and out-migration by 5-year age group and sex have been sourced from the 'components of population change' files that underpin the ONS MYEs. These internal migration flows are estimated using data from the Patient Register (PR), the National Health Service Central Register (NHSCR) and the Higher Education Statistics Agency (HESA).

B.16   In the **SNPP-2012** scenario, historical counts of internal in and out-migrants are defined from 2001/02 to 2011/12. From 2012/13, future counts of migrants are specified, to ensure consistency with the 2012-based official projection.

B.17   In the **PG, Jobs-led** and **Natural Change** scenarios, historical counts of migrants are defined from 2001/02 to 2013/14.

B.18   From 2014/15 in the **PG** scenarios, future internal migration flows are based on the area-specific historical migration data. In the **PG-5yr** scenario, a five year internal migration history is used (2009/10 to 2013/14). In the **PG-10yr** scenario, a ten year history is used (2004/05 to 2013/14).

B.19   The relevant historical time period (5-year or 10-year) is used in the **PG** scenarios to derive the age-specific migration rate (ASMigR) schedules, which are then used to determine the future number of internal in- and out-migrants from 2014/15. In the case of internal in-migration, the ASMigR schedules are applied to an external 'reference' population (i.e. the population 'at-risk' of migrating into the area).

This is different to the other components (i.e. births, deaths, internal out-migration), where the schedule of rates is applied to the area-specific population (i.e. the population 'at-risk' of migrating out of the area). The reference population is defined by considering the areas which have historically contributed the majority of migrants into the area. In the case of Wyre Forest, the reference population comprises all districts which cumulatively contributed 70% of migrants to the Worcestershire and Greater Birmingham and Solihull Local Enterprise Partnerships (LEP) over the 2008/09–2013/14 period.

B.20　The **Jobs-led** scenarios calculate their own internal migration assumptions from 2014/15 to ensure an appropriate balance between the population and the targeted increase in the number of jobs that is defined in each year of the forecast period. A higher level of net internal migration will occur if there is insufficient population and resident labour force to meet the forecast number of jobs. In the **Jobs-led** scenarios, the profile of internal migrants is defined by an ASMigR schedule, derived from the ONS 2012-based SNPP.

B.21　In the **Natural Change** scenario, internal migration flows are set at zero from 2014/15 (i.e. no internal in- or out-migration occurs).

## International Migration

B.22　In each scenario, historical mid-year to mid-year counts of immigration and emigration by 5-year age group and sex have been sourced from the 'components of population change' files that underpin the ONS MYEs. Any 'adjustments' made to the MYEs to account for asylum cases are included in the international migration balance.

B.23　In all scenarios, future international migrant counts are specified.

B.24　In the **SNPP-2012** scenario, historical counts of migrants are defined from 2001/02 to 2011/12. From 2012/13, the international in- and out-migration counts are drawn directly from the 2012-based official projection.

B.25　In the **PG**, **Jobs-led** and **Natural Change** scenarios, historical mid-year to mid-year counts of immigration and emigration by 5-year age group and sex are defined from 2001/02 to 2013/14.

B.26　From 2014/15 in the **PG** scenarios, future international migration counts are derived from the area-specific historical migration data. In the **PG-5yr** scenario, a five year international migration history is used (2009/10 to 2013/14). In the **PG-10yr** scenario, a ten year history is used (2004/05 to 2013/14). Implied within the international migration component of change in the **PG** scenarios is an

'unattributable population change' (UPC) figure, which ONS identified within its latest mid-year estimate revisions. The UPC component has been assigned to the international migration component as it is the component with the greatest uncertainty associated with its estimation. In the **PG** scenarios, an ASMigR schedule of rates is derived from a 5-year or 10-year migration history and is used to distribute future counts by single year of age.

B.27    From 2014/15 in the **Jobs-led** scenarios, international migration counts are taken from the ONS 2012-based SNPP (i.e. counts are consistent with the **SNPP-2012** scenario). An ASMigR schedule of rates from the ONS 2012-based SNPP is used to distribute future counts by single year of age.

B.28    In the **Natural Change** scenario, international migration flows are set at zero from 2014/15 (i.e. no international in- or out-migration occurs).

# Households & Dwellings

B.29    The 2011 Census defines a household as: *"one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area."*

B.30    In POPGROUP, a dwelling is defined as a unit of accommodation which can either be occupied by one household or vacant.

B.31    In all scenarios, the household and dwelling implications of the population growth trajectory have been evaluated through the application of headship rate statistics, communal population statistics and a dwelling vacancy rate.

## Household Headship Rates

B.32    A household headship rate (also known as household representative rate) is the *"probability of anyone in a particular demographic group being classified as being a household representative"*[43].

B.33    The household headship rates used in the POPGROUP modelling have been taken from the 2008-based and 2012-based DCLG household projection models. The DCLG household projections are derived

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[43] Household Projections 2012-based: Methodological Report. DCLG (February 2015)

through the application of projected headship rates to a projection of the private household population. The methodology used by DCLG in its household projection models consists of two distinct stages:

- **Stage One** produces the national and local authority projections for the total number of households by sex, age-group and relationship-status group over the projection period. All Stage One output and assumptions for the 2012-based household projection model has been released by DCLG.
- **Stage Two** provides the detailed 'household-type' projection by age-group, controlled to the previous Stage One totals. Stage Two assumptions and output are available for the 2008-based household projection model, but have yet to be made available for the 2012-based model.

B.34    The following headship rate assumptions have been applied to the Edge Analytics scenarios:

- **HH-12:** 2012-based headship rates;
- **HH-12 Return:** 2012-based 'return' headship rates;
- **HH-08**: 2008-based headship rates.

B.35    Each of these alternatives is described below.

## *2012-based Headship Rates*

B.36    In POPGROUP, the 2012-based headship rates are defined by sex, 5-year age-group and relationship status (Table 18). The rates therefore determine the likelihood of person of a particular age-group, sex and relationship status being head of a household in a particular year, given the age-sex structure of the population.

**Table 18: 2012-based headship rate classification household type classification**

| DCLG Category | Description |
|---|---|
| Single | Not in a couple – marital status single |
| Couple | In a couple (whether married or cohabiting) |
| Previously Married | Not in a couple – marital status previously married |

B.37    In the HH-12 scenarios, the 2012-based headship rates have been applied.

B.38    In the HH-12 Return scenarios, adjustments have been made to the 2012-based headship rates to model a 'return' to previous higher rates of household formation for the 20–24, 25–29 and 30–34 age groups.

The headship rates of these age groups have been returned to their respective 2001 values by 2022, following the original trend thereafter.

