Wyre Forest District Council

Wyre Forest District Local Plan Review

Objective Assessment of Housing Need (OAHN)

April 2017

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Date:	April 2017

Contents

1   Introduction

1.1   Wyre Forest District Council commissioned AMION Consulting to produce an Objectively Assessed Housing Need (OAHN) figure for the district in order to provide supporting evidence for its Local Plan Review (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], and arc4 who have provided an analysis of the local housing market, market signals and affordable housing need.

1.3   In May 2016 the resulting 'Objective Assessment of Housing Need (OAHN) for Wyre Forest' was published[2]. This identified a requirement for 254 dwellings per year over the 2016–2032 plan period.

1.4   Since the preparation of the May 2016 OAHN, a number of new data releases and methodological reviews have become available, including:

- 2014-based sub-national population projection (SNPP) from ONS (May 2016);

- 2015 mid-year population estimate (MYE) from ONS (June 2016);

- 2014-based household projection from DCLG (July 2016);

- Post-EU Referendum economic forecasts from Oxford Economics (October 2016), Cambridge Econometrics (November 2016) and Experian (December 2016).

1.5   This updated OAHN has been produced to take into account the above, the availability of more recent data regarding affordable housing need and market signals and an extended Plan period to 2034. In addition, it has considered comments on the May OAHN provided by RPS and Savills (acting on behalf of Miller Homes) and Bilfinger GVA (acting on behalf of Gladman Developments Ltd). These made a number of observations, particularly relating to the development of the demographic scenarios informing the OAHN, including:

- treatment of the unattributable population change (UPC) component in the mid-year population estimates;

- sensitivity testing of household growth (headship rate) assumptions;

- the component of communal establishment (i.e. institutional) population growth; and

- assumptions regarding economic activity rates and commuting ratios.

1.6   The report has also considered changes in the approach adopted to calculations of housing need. In particular, the use of a 'jobs-led' approach to housing need forecasts has been subject to increasing scrutiny and debate. A critique of the approach was included in the July 2015 Planning Advisory Service (PAS) Technical Advice Note 'Objectively Assessed Need and Housing Targets' produced by Peter Brett Associates. It stated that using economic forecasts is flawed because they already include a view of future population. More recently the Local Plans Expert Group (LPEG) report to the Communities Secretary and to the Minister of Housing and Planning recommended a new approach to assessing OAHN which, inter alia: "in the interests of streamlining the process, removes the current requirement to consider

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

[2]   http://www.wyreforestdc.gov.uk/media/1959274/Wyre-Forest-OAHN-Final-Report-23-05-16.pdf

alignment of housing need with employment forecasts …… the purpose of this step of the current guidance can more easily be achieved by recognising that employment growth pressure is also likely to be reflected in local affordability issues, so that an appropriate adjustment for market signals would meet this purpose. If they wish, plan makers should continue to be able to plan for further growth beyond FOAHN by considering a "policy on" alignment with job growth in setting their housing requirement where this is greater than housing need, but that this should not be part of FOAHN".

1.7   In the May 2016 report as well as various demographic scenarios, we presented a series of 'jobs-led' calculations based on three economic forecasts. To reflect the above thinking we have modified our approach in the current report. Instead of presenting jobs-led scenarios, we have compared the derived employment outcomes of the demographic scenarios with each of the three updated employment forecasts.

1.8   This report has been produced as a replacement for the earlier May 2016 document (it should be noted that Section 2 which describes the Housing Market Area remains largely unchanged). Key inputs include:

- 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;

- review of updated economic forecasts for Wyre Forest from Oxford Economics, Cambridge Econometrics and Experian;

- 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.

1.9   Consultations were also 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. it should be noted that these were undertaken as inputs to the May 2016 report and have not been updated.

1.10   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.

1.11   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 demographic and household forecasts including the latest official population and household projections for Wyre Forest and the range of demographic scenarios and sensitivities that have been modelled using POPGROUP technology;

- consideration of the labour force and employment growth implications of the demographic scenarios and comparison with the three economic forecasts from Oxford Economics, Cambridge Econometrics and Experian;

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

- a review of affordable housing and other specific needs; 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 the Plan targets (for example, affordable housing need, cross-boundary demands, sustainable supply capacity and wider policy objectives).

1.12   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.