## *2008-based Headship Rates*

B.39　The 2008-based headship rates in POPGROUP are defined by age-group and household type and therefore define the likelihood of a particular household type being formed in a particular year, given the age-sex profile of the population. Household-types are modelled with a 17-fold classification (Table 19).

B.40　The 2008-based headship rates are scaled to the 2011 DCLG household total, following their original trend thereafter. This does not alter the trajectory of growth implied by the household projection models; it ensures a consistent start point in the assessment of household growth.

### Table 19: 2008-based household type classification

| ONS Code | DF Label | Household Type |
|---|---|---|
| OPM | OPMAL | One person households: Male |
| OPF | OPFEM | One person households: Female |
| OCZZP | FAMC0 | One family and no others: Couple: No dependent children |
| OC1P | FAMC1 | One family and no others: Couple: 1 dependent child |
| OC2P | FAMC2 | One family and no others: Couple: 2 dependent children |
| OC3P | FAMC3 | One family and no others: Couple: 3+ dependent children |
| OL1P | FAML1 | One family and no others: Lone parent: 1 dependent child |
| OL2P | FAML2 | One family and no others: Lone parent: 2 dependent children |
| OL3P | FAML3 | One family and no others: Lone parent: 3+ dependent children |
| MCZDP | MIX C0 | A couple and one or more other adults: No dependent children |
| MC1P | MIX C1 | A couple and one or more other adults: 1 dependent child |
| MC2P | MIX C2 | A couple and one or more other adults: 2 dependent children |
| MC3P | MIX C3 | A couple and one or more other adults: 3+ dependent children |
| ML1P | MIX L1 | A lone parent and one or more other adults: 1 dependent child |
| ML2P | MIX L2 | A lone parent and one or more other adults: 2 dependent children |
| ML3P | MIX L3 | A lone parent and one or more other adults: 3+ dependent children |
| OTAP | OTHHH | Other households |
| TOT | TOTHH | Total |

## Communal Population Statistics

B.41    Household projections in POPGROUP exclude the population 'not-in-households' (i.e. the communal/institutional population). These data are drawn from the DCLG 2012-based household projections, which use statistics from the 2011 Census. Examples of communal establishments include prisons, residential care homes and student halls of residence.

B.42    For ages 0–74, the number of people in each age-group not-in-households is fixed throughout the forecast period. For ages 75–85+, the proportion of the population not-in-households is recorded. Therefore, the population not-in-households for ages 75–85+ varies across the forecast period depending on the size of the population.

## Vacancy Rate

B.43    The relationship between households and dwellings in all scenarios is modelled using a 'vacancy rate', sourced from the 2011 Census. The vacancy rate is calculated using statistics on households (occupied, second homes and vacant) and dwellings (shared and unshared).

B.44    A vacancy rate of 4.5% for Wyre Forest has been applied, fixed throughout the forecast period. Using this vacancy rates, the 'dwelling requirement' of each household growth trajectory has been evaluated.

# Labour Force & Jobs

B.45    In the **SNPP-2012**, **PG** and **Natural Change** scenarios, the labour force and jobs growth implications of the population growth trajectory have been evaluated through the application of three key data items: economic activity rates, an unemployment rate and a commuting ratio. In the **Jobs-led** scenarios, these three assumptions are used to determine the level of population growth required by the defined jobs growth trajectory.

## Economic Activity Rates

B.46    The economic activity rates determine the size of the labour force, which includes those in employment and those who are unemployed. The economic activity rates used in the POPGROUP modelling have been derived from the 2011 Census economic activity rates for Wyre Forest.

## Baseline Economic Activity Rates

B.47 The 2011 Census economic activity rates by 5-year age group and sex have been applied, with the following age-specific adjustments made, based on OBR labour market analysis[44]:

| **Males** | **Females** |
|---|---|
| • **60–64:** 17% | • **60–64:** 71% |
| • **65–69:** 39% | • **65–69:** 93% |
| • **70–74:** 20% | • **70–74:** 83% |

B.48 The above alterations to the economic activity rates have been incrementally applied over a 20-year (2011–2031) period (Figure 28).
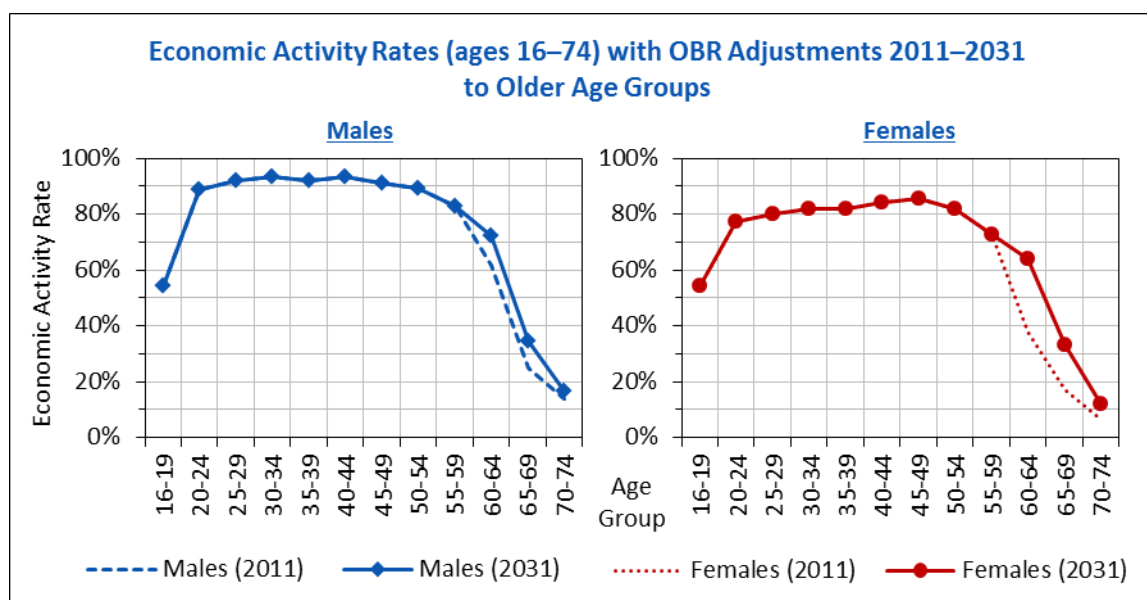


**Figure 28: Economic activity rate profile for Wyre Forest**

## Sensitivity Economic Activity Rates

B.49 Each of the Jobs-led scenarios has also been run with two alternative economic activity rate profiles. In the **OBR2** rates, the OBR adjustments to the 60–74 age groups have been made in combination with a 5% uplift to the female rates of those aged 30–59.