Figure 2.1: Location plan
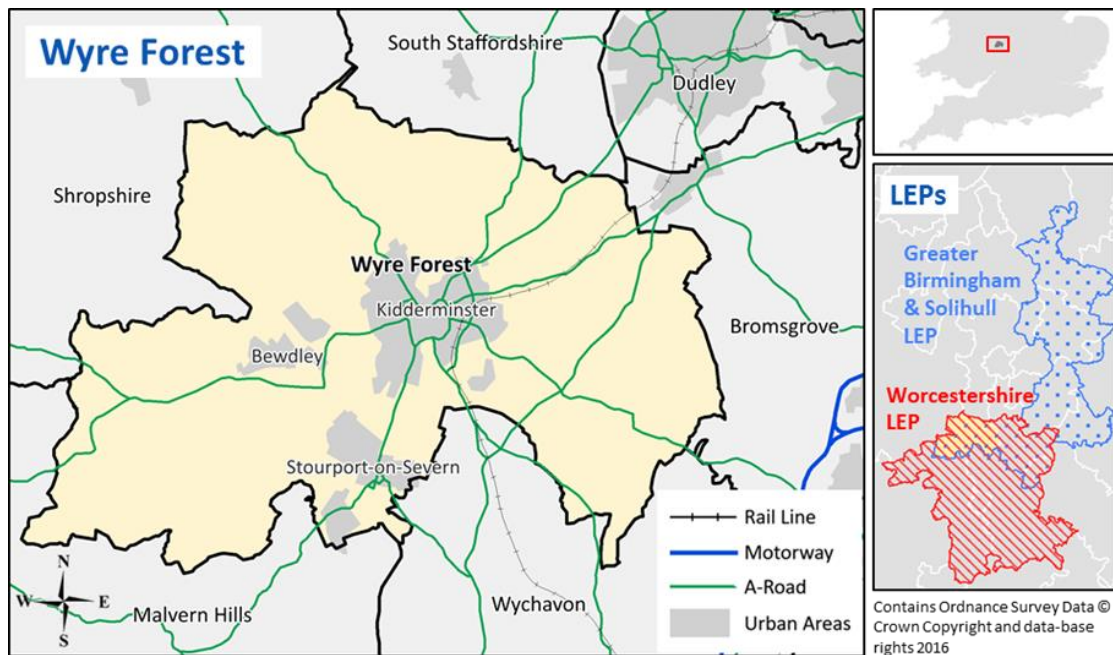
2.3 A description of Wyre Forest's population characteristics is provided at Appendix E. Key features of the area's population are:

- the latest 2015 mid-year population estimate (MYE) for Wyre Forest suggests a population of just over 99,500, a 2.7% increase since 2001. This rate of growth is well below the Worcestershire rate (6.7%), the West Midlands regional average of 8.9% and the average England growth rate of 10.8%;

- population change between 2001/02 and 2014/15 has been predominantly driven by net in-migration from elsewhere in the UK – averaging some 221 per year;

- natural change was negative at the start of the period i.e. deaths exceeded the number of births between 2001/02 and 2004/05. From 2005/06, natural change has been positive, with the exception of in 2014/15.

- International migration has, in recent years, contributed little to population change in Wyre Forest. Its impacts were more pronounced at the start of the period, with a net outflow of people to overseas, averaging -78 (including Unattributed Population Change- UPC[3]) 2001/02–2010/11. In recent years, there has been a small level of growth associated with international migration averaging 23 per year since 2011/12.; and

- the resident population of Wyre Forest has a larger proportion of its population aged 65+ (23.4%) than the national average of 17.6%. The area's old age dependency (OAD) ratio (38.6%) is also well above those of Worcestershire (34.1%, West Midlands (28.3%) and England (27.2%).

2.4   Regarding the area's housing characteristics the following key features are evident:

- 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%[4] 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.

Defining Wyre Forest's Housing Market Area

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

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[3]   See Appendix E for a more detailed analysis of the impact of UPC on population figures.

[4]   Based on latest Council Tax data

- 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.

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.

House prices

2.13 Figure 2.2 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 2.2: Median house price trends 2000 to 2014: Wyre Forest, the West Midlands and England
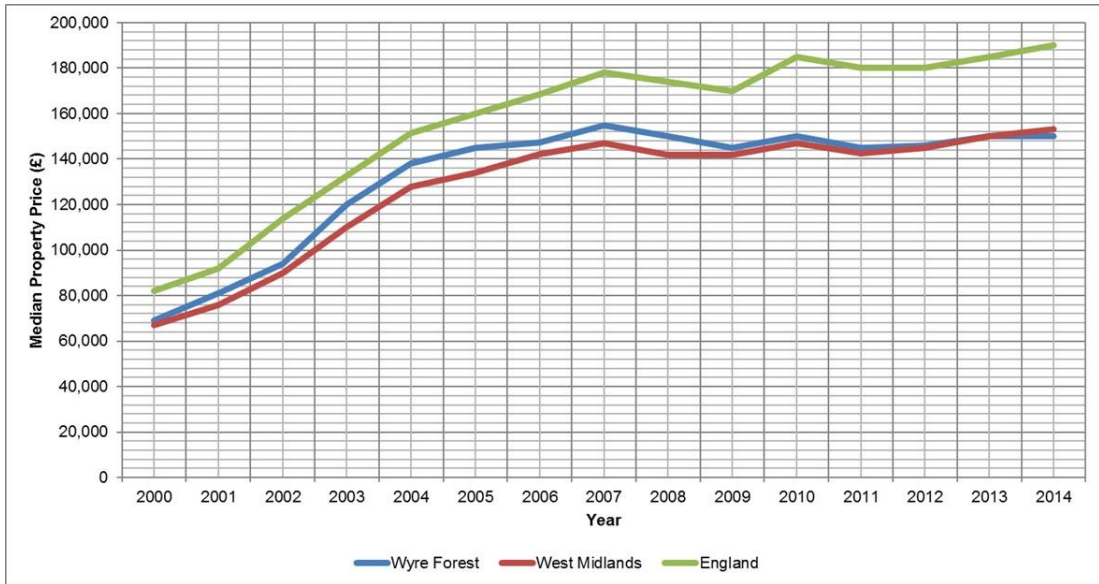
Source: DCLG; Land Registry