6.19 In the **WM Adjusted** economic activity rates, the 2011 Census economic activity rates for Wyre Forest are assumed to increase in line with West Midlands' rates between the 2001 and 2011 Census (

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[44] http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf

Table 20). This implies a percentage point increase from 68.6% in 2011 to 72% by 2032 (0.15% per

year).

**Table 20: West Midlands 2001 and 2011 Census economic activity rates**

| Sex | 2001 | | 2011 | | Change (%) | |
|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female |
| 16–19 | 57% | 53% | 46% | 47% | -18.6% | -12.7% |
| 20–24 | 78% | 66% | 78% | 69% | -0.7% | 5.1% |
| 25–29 | 90% | 73% | 90% | 76% | -0.9% | 4.2% |
| 30–34 | 91% | 72% | 91% | 76% | -0.4% | 4.8% |
| 35–39 | 91% | 75% | 91% | 77% | -0.2% | 4.0% |
| 40–44 | 90% | 77% | 91% | 81% | 1.0% | 5.5% |
| 45–49 | 88% | 76% | 90% | 83% | 1.8% | 8.2% |
| 50–54 | 85% | 71% | 88% | 79% | 2.9% | 11.9% |
| 55–59 | 76% | 57% | 81% | 69% | 6.2% | 21.3% |
| 60–64 | 53% | 25% | 60% | 37% | 14.8% | 46.8% |
| 65–69 | 14% | 8% | 25% | 16% | 77.3% | 108.1% |
| 70–74 | 7% | 4% | 12% | 7% | 70.6% | 103.2% |

# Unemployment Rate

B.50    The unemployment rate determines the proportion of the labour force that is unemployed. Together with the commuting ratio, this controls the balance between the size of the labour force and the number of jobs within an area.

B.51    Historical unemployment rates up to 2014 have been sourced from the ONS model-based estimates of unemployment from the Annual Population Survey (APS) from Nomis for Wyre Forest (Table 21).

**Table 21: Wyre Forest model-based unemployment rate estimates (source: ONS)**

| Unemployment Rate | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Average 2004–2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4.0% | 3.7% | 4.0% | 4.4% | 5.4% | 8.5% | 7.1% | 6.9% | 6.7% | 7.1% | **5.4%** | **4.0%** |

B.52    In all scenarios, the unemployment rate has been incrementally reduced from the current (2014) unemployment rate of 5.4%, to a 'pre-recession' average of 4.0% by 2021 (fixed thereafter).

# Commuting Ratio

B.53    The commuting ratio, together with the unemployment rate, controls the balance between the number of workers living in a district (i.e. the resident labour force) and the number of jobs available in the district. A commuting ratio greater than 1.00 indicates that the size of the resident workforce exceeds

the number of jobs available in the district, resulting in a net out-commute. A commuting ratio less than 1.00 indicates that the number of jobs in the district exceeds the size of the labour force, resulting in a net in-commute.

B.54 From the 2011 Census 'Travel to Work' statistics, published by ONS in July 2014, commuting ratios have been derived for Wyre Forest. Between the 2001 and 2011 Censuses, the commuting ratio for Wyre Forest decreased from 1.27 to 1.24, indicating a reduced net out-commute (Table 22).

**Table 22: Wyre Forest Census Commuting Ratio Comparison**

| Wyre Forest | | 2001 Census | 2011 Census |
|---|---|---|---|
| Workers | $a$ | 47,127 | 46,339 |
| Jobs | $b$ | 37,170 | 37,397 |
| Commuting Ratio | $a/b$ | **1.27** | **1.24** |

Note: 2001 data from Census Table $T101 - UK\ Travel\ Flows$; 2011 data from Census Table $WU02UK - Location\ of$ $usual\ residence\ and\ place\ of\ work\ by\ age$.

## Baseline Commuting Ratio Assumptions

B.55 In each of the baseline scenarios, the commuting ratio has been fixed at the 2011 Census value of 1.24.

## Sensitivity Commuting Ratio Assumptions

B.56 In the commuting ratio sensitivity, the commuting ratio has been incrementally reduced at the same rate of change seen between the 2001 and 2011 Censuses. This equates to a reduced net out-commute, from 1.24 in 2011, to 1.21 by 2021. After 2021, the commuting ratio has been fixed.

# Appendix F: Review of employment forecasts

**F1.0    Introduction**

F1.1    This section provides a summary of the employment growth forecasts for Wyre Forest.  It covers the period from 2001 to 2032.  The forecasts reviewed have been obtained from:

- Experian (June 2015);

- Oxford Economics (July 2015); and

- Cambridge Econometrics (April 2015).

F1.2    In relation to the latest national medium-term economic forecasts, context for the study is provided by HM Treasury 'Forecasts for the UK economy – a comparison of independent forecasts' (August 2015).  This identifies, using the average across all forecasts, an average UK Gross Domestic Product (GDP) growth of 2.6% in 2015, falling to 2.5% in 2016, 2.4% in 2017 and 2018 and 2.3% in 2019.  Over the period 2015 to 2019, claimant count unemployment is forecast to fall from 970,000 to 890,000.

**F2.0    Forecasting methodologies**

F2.1    The methodologies used by the three different forecasting models are, in brief, as follows:

- **Experian** – the overall forecasting approach is based on a methodology that combines long-term supply and demand influences with short-term demand side factors. Population projections are a key driver in the regional and local forecasts.  These help to determine hours worked, which feed into output, compensation, employment in all its forms, income and finally spending.  In each case Experian forecast shares of the corresponding UK variable, from their national forecasts, for the region and local area.

- **Oxford Economics** – this is based on the Oxford Economics Local Authority District Forecasting Model and takes into consideration global and national factors (such as developments in the Eurozone and UK Government fiscal policy) and their potential impact at local authority level. It also factors in historical trends in the area. The variables taken into consideration in the model are:

  - employment – both residence-based and workplace-based;

  - population, migration and households;

  - wages – both residence-based and workplace-based;

  - unemployment and inactivity;

  - house prices;

  - commuting by occupation; and

  - Gross Value Added.

- **Cambridge Econometrics** – baseline scenario projections are provided through the Local Economy Forecasting Model (LEFM) and are based on the historical relationship between growth in the local area relative to the region or UK (depending on which area it has the strongest relationship with), on an industry-by-industry basis. The projections assume that these relationships will continue to hold in the future. Thus, if growth in an industry

in the local area (district) outperformed the industry in the West Midlands (or UK) as a whole in the past, then it will be assumed to do so in the future. Similarly, if it underperformed the region (or UK) in the past then it will be assumed to underperform the region (or UK) in the future. The projections for some sectors, in which growth is more closely related to changes in population, are based on historical relationships between growth in output per capita in the local area and output per capita in the region or UK as a whole. These industries are: retail, public administration, education, health, and miscellaneous services (which include leisure services).

**F3.0      Forecasting results**

***Wyre Forest***

F3.1      Table F3.1 sets out the employment forecasts for Wyre Forest for the period 2001-2032.

| Table F3.1: Overall forecasts for employment change for Wyre Forest (2001 to 2032) | | | | |
|---|---|---|---|---|
| **Experian** | **2001** | **2015** | **2016** | **2032** |
| Total employment (thousand) | 38.0 | 36.9 | 37.0 | 38.4 |
| Total employment growth to 2032 (thousand)[a] | 0.4 | 1.5 | 1.4 | N/A |
| Total percentage growth to 2032[a] | 1.1% | 4.1% | 3.8% | N/A |
| **Oxford Economics** | **2001** | **2015** | **2016** | **2032** |
| Total employment (thousand) | 39.1 | 36.2 | 36.3 | 37.3 |
| Total employment growth to 2032 (thousand)[a] | -1.8 | 1.1 | 1.0 | N/A |
| Total percentage growth to 2032[a] | -4.5% | 3.1% | 2.7% | N/A |
| **Cambridge Econometrics** | **2001** | **2015** | **2016** | **2032** |
| Total employment (thousand)[a] | 37.5 | 38.0 | 38.2 | 39.8 |
| Total employment growth to 2032 (thousand)[a] | 2.3 | 1.8 | 1.6 | N/A |
| Total percentage growth to 2032 | 6.3% | 4.7% | 4.1% | N/A |

Source:  Experian (June 2015), Oxford Economics (July 2015), Cambridge Econometrics (April 2015)
[a]Note: Change from column year to 2032

F3.2      While the Experian forecast and the Cambridge Econometrics forecast project rises in total employment of 1.8% and 6.3% respectively over the 2001-2032 period, the Oxford Economic forecast projects a fall of -4.5% over the same period.  However, all three forecasts show a rise in employment during the 2015-2032 and 2016-2032 periods.

F3.3      Table F3.2 shows the sectoral changes in employment between 2016 and 2032 projected by the three forecasts.  The only sectors where a decrease is observed across all three forecasts is in agriculture, forestry and fishing, and manufacturing.  With regard to the projected decline in manufacturing employment, this ranges from a decrease of 3.5% (140) projected by Cambridge Econometrics to a decrease of 19.8% (880) projected by Oxford Economics.  Most service sector activities across all forecasts are predicted to increase employment between 2016 and 2032 while employment in the construction industry is projected to increase by between 6.4% and 14.6%.

| Table F3.2: Sectoral forecasts (Employment) – Wyre Forest (2016-2032) | | | | |
|---|---|---|---|---|
| **Experian** | **2016 (thousand)** | **2032 (thousand)** | **Change** | **% Change** |
| Agriculture, forestry and fishing | 0.31 | 0.06 | -0.25 | -80.6% |
| Mining and quarrying | 0.00 | 0.00 | 0.00 | 0.0% |
| Manufacturing | 4.88 | 4.46 | -0.42 | -8.6% |
| Utilities | 0.28 | 0.31 | 0.03 | 10.7% |
| Construction | 2.20 | 2.34 | 0.14 | 6.4% |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 8.18 | 7.95 | -0.23 | -2.8% |
| Transportation and storage | 1.17 | 1.20 | 0.03 | 2.6% |
| Accommodation and food service activities | 2.46 | 2.91 | 0.45 | 18.3% |
| Information and communication | 0.60 | 0.67 | 0.07 | 11.7% |
| Financial and insurance activities | 0.50 | 0.63 | 0.13 | 26.0% |
| Real estate activities | 1.14 | 1.24 | 0.10 | 8.8% |
| Professional, scientific and technical activities | 2.01 | 2.10 | 0.09 | 4.5% |
| Administrative and support service activities | 2.08 | 2.18 | 0.10 | 4.8% |
| Public administration and defence; compulsory social security | 0.87 | 0.83 | -0.04 | -4.6% |
| Education | 3.24 | 3.27 | 0.03 | 0.9% |
| Human health and social work activities | 4.47 | 5.40 | 0.93 | 20.8% |
| Arts, entertainment and recreation | 1.71 | 1.90 | 0.19 | 11.1% |
| Other service activities | 0.93 | 0.99 | 0.06 | 6.5% |
| *Total (Experian)* | *37.03* | *38.44* | *1.41* | *3.8%* |
| **Oxford Economics** | **2016** | **2032** | **Change** | **% Change** |
| Agriculture, forestry and fishing | 0.41 | 0.34 | -0.07 | -17.3% |
| Mining and quarrying | 0.00 | 0.00 | 0.00 | -44.9% |
| Manufacturing | 4.43 | 3.55 | -0.88 | -19.8% |
| Utilities | 0.26 | 0.23 | -0.03 | -9.8% |
| Construction | 2.57 | 2.95 | 0.38 | 14.6% |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 8.01 | 8.14 | 0.13 | 1.6% |
| Transportation and storage | 1.09 | 1.14 | 0.05 | 4.8% |
| Accommodation and food service activities | 2.40 | 2.46 | 0.06 | 2.6% |
| Information and communication | 0.54 | 0.58 | 0.05 | 8.7% |
| Financial and insurance activities | 0.47 | 0.43 | -0.04 | -8.7% |
| Real estate activities | 1.07 | 1.19 | 0.12 | 11.1% |
| Professional, scientific and technical activities | 1.85 | 2.13 | 0.28 | 14.9% |
| Administrative and support service activities | 1.85 | 2.09 | 0.24 | 12.9% |