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 Table 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

Household migration

2.16   Figure 2.3 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 2.3: Principal housing market interactions with other local authorities
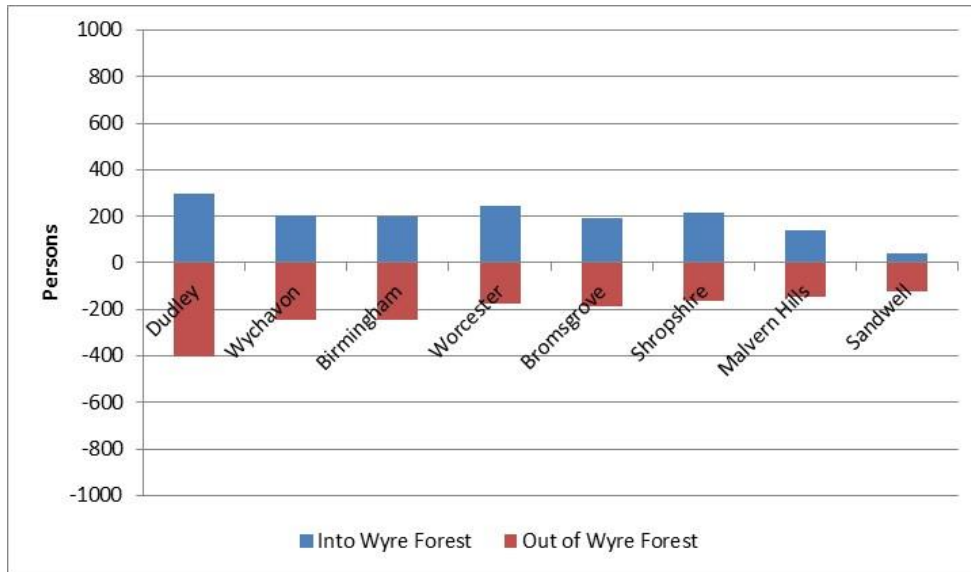
Source: 2011 Census

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.

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 2.4). 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 2.4: Principal labour market interactions with other local authorities
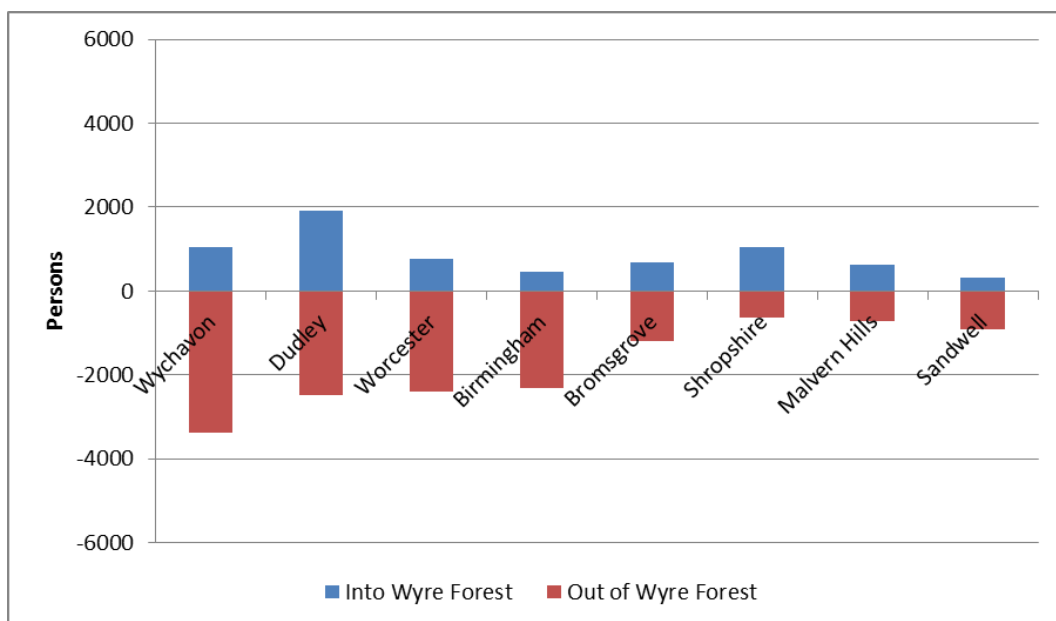
Policy in neighbouring areas

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.

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[5]. 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 and Black Country areas, both in terms of net in-migration and travel to work patterns.

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[5]   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 latest official population and household projections for Wyre Forest from ONS and DCLG respectively;

- a series of further demographic trend scenarios developed using POPGROUP technology including a household growth sensitivity analysis;

- consideration of the labour force and employment growth implications of the demographic scenarios, using key assumptions relating to economic activity, unemployment and commuting, and com. These are compared to the three economic forecasts from Oxford Economics, Cambridge Econometrics and Experian.

The starting point projections

3.2   As outlined in the PPG (Para 2a-015) the latest DCLG housing projections provide the starting point for the assessment of housing need. The 2014-based household projection model suggests an increase of 3,422 households, approximately 190 per year over the 2016–2034 plan period in Wyre Forest. Over the same time period, the 2014-based SNPP projects a 4.7% growth in the population, equivalent to an additional 4,638 people (Table 3.1).

Table 3.1: Wyre Forest 'starting point' estimates						
Official Projection	**Variable**	**2016**	**2034**	**Difference**	**Difference (%)**	**Average annual change**
2014-based SNPP	Population	99,361	103,999	4,638	4.7%	258
2014-based DCLG Model	Households	43,928	47,350	3,422	7.8%	190
	Household population	98,304	102,456	4,152	4.2%	231
	Average household size	2.24	2.16	-0.07	-3.1%	-0.004

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

3.3   Internal migration is projected to continue as the dominant driver of population growth over the projection period, with future net international migration contributing little to population growth. As the population ages, natural change is projected to have an increasingly negative impact on population growth throughout the SNPP projection period (see Figure 3.1).

Figure 3.1: Components of population change 2014-based SNPP
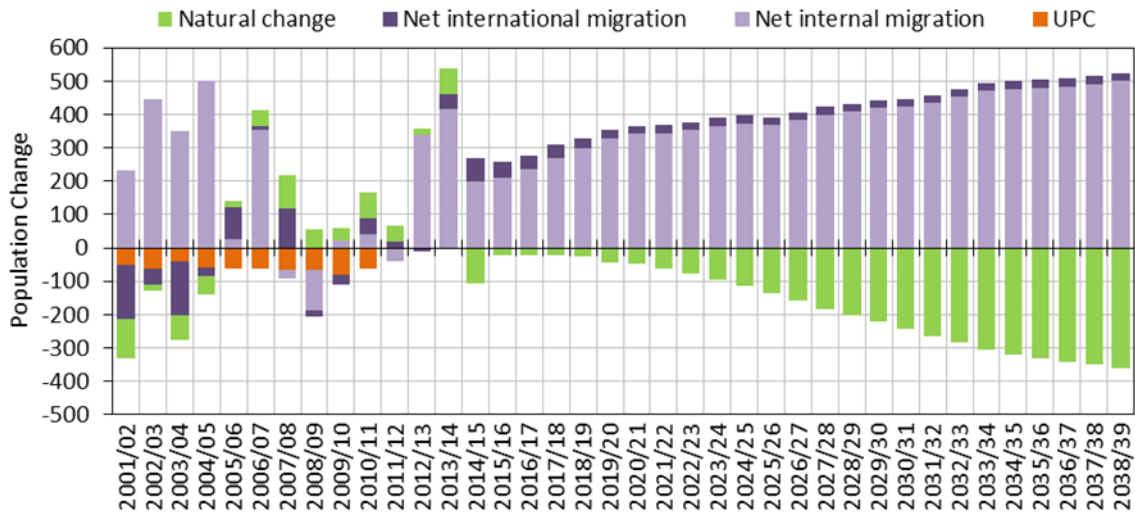
3.4   The increased ageing of an already relatively elderly population is illustrated in the 2014-based SNPP population age profile (Figure 3.2). As the larger birth cohorts of the 'baby boom years' move into the retirement ages, the proportion of the population aged 65+ is projected to increase, from 23% in 2014, to 32% by 2039. Over the 2014–2039 projection period of the 2014-based SNPP, the Old Age Dependency ratio is projected to increase from 38.6 to 58.9 (+20.8) for Wyre Forest. This ageing has important implications for the maintenance and development of the resident labour force and the number of jobs that can be supported in Wyre Forest.