| Table F3.2: Sectoral forecasts (Employment) – Wyre Forest (2016-2032) | | | | |
|---|---|---|---|---|
| Public administration and defence; compulsory social security | 0.93 | 0.81 | -0.12 | -12.4% |
| Education | 3.13 | 3.12 | -0.01 | -0.4% |
| Human health and social work activities | 4.53 | 4.88 | 0.34 | 7.6% |
| Arts, entertainment and recreation | 1.81 | 2.19 | 0.38 | 20.9% |
| Other service activities | 0.97 | 1.07 | 0.10 | 10.6% |
| *Total (Oxford Economics)* | *36.31* | *37.30* | *0.99* | *2.7%* |
| **Cambridge Econometrics** | **2016** | **2032** | **Change** | **% Change** |
| Agriculture, forestry and fishing | 1.08 | 0.95 | -0.13 | -11.9% |
| Mining and quarrying | 0.00 | 0.00 | 0.00 | 0.0% |
| Manufacturing | 4.01 | 3.87 | -0.14 | -3.5% |
| Utilities | 0.32 | 0.40 | 0.08 | 26.4% |
| Construction | 2.77 | 3.02 | 0.25 | 9.0% |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 8.40 | 8.62 | 0.21 | 2.5% |
| Transportation and storage | 1.15 | 1.16 | 0.01 | 0.4% |
| Accommodation and food service activities | 2.54 | 3.20 | 0.66 | 26.2% |
| Information and communication | 0.65 | 0.64 | -0.01 | -2.0% |
| Financial and insurance activities | 0.46 | 0.49 | 0.03 | 7.5% |
| Real estate activities | 1.27 | 1.57 | 0.31 | 24.3% |
| Professional, scientific and technical activities | 0.98 | 1.05 | 0.07 | 7.0% |
| Administrative and support service activities | 3.29 | 3.48 | 0.19 | 5.6% |
| Public administration and defence; compulsory social security | 0.97 | 0.98 | 0.01 | 1.4% |
| Education | 3.25 | 3.34 | 0.09 | 2.7% |
| Human health and social work activities | 4.49 | 4.34 | -0.15 | -3.3% |
| Arts, entertainment and recreation | 1.57 | 1.75 | 0.18 | 11.5% |
| Other service activities | 1.05 | 0.97 | -0.08 | -8.0% |
| *Total (Cambridge Econometrics)* | *38.23* | *39.81* | *1.58* | *4.1%* |

Source: Experian (June 2015), Oxford Economics (July 2015), Cambridge Econometrics (April 2015)

**F4.0    Assessment of forecasts**

F4.1    The following two questions have been considered in relation to each of the economic forecasts:

- *Are they up-to-date?* – based on the forecast publication date; and

- *Are they realistic and representative?* – based on consideration of whether they are a product of an established and recognised forecasting model; rate of employment growth (compound annual growth rate (CAGR)); comparison with other national medium-term economic forecasts and comparison with local historic (2009 and 2014) employment data.

F4.2    Table F4.1 summarises the analysis of whether or not the forecasts are up-to-date. Each of the three forecasts is judged to meet this criterion.

| Table F4.1: Extent to which the forecasts are up-to-date | | | |
|---|---|---|---|
| Criteria for assessment | Experian | Oxford Economics | Cambridge Econometrics |
| Forecast publication date | June 2015 | July 2015 | April 2015 |
| Is this the most recent? (when commissioned) | No (latest is September 2015) | Yes | Yes |
| If not, why is it not used? | The June 2015 forecast has been used for consistency with the Wyre Forest Employment Land Review (ELR) being conducted in parallel that uses the Experian June 2015 forecast release | N/A | N/A |

F4.3    Each of the forecasts has been produced using an established forecasting model.

F4.4    A summary of the data used to assess the extent to which the forecasts are considered to be realistic and representative is set out in Table F4.2.

| Table F4.2: Realism and representativeness of forecasts | | | |
|---|---|---|---|
| Criteria for assessment | Experian | Oxford Economics | Cambridge Econometrics |
| Baseline employment (000s) 2001 2015 | 38.0 36.9 | 39.1 36.2 | 37.5 38.0 |
| Total employment growth (2016 to 2032) | 1.4 | 1.0 | 1.6 |
| Growth rate (2016 to 2032) CAGR (%) | 3.8% 0.23 | 2.7% 0.17 | 4.1% 0.25 |

F4.5    Each of the forecasts anticipates that employment in Wyre Forest will grow over the period 2016 to 2032.  Total employment is forecast to grow by between 1,000 and 1,600 jobs.

F4.6    At the national level, the HM Treasury comparison of independent forecasts' (August 2015) indicates that GDP is forecast to grow by 2.6% in 2015, falling to 2.5% in 2016, 2.4% in 2017 and 2018 and 2.3% in 2019.  Table F4.3 provides a comparison of the GDP forecasts produced by each provider with the average across all forecast providers.

| Table F4.3: GDP national forecasts | | | | | |
|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Experian | 2.6 | 2.2 | 2.3 | 2.4 | 2.3 |
| Oxford Economics | 2.6 | 2.8 | 2.5 | 2.3 | 2.3 |
| Cambridge Econometrics | 2.4 | 2.0 | 2.1 | 2.4 | 2.5 |
| Average across all forecasts | 2.5 | 2.3 | 2.3 | 2.4 | 2.4 |

F4.7    Although there is some variation between the three forecasts and the average across all forecasts, the national forecasts of all three forecasts are considered to be credible.

F4.8    The forecasts vary significantly in terms of the estimated actual employment levels in 2009 and 2014. Table F4.4 shows how the actual number of jobs, as defined as 'employment' from the Business Register and Employment Survey (BRES) for 2009 and 2014, compares with the baseline figures for those years provided in the three forecasts. It sets out the percentage difference between the forecasts and the published statistics and shows that each of the forecasts has higher baseline figures than the BRES figures.  All of the forecast figures are higher than those identified in the BRES data.

| Table F4.4: Employment in Wyre Forest (000s) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **2009** | | | | **2014** | | | |
| **BRES[45]** | **Exp** | **OE** | **CE** | **BRES** | **Exp** | **OE** | **CE** |
| 33,200 | 9.5% | 12.6% | 17.0% | 32,000 | 13.8% | 12.4% | 18.4% |

F4.9    Each forecast is considered to be:

- **up-to-date** because although the Experian June 2015 forecast was deliberately used for consistency with the Wyre Forest ELR being conducted in parallel, the Oxford Economics July 2015 forecast and the Cambridge Econometrics April 2015 forecasts were the latest available at the time of generating the employment led scenarios.

- **realistic and representative** because:

  - despite the variations between the three forecasts, each is based on an established and recognised economic forecasting model;

  - at the national level, all three forecasts are credible; and

  - while the Experian forecast for the 2016-2032 period (CAGR 0.23%) and the Cambridge Econometrics over the same period (CAGR 0.25%) are both higher than that forecast by Oxford Economics (CAGR 0.17%), the variation is relatively limited.

F4.10   Consequently, all three projections are considered to provide up-to-date, representative and realistic forecast scenarios for planning purposes.

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[45] BRES employment figures have been rounded to the nearest 100

# Appendix G: Housing Need Calculations

**Introduction**

G.1 A working definition of housing need is *'the quantity of housing required for households who are unable to access suitable housing without financial assistance'*. Secondary data provides a robust range of information to quantify housing need in Wyre Forest District and the extent to which additional affordable housing is required.

G.2 Housing needs analysis and affordable housing modelling has been prepared (by arc4) in accordance with CLG guidance at District level. In summary, the model reviews in a step-wise process:

- Stage 1: Current housing need (gross backlog)

- Stage 2: Future housing need

- Stage 3: Affordable housing supply

- Stage 4: Estimate of annual housing need

G.3 Table G1 summarises the different steps taken in assessing housing need and evidencing the extent to which there is a surplus or shortfall in affordable housing across Wyre Forest District. Please note that in Stage 1, Step 1.4 reports the total number of households in need and avoids double counting as in some cases households have more than one housing need.

G.4 It should also be noted that the housing register (as at November 2015) contains a total of 1,949 households. Detailed information from 1,305 households on the register provides the following breakdown of household circumstances:

- currently living outside of the District (16.9%);

- existing households living in social rented/affordable housing (24.4%);

- existing households living in other tenures (34.9%); and

- emerging households (i.e. living with family/friends) (23.8%)

G.5 Data for the remaining 644 households was missing. Therefore, the total number of households in need has been weighted to take account of this missing data and results in a total housing need from 1,197 existing households:

- existing households living in social rented/affordable housing (24.4% or 476);

- existing households living in other tenures (34.5% or 680); and

- households aged 45 and over requiring accommodation (2.1% or 41 households) resulting in a total of

- 1,197 existing households in need.

| Table G1: CLG Needs Assessment Summary for Wyre Forest District | | | |
|---|---|---|---|
| Step | Stage and Step description | Calculation | Wyre Forest Total |
| Stage1: CURRENT NEED | | | |
| 1.1 | Homeless households and those in temporary accommodation | Annual requirement | 1,197 |
| 1.2 | Overcrowding and concealed households | Current need | |
| 1.3 | Other groups | Current need | |
| 1.4 | Total current housing need (gross) | Total no. of households with one or more needs | |
| 1.4A | **TOTAL cannot afford open market (buying or renting) (81.7%)** | **Total** | 978 |
| Stage 2: FUTURE NEED | | | |
| 2.1 | New household formation (Gross per year) | Based on housing register | 282 |
| 2.2 | % of new households requiring affordable housing | Based on number on housing register | 82.6% |
| 2.2 | Number of new households requiring affordable housing | Number cannot afford | 233 |
| 2.3 | Existing households falling into need | Annual requirement | 98 |
| 2.4 | **TOTAL newly-arising housing need (gross each year)** | **2.2 + 2.3** | 331 |
| Stage 3: AFFORDABLE HOUSING SUPPLY | | | |
| 3.1 | Affordable dwellings occupied by households in need | (based on 1.4) | 476 |
| 3.2 | Surplus stock | Vacancy rate <2% so no surplus stock assumed | 0 |
| 3.3 | Committed supply of new affordable units | Annual | **See para G.21** |
| 3.4 | Units to be taken out of management | None assumed | 0 |
| 3.5 | Total affordable housing stock available | 3.1+3.2+3.3-3.4 | 476 |
| 3.6 | Annual supply of social re-lets (net) | Annual Supply (3yr ave) | 191 |
| 3.7 | Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels | Annual Supply (3yr ave) | 22 |
| 3.8 | **Annual supply of affordable housing** | **3.6+3.7** | 213 |
| Stage 4: ESTIMATE OF ANNUAL HOUSING NEED | | | |
| 4.1 | Total backlog need | 1.4A-3.5 | 502 |
| 4.2 | Quota to reduce over plan period | | 6.25% |
| 4.3 | Annual backlog reduction | Annual requirement | 31 |
| 4.4 | Newly-arising need | 2.4 | 331 |
| 4.5 | Total annual affordable need | 4.3+4.4 | 362 |
| 4.6 | Annual social rented capaDistrict | 3.8 | 213 |
| 4.7 | **NET ANNUAL SHORTFALL (4.5-4.6)** | **NET** | 149 |

Source 2015 Housing Register; RP Core Lettings and Sales data
**IMPORTANT NOTE:** The basic model reviews overall requirements and excludes new supply as timescales for delivery and types/sizes to be built are often subject to change. However, the potential impact of new supply on overall net requirements is discussed further in **Para G.21.**

**Stage 1: Current need**

G.6    A working definition of housing need is *'the quantity of housing required for households who are unable to access suitable housing without financial assistance'*. The SHMA Guidance suggests types of housing that should be considered unsuitable, as summarised in Table G2. It is assumed that the Housing Register includes households experiencing these issues.

| Table G2: Summary of current housing need across Wyre Forest District | |
|---|---|
| **Category** | **Factor** |
| Homeless households or with insecure tenure | N1 Under notice, real threat of notice or lease coming to an end |
| | N2 Too expensive, and in receipt of housing benefit or in arrears due to expense |
| Mismatch of housing need and dwellings | N3 Overcrowded according to the 'bedroom standard' model |
| | N4 Too difficult to maintain |
| | N5 Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household |
| | N6 Household containing people with mobility impairment or other special needs living in unsuitable accommodation |
| Dwelling amenities and condition | N7 Lacks a bathroom, kitchen or inside WC and household does not have resource to make fit |
| | N8 Subject to major disrepair or unfitness and household does not have resource to make fit |
| Social needs | N9 Harassment or threats of harassment from neighbours or others living in the vicinity which cannot be resolved except through a move |
| **Total no. households in need (with one or more housing need)** | **1,197** |
| Total Households | 43,086 |
| **% households in need** | **2.8%** |

**Note:** A household may have more than one housing need.
Source: 2015 Housing Register

*Step 1.1   Homeless households and those in temporary accommodation*

G.7    CLG SHMA guidance suggests that information on homeless households and those in priority need who are currently housed in temporary accommodation should be considered in needs modelling. The scale of need from these types of household can be derived from several sources.

G.8    Homelessness statistics for 2014/15[46] indicate that a total of 289 decisions were made on households declaring themselves as homeless across Wyre Forest (Table G3). Of these households, 141 were classified as homeless and in priority need. Over the five years 2010/11 to 2014/15, an annual average of 250 decisions has been made across Wyre Forest and an average of 133 households each year has been declared as homeless and in priority need. The Housing Register currently includes 68 households who state they are homeless and these are included at 1.4 of the needs assessment model.

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[46]   CLG Homeless Statistics Table 784: Local authorities' action under the homelessness provisions of the Housing Acts

| Table G3: Homeless decisions and acceptances 2010/11 to 2014/15 | | |
|---|---|---|
| Year | Decisions made | Accepted as homeless |
| 2010/11 | 252 | 96 |
| 2011/12 | 226 | 141 |
| 2012/13 | 245 | 151 |
| 2013/14 | 236 | 134 |
| 2014/15 | 289 | 141 |
| Total | 1248 | 663 |
| Annual Average | 250 | 133 |

Source: CLG Homelessness Statistics

*Step 1.2 Overcrowding and concealed households*

G.9 The extent to which households are overcrowded is measured using the 'bedroom standard'. This allocates a standard number of bedrooms to each household in accordance with its age/sex/marital status composition. A separate bedroom is allocated to each married couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex and each pair of children under 10. Any unpaired person aged 10-20 is paired if possible with a child under 10 of the same sex, or, if that is not possible, is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms (including bedsits) available for the sole use of the household.