Figure 3.2: 2014-based SNPP Population Age Profile for Wyre Forest
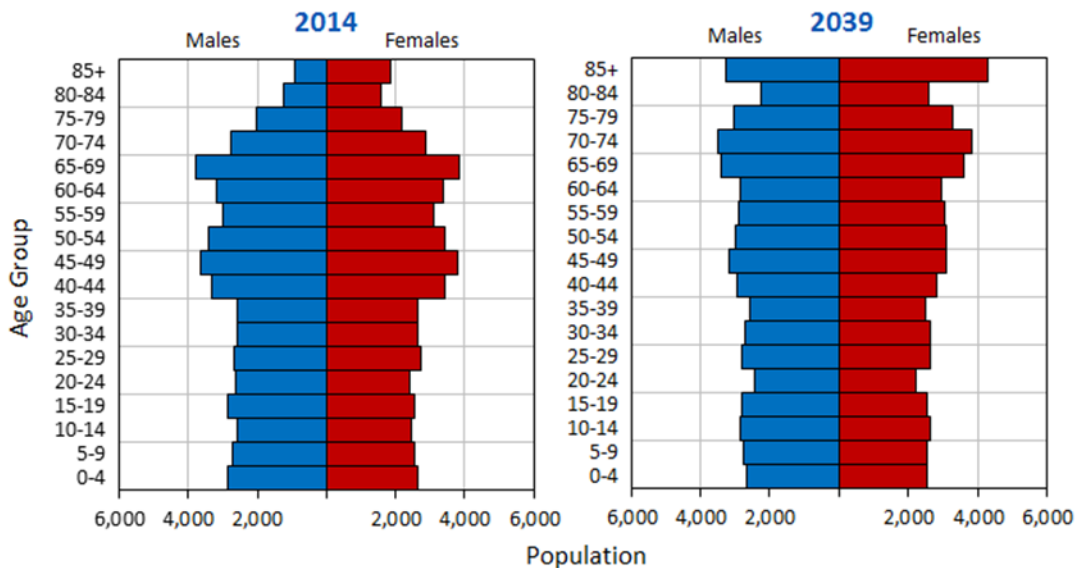
Alternative demographic scenarios

3.5   The PPG states that 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, a range of 'alternative trend' scenarios has been developed by Edge Analytics using POPGROUP v.4 technology, for comparison with the official 2014-based 'benchmark' presented above.

3.6   These scenarios are based on the latest MYE statistics (up to 2015), using different historical periods to derive future migration assumptions. In line with the PPG, the latest 2014-based household growth assumptions have been applied in each scenario, as well as alternative household growth assumptions in a headship rate sensitivity. In this sensitivity analysis, the headship rates of the younger age groups have been adjusted to account for a possible 'recovery' in household formation rates.

3.7   The following section defines these demographic scenarios and presents a summary of the forecast outcomes. The PPG also states that the likely change in the number of jobs in an area should be considered, as should the size and structure of the labour force (PPG paragraph 2a-018). Therefore, there follows a comparison of the labour force and job growth implications of the demographic scenarios with economic forecasts from Cambridge Econometrics, Oxford Economics and Experian. Consideration is given to the key assumptions on Wyre Forest's future economic activity rates, level of unemployment and balance of commuting between resident workers and local jobs. Additional detail on data inputs and assumptions can be found in Appendix E.

3.8   Four 'alternative trend' (PG4) scenarios have been developed for Wyre Forest for comparison with the SNPP-2014 benchmark scenario. These scenarios use different historical periods from which to derive future migration assumptions and either include or exclude the Unattributed Population Change (UPC) adjustment from the historical data. In the case of internal migration, rates of migration are derived from the historical reference period. In the case of international migration, a fixed count of migrants is derived from the historical data. These are:

* **PG-Short-Term:** with internal and international migration assumptions based on a 6-year (Short-Term) Migration Trend (2009/10–2014/15). The UPC component is included within the historical international migration estimates up to 2011.

* **PG-Short-Term-X**: with internal and international migration assumptions based on a 6-year (Short-Term) Migration Trend (2009/10–2014/15). The UPC component is excluded from the historical time series of MYE data.

* **PG-Long-Term:** with internal and international migration assumptions based on a 14-year Migration Trend (2001/02–2014/15). The UPC component is included within the historical international migration estimates up to 2011.

* **PG-LongTerm-X**: with internal and international migration assumptions based on a 6-year (Short-Term) Migration Trend (2001/02–2014/15). The UPC component is excluded from the historical time series of MYE data.

3.9   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)[6].

3.10   The results of the above alternative demographic scenarios are presented in Table 3.2. Under the benchmark SNPP-2014 scenario, population growth is estimated at 4.7% over the 2016–

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[6]   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%).

2034 plan period. With the application of the 2014-based headship rates (HH-14), this equates to a dwelling requirement of 199 per year.

3.11   Each of the PG scenarios results in population, household and dwelling growth outcomes that are higher than the benchmark SNPP-2014 scenario. The highest levels of population growth are seen under the Long-Term scenarios - influenced by the higher levels of internal migration estimated at the start and end of the historical period. Population growth ranges from 7.7% with the UPC component included (PG-Long-Term), to 8.1% if the UPC component is excluded (PG-Long-Term-X).

3.12   The UPC adjustment is negative in Wyre Forest, so its inclusion within the historical international migration statistics acts to reduce the level of international migration. For example, under the PG-Long-Term scenario international migration averages -49 per year (the lowest level seen under all scenarios), whereas under the PG-Long-Term-X scenario international migration is negligible (-6 per year).

3.13   The Short-Term scenarios result in a lower level of population growth than the long-term scenarios ranging from 5.8% to 6.1% growth – due to the influence of the first three years of the six year historical period (i.e. 2009/10–2011/12) when migration levels (both internal and international) were low.

3.14   With the application of the 2014-based headship rates, household growth ranges from 9.0% to 11.3% under the PG scenarios. This equates to a dwelling growth requirement of between 229 and 291 per year (PG-Short-Term and PG-Long-Term-X scenarios respectively).

Table 3.2: Wyre Forest demographic scenario outcomes 2016–2034						
Scenario	Change 2016-34				Average annual change	
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings
PG-Long Term-X	8,108	8.1%	5,008	11.3%	564	291
PG-Long Term	7,678	7.7%	4,596	10.4%	517	267
PG-Short Term-X	6,065	6.1%	4,122	9.4%	473	240
PG Short Term	5,831	5.8%	3,944	9.0%	449	229
SNPP 2014	4,638	4.7%	3,424	7.8%	397	199

Source: Edge Consulting

3.15   As identified in 3.2, the age profile of Wyre Forest's population is projected to age over time under the benchmark 2014-based SNPP (the SNPP-2014 scenario). Each of the scenarios presented here results in a different level of population growth and a different components-of-change profile compared to the SNPP-2014 scenario, resulting in varying degrees of ageing over the plan period (Table 3.3). The proportion of the population aged 65+ is projected increase by between 5.26 and 6.19 percentage points over the plan period, under the PG-Long-Term and SNPP-2014 scenarios respectively. The Old Age Dependency Ratio, which

measures the proportion of the population aged 65+ relative to the population aged 15–64, increases under all scenarios, with the most pronounced increase seen under the SNPP-2014.

Table 3.3: Wyre Forest age profile (2014)						
	Percentage aged 65+			Old Age Depending Ratio*		
Scenario	2016	2034	Percentage Point change	2016	2034	Percentage Point Change
SNPP-2014	24.30	30.49	6.19	40.8	56.4	15.7
PG-Short-term-X	24.31	30.40	6.09	40.8	56.2	15.4
PG-Shot-Term	24.30	30.16	5.86	40.8	55.6	14.8
PG-Long-Term-X	24.26	29.94	5.68	40.7	54.9	14.2
PG-Long-Term	24.25	29.51	5.26	40.7	53.9	13.2

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

3.16   In each of the demographic scenarios presented above, the latest 2014-based DCLG headship rate assumptions have been applied (in line with the PPG) to derive forecast household growth. The 2014-based headship rates are defined by a classification of household type and by age group. For ages 25–34, the 2014-based headship rates for Wyre Forest decrease over time, mirroring the trend seen nationally. It is these younger age groups that have been more adversely affected by housing undersupply and affordability issues, which in some areas may have led to 'supressed' rates of household formation.

3.17   Therefore, in line with the PPG recommendation that "alternative assumptions in relation to … household formation rates" be considered (PPG Paragraph 2a-017), each scenario has been run with an alternative set of headship rates, for comparison with the 2014-based ('HH-14') outcomes. This 'HH-14 Partial Return' sensitivity adopts the methodology outlined in the Local Plan Expert Group (LPEG) March 2016 report and assumes an adjustment to headship rates for age groups 25–34 and 35–44 whereby half the difference between the 2008-based and 2014-based rates in 2033 is recovered i.e. a 'partial return' to the 2008-based rates. Post-2033, the trend in the 2014-based rates is continued.

3.18   With the application of the HH-14 Partial Return variant headship rate, the dwelling growth outcomes of the demographic scenarios for Wyre Forest are higher than the 2014-based (HH-14) outcomes (see Table 3.4). The adjusted headship rates result in an average annual dwelling requirement of approximately 40 dwellings per year more than the benchmark HH-14 outcomes.

Table 3.4: Wyre Forest demographic scenario dwelling growth using varying headship rates		
Scenario	Average Annual Dwelling Requirement	
	HH-14	HH14-Partial Return
PG-Long Term-X	291	332
PG-Long Term	267	309
PG-Short Term-X	240	279
PG Short Term	229	269
SNPP 2014	199	239

Source: Edge Consulting

3.19 As a postscript, it should be noted that, in line with the DCLG methodology, the communal (or institutional) population is excluded from the above household (and therefore dwelling) calculations. These are summarised in Appendix E. Under the benchmark SNPP-2014 scenario, the communal population increases by 481 people over the 2016–2034 forecast period (an average of 30 persons per annum). Under the alternative scenarios, the increase varies from 455 to 473. In each scenario, the growth in the size of the communal population is larger for females than it is for male, highlighting the impact of the ageing population and the longer life-expectancies of females.

4   Labour force and employment implications

4.1   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).

4.2   Using POPGROUP, it is possible to derive the size and structure of the labour force and the level of employment growth that an implied level of population growth could support through the application of assumptions regarding (1) economic activity rates; (2) unemployment rates; and (3) a commuting ratio.

4.3   In this Section, the labour force and jobs growth implications of the demographic scenarios are presented. Again, more detail on the calculations and assumptions is provided in Appendix E. These outcomes are compared to three independent economic forecasts from Cambridge Econometrics, Oxford Economics and Experian. A critical review of these forecasts is included at Appendix F.

Economic Assumptions

4.4   The following economic assumptions have been applied to the demographic scenarios to derive the labour force and employment growth implications of each.