G.10 It is assumed that the Housing Register includes households who are currently living in overcrowded accommodation or are concealed households and are intending on moving in the next five years.

*Step 1.3: Other groups*

G.11 Table G3 identified a series of households who were in housing need for other reasons including the property is too expensive, difficult to maintain, household containing people with mobility impairment/special need, lacking amenities, disrepair and harassment. It is assumed that the housing register includes households experiencing these needs.

*Step 1.4: Total current housing need summary*

G.12 Having established the scale of need in Steps 1.1, 1.2 and 1.3, total current housing need from existing households across Wyre Forest before any analysis of the ability of households to afford open market solutions is 1,197. Evidence of household income is available from the housing register. Comparing this with prevailing lower quartile house prices and rents would indicate that 81.7% of households in need could not afford open market prices or rents. The total current housing need is therefore 978 households which represents around 2.3% of all households in the District.

## Stage 2: Future need

*Step 2.1: New household formation (gross per year)*

G.13 New household formation is based on the number of new households on the housing register (283). However, the housing register reports no newly-forming households in several parishes.

We have therefore adjusted the baseline number of new households to take account of this which results in a baseline number of 307 new households each year.[47]

*Step 2.2: New households unable to buy or rent in the open market*

G.14 The housing register reports a total of 283 newly-forming households aged 16-44. Further analysis of their income profile would suggest that 82.6% could not afford open market prices or rents (based on a comparison of income with prevailing lower quartile house prices and rents). Therefore, it is assumed that 234 newly-forming households each year are unable to buy or rent in the open market each year.

*Step 2.3: Existing households expected to fall into need*

G.15 An estimate of the number of existing households falling into need each year has been established by drawing upon the RP lettings data. This suggests that over the three-year period 2010/11, 2011/12 and 2012/13, an annual average of 98 households moved into the social rented sector because they had fallen into housing need and were homeless.

*Step 2.4: Total newly arising housing need (gross per year)*

G.16 Total newly arising need is calculated to be 331 households each year across Wyre Forest District.

**Stage 3: Affordable housing supply**

G.17 The CLG model reviews the supply of affordable units, taking into account how many households in need are already in affordable accommodation, stock surpluses, committed supply of new affordable dwellings and dwellings being taken out of management (for instance pending demolition or being used for decanting).

*Step 3.1: Affordable dwellings occupied by households in need*

G.18 This is an important consideration in establishing the net levels of housing need as the movement of these households within affordable housing will have a nil effect in terms of housing need[48].

G.19 A total of 476 households are current occupiers of affordable housing in need. Although the movement of these households within affordable housing will have a nil effect in terms of housing need (i.e. they already live in affordable housing), the types of property they would 'free up' if they moved is considered in modelling.

*Step 3.2: Surplus stock*

G.20 A proportion of vacant properties are needed to allow households to move within housing stock. Across the social rented sector, this proportion is generally recognised as being 2%. Stock above this proportion is usually assumed to be surplus stock. Modelling assumes no surplus social rented stock across Wyre Forest District.

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[47] The Housing Register includes 279 new households. Of these, 32 are in rural parishes representing 90.1% of the rural population. There were no newly forming households reported in Broome, Ribbesford, Rushock, Stone or Upper Arley on the housing register. However, the analysis uplifts to total of 35 (to represent 100% of rural parishes)

[48] Housing Need Assessment Guidance (CLG, August 2007)

*Step 3.3: Committed supply of new affordable units*

G.21    Over the period April 2010 to September 2015, Council data indicates a total of 521 affordable dwellings have been built which is an annual average of 96. If this rate of affordable housing delivery continues over the 5-year period 2015/16 to 2019/20, a total of 480 affordable dwellings would be built and the overall net imbalance would reduce to 120 each year. As the likely scale of delivery of affordable housing over 5 years cannot be confirmed at this time, this assumption is not included in modelling but the impact of past trends in delivery results in a reduction in the annual imbalance.

*Step 3.4: Units to be taken out of management*

G.22    The model assumes there will be no social rented units taken out of management over the next five years.

*Step 3.5: Total affordable housing stock available*

G.23    It is assumed that there are 476 (affordable) rented dwellings available over the five-year period arising from households moving within the stock.

*Step 3.6: Annual supply of social re-lets*

G.24    The CLG model considers the annual supply of social re-lets. Address-level RP CORE lettings data has been analysed for the years 2010/11 and 2012/13. This information can be used to accurately assess the likely capacity of the social rented sector by location, size of property and designation (whether the property is general needs or older person). For the purposes of analysis, it is important to focus on the ability of households requiring affordable housing to access it. Therefore, the annual supply figures derived from CORE lettings data and used in modelling:

- **Exclude** those moving into accommodation from outside Wyre Forest District and households moving within the social rented stock; and

- **Include** households who moved from within Wyre Forest District into social renting from another tenure; newly-forming households originating in Wyre Forest District and moving in social renting; and households moving from specialist/supporting housing from within Wyre Forest District into affordable housing.

G.25    Analysis suggests that there is an annual average of 191 social rented dwellings let to new tenants i.e. households originating in Wyre Forest District who either moved into social renting from another tenure, were newly-forming households, or who moved from supported/specialist accommodation.

G.26    Modelling therefore assumes an annual capacity of 191 dwellings for new tenants across Wyre Forest District. Table G4 illustrates how the annual capacity figure is broken down by designation (general needs and older person) and property size.

*Step 3.7: Annual supply of intermediate re-lets/sales*

G.27    Table G4 also presents a summary of the average supply of intermediate tenure dwellings which have either been sold or re-let over the three-year period 2010/11, 2011/12 and 2012/13 as recorded in CORE Sales data.

| Table G4: Annual social rented re-lets and intermediate tenure sales/relets | | | | |
|---|---|---|---|---|
| Designation | Number of Bedrooms | Social/ Affordable Rented | Intermediate Tenure | TOTAL |
| General Needs | 1 | 54 | | 54 |
| | 2 | 104 | 14 | 118 |
| | 3 | 30 | 6 | 36 |
| | 4 | 1 | 0 | 1 |
| Older People | 1 | 1 | 0 | 1 |
| | 2 | 2 | 2 | 4 |
| | 3 | 1 | 0 | 1 |
| | TOTAL | 191 | 22 | 213 |

Source: RP CORE data annual average 2010/11 and 2012/13

*Summary of Stage 3*

G.28    Overall, the model assumes an existing affordable supply of 476, an annual supply of 191 social (affordable) lettings and an annual supply of 22 intermediate tenure lettings/sales.

**Stage 4:  Estimate of annual housing need**

*Overview*

G.29    Analysis has carefully considered how housing need is arising within Wyre Forest District by identifying existing households in need (and who cannot afford market solutions), newly-forming households in need and existing households likely to fall into need.

G.30    This has been reconciled with the supply of affordable dwellings which considers location, size and designation (i.e. for general needs or older person). Based on the CLG modelling process, analysis suggests that there is an overall gross imbalance of 363 affordable dwellings, but once affordable capacity (lettings and sales) are taken into account, the net imbalance is 150 affordable dwellings each year.

G.31    For critical stages of the needs assessment model (Step 1.1, Step 1.4, Step 2.4 and Step 3.8), information is broken down by designation (general needs and older) and property size. This goes beyond the requirement of the SHMA guidance but allows a detailed assessment of the overall housing requirements of households in need and provides clear affordable requirement information. In turn, this can help identify where there are shortfalls and sufficient capacity of affordable housing, and help to shape policy responses.

G.32    Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall.

*Step 4.1: Total backlog need*

G.33    Step 4.1 is the total backlog need which is derived from the number of households in Step 1.4A minus total affordable housing stock available (Step 3.5). The total backlog need is 502.

Steps 4.2 to 4.6

G.34 Step 4.2 is a quota to reduce the total backlog need. It is assumed that the backlog need is addressed over the Plan Period (16 years) or at a rate of 6.25% each year.

G.35 Step 4.3 is the annual backlog reduction based on Step 4.2 (31 each year).

G.36 Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need (331 each year).

G.37 Step 4.5 is the total annual affordable need based on Steps 4.3 and 4.4 (363 each year).

G.38 Step 4.6 is the annual social rented/intermediate tenure capacity based on Step 3.8 (213 each year).

**Total imbalance**

G.39 Table G5 summarises the overall annual gross and net affordable housing requirements for Wyre Forest District by designation (general needs and older person) and property size. The total gross affordable imbalance (which excludes affordable capacity) is 352 and the net affordable imbalance is 150 dwellings each year.

| Table G5: Gross and Net annual affordable housing imbalance by Parish/Town, property size and designation 2015/16 to 2019/20 | | | | |
|---|---|---|---|---|
| | **1/2 Bed General Needs** | **3+ Bed General Needs** | **Older person** | **TOTAL** |
| **Gross imbalance** | | | | |
| Bewdley | 15 | 3 | 2 | 20 |
| Broome | 0 | 0 | 0 | 1 |
| Chaddesley Corbett | 1 | 0 | 1 | 1 |
| Churchill and Blakedown | 2 | 1 | 1 | 3 |
| Kidderminster Foreign | 6 | 0 | 0 | 6 |
| Ribbesford | 1 | 0 | 0 | 1 |
| Rock | 4 | 0 | 0 | 4 |
| Rushock | 0 | 0 | 0 | 0 |
| Stone | 1 | 0 | 0 | 1 |
| Stourport on Severn | 47 | 7 | 3 | 57 |
| Upper Arley | 1 | 0 | 0 | 1 |
| Wolverley and Cookley | 7 | 0 | 1 | 9 |
| Kidderminster | 220 | 35 | 3 | 258 |
| **TOTAL** | **304** | **47** | **11** | **362** |

| Table G5: Gross and Net annual affordable housing imbalance by Parish/Town, property size and designation 2015/16 to 2019/20 | | | | |
|---|---|---|---|---|
|  | 1/2 Bed General Needs | 3+ Bed General Needs | Older person | TOTAL |
| **Net imbalance** |  |  |  |  |
| Bewdley | 3 | 1 | 2 | 6 |
| Broome | 1 | 0 | 0 | 1 |
| Chaddesley Corbett | 0 | -1 | 1 | 0 |
| Churchill and Blakedown | 1 | 1 | 0 | 2 |
| Kidderminster Foreign | 6 | 0 | 0 | 6 |
| Ribbesford | 1 | 0 | 0 | 1 |
| Rock | 3 | 0 | 0 | 3 |
| Rushock | 0 | 0 | 0 | 0 |
| Stone | 1 | 0 | 0 | 1 |
| Stourport on Severn | 11 | 4 | 1 | 16 |
| Upper Arley | 1 | 0 | 0 | 1 |
| Wolverley and Cookley | 2 | -1 | 1 | 2 |
| Kidderminster | 103 | 8 | 0 | 111 |
| **TOTAL** | **133** | **12** | **5** | **150** |

Sources: 2015 Housing Register; RP CORE Lettings and Sales

### Affordable housing tenure split

G.40   Determining an appropriate tenure split for housing has been traditionally based on the incomes and tenure aspirations of existing households in need and newly forming households. This is used to determine an appropriate split between rented and intermediate tenure dwellings. However, the increasing emphasis of Government policy to build affordable homes for sale through intermediate tenure options and the starter homes initiative, coupled with housing associations having to fund schemes for rent without subsidy, is expected to have a major impact on the scale and range of affordable housing to be delivered.

G41   Recent studies by arc4 have evidenced tenure splits in the range 55%-78% for rented and 23%-45% for intermediate tenure based on household preferences and the relative affordability of intermediate tenure options derived from household surveys. The overall average across nine recent studies is 65% rented and 35% intermediate tenure.

G42   For Wyre Forest, Local Authority Housing Statistics (Table G6) report and overall split of 64.7% social rented and 35.3% intermediate tenure dwellings which corresponds with findings from other SHMAs. It is therefore recommended that a 65% rented and 35% intermediate tenure split is appropriate for Wyre Forest. This should be further explored through economic viability work and discussions with developers and Registered Providers to determine the overall potential for such a tenure split in the light of emerging Government policy, which has a strong emphasis on intermediate tenure and starter home development.

| Table G6: Delivery of affordable housing by tenure 2011/12 to 2014/15 | | | |
|---|---|---|---|
| Year | Affordable Tenure | | |
| | Rent | Home Ownership | Total |
| 2011/12 | 17 | 14 | 31 |
| 2012/13 | 33 | 21 | 54 |
| 2013/14 | 37 | 22 | 59 |
| 2014/15 | 34 | 9 | 43 |
| **Total** | **121** | **66** | **187** |
| **%** | **64.7** | **35.3** | **100.0** |

Source: Local Authority Housing Statistics 2011/12 to 2014/15