Economic Activity Rates

Between 2001 and 2011 economic activity rates in Wyre Forest increased in all but the youngest age groups, and most notably in the older age groups. This increase was more pronounced for females than for males

Figure 4.1: Wyre Forest economic activity rate profiles: 2001 & 2011 Census
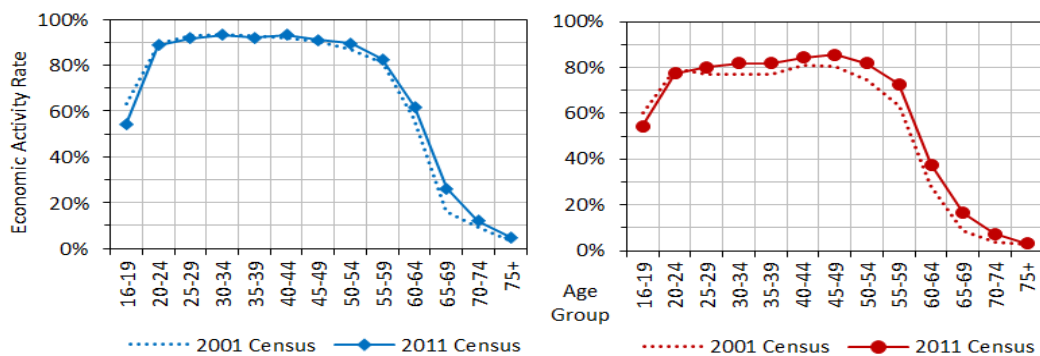
4.5   It is highly unlikely that future rates of economic activity will remain static. The ageing of the population profile of Wyre Forest (and indeed most local authorities) means that the older age-groups increasingly make up a larger proportion of the population – as identified earlier, the proportion of the population in Wyre Forest aged 65+ is projected to increase from 23% in 2014, to 32% by 2039 under the 2014-based SNPP. With increased life expectancies and changes to the State Pension Age (SPA), people are remaining in the labour force for longer, resulting in increased economic participation rates in the older age groups.

4.6   The Office for Budget Responsibility (OBR) in its 2015 Fiscal Sustainability Report[7] included a forecast of changing economic activity rates for males and females in the 16–75+ year-old age groups up to 2066. They suggested that rates among the younger age groups will remain

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[7]   http://budgetresponsibility.org.uk/docs/dlm_uploads/49753_OBR-Fiscal-Report-Web-Accessible.pdf

relatively static over time (with some decreases among males aged 25–54 and the youngest female age groups) while rates for the older age groups are projected to increase, most notably for females.

4.7   In the following scenario analysis two alternative economic activity rate profiles have been applied:

- OBR1 - adjustments made only to ages 60–75+, with the economic activity rates for all other age groups fixed at their respective 2011 Census values.
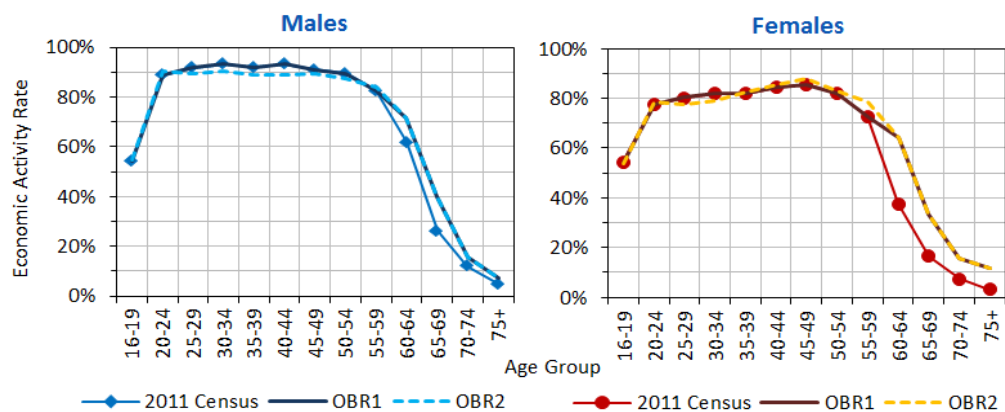
- OBR2 - rates for all ages 16–75+ have been adjusted in line with the OBR forecasts.

4.8   The resulting economic activity rate profiles are summarised in Figure 4.2 and in the Appendix to this document.

Figure 4.2: Wyre Forest economic activity rate profiles: OBR1 & OBR2

Unemployment Rate

4.9   The Unemployment Rate determines the proportion of the economically active population that is unemployed (and as a result, the proportion that is employed).

4.10   In the scenario modelling presented here, the unemployment rate tracks historical data to 2015 (4.6%) and then reduces to a 'pre-recession' (2004–2007) average of 4.0% by 2020. Between 2020 and 2034, the unemployment rate is assumed to be fixed.

Commuting Ratio

4.11   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 small net in-commute (i.e. the number of jobs is greater than the number of workers).

4.12   A fixed commuting ratio of 1.24 has been applied in scenarios presented here. This ratio has been derived from the 2011 Census Travel to Work data for Wyre Forest (for ages 16–75+). At the 2011 Census, there were 46,672 resident workers in Wyre Forest and 37,692 jobs, resulting in a net out-commute from the district. At the 2001 Census, the commuting balance for Wyre Forest was 1.27, indicative of a slightly increased net out-commute compared to 2011.

Economic implications of the demographic scenarios

4.13   Each of the demographic scenarios for Wyre Forest has been run using the key economic assumptions defined above. The results of this analysis are summarised below, in Table 4.1 (OBR1 and OBR2 rates applied).

Table 4.1: Wyre Forest demographic scenario dwelling growth using varying headship rates					
OBR1 scenarios	**Labour force (16-75+)**				**Average annual employment growth**
	2016	**2034**	**Change**	**% Change**	
PG-Long Term-X	50,148	52,495	2,347	4.7%	111
PG-Long Term	50,129	52,356	2,228	4.4%	106
PG-Short Term-X	50,038	51,067	1,029	2.1%	55
PG Short Term	50,032	51,051	1,019	2.0%	54
SNPP 2014	49,881	50,155	274	0.5%	22
OBR2 Scenarios					
PG-Long Term-X	50,461	52,303	1,843	3.7%	90
PG-Long Term	50,441	52,158	1,717	3.4%	84
PG-Short Term-X	50,350	50,893	543	1.1%	34
PG Short Term	50,344	50,876	532	1.1%	33
SNPP 2014	50,190	49,973	-217	-0.4%	1

4.14   Under the benchmark SNPP-2014 scenario, with the OBR1 assumptions applied, the labour force resident in Wyre Forest is projected to increase by only 0.5% between 2016 and 2034, equivalent to an increase of 274 people. With the unemployment and commuting ratio assumptions applied, this level of labour force growth could support employment growth of +22 per year in Wyre Forest. The PG scenarios all result in higher levels of labour force and employment growth, supported by higher levels of migration and population growth.

4.15   With the application of the OBR2 economic activity rates, the growth in the size of the labour force is reduced compared to the OBR1 outcomes, a result of the reduced rates of economic participation in the younger age groups. Under the SNPP-2014 scenario, these economic activity rates result in a small decline in the size of the labour force (-0.4%). A smaller labour force supports a lower level of employment growth, ranging from +1 per year under the SNPP-2014 scenario, to +90 per year under the PG-Long-Term-X scenario.

4.16   With the exception of the SNPP-2014 OBR2 scenario, the labour force is projected to increase in size over the 2016–2034 plan period, supporting varying levels of employment growth. Despite this increase in labour force size, (as shown in Table 4.2) the overall levels of economic activity and employment are projected to decline over time as a result of Wyre Forest's ageing population.

4.17   The decline in the aggregate economic activity rate is most pronounced in the SNPP-2014 and PG-Long-Term scenarios, with a greater decline seen with the application of the OBR2 rates. Under the benchmark SNPP-2014 scenario, with the OBR1 rates, the overall economic activity rates declines from 60.5% to 57.8% over the plan period. With the OBR2 rates, the rate declines from 60.9% to 57.6%. A similar pattern is seen with the decline in the employment rates.

Table 4.2: Wyre Forest decline in aggregate economic activity						
OBR1 Scenarios	Aggregate EA Rate (16-75+)			Employment Rate (16-75+)		
	2016	2034	Change	2016	2034	Change
PG-Long Term-X	60.5%	58.3%	-3.7%	57.8%	55.9%	-3.3%
PG-Long Term	60.5%	58.5%	-3.3%	57.8%	56.2%	-2.8%
PG-Short Term-X	60.5%	57.8%	-4.4%	57.8%	55.5%	-3.9%
PG Short Term	60.5%	58.0%	-4.1%	57.8%	55.7%	-3.6%
SNPP-2014	60.5%	57.8%	-4.5%	57.8%	55.5%	-4.0%
OBR2 Scenarios						
PG-Long Term-X	60.9%	58.1%	-4.7%	58.2%	55.7%	-4.2%
PG-Long Term	60.9%	58.3%	-4.3%	58.2%	56.0%	-3.8%
PG-Short Term-X	60.9%	57.6%	-5.3%	58.1%	55.3%	-4.8%
PG Short Term	60.9%	57.8%	-5.0%	58.1%	55.5%	-4.6%
SNPP-2014	60.9%	57.6%	-5.4%	58.2%	55.3%	-5.0%

Wyre Forest Economic Forecasts

4.16   For Wyre Forest, three post-EU Referendum employment forecasts have been provided by Cambridge Econometrics (November 2016), Oxford Economics (October 2016) and Experian (December 2016). These are summarised below and reviewed in Appendix F. In each instance the forecasts are compared to the employment growth outcomes of the demographic scenarios.

Cambridge Econometrics[8]

4.17   Cambridge forecast growth of 1,361 workplace-based jobs (+3.4%) over the 2016–2034 plan period, equivalent to an average increase of 76 per year.

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[8]   The Cambridge Econometrics November 2016 forecast only provides 'total employment' figures for Wyre Forest

Figure 4.3: Cambridge Econometrics Employment Growth 2016-2034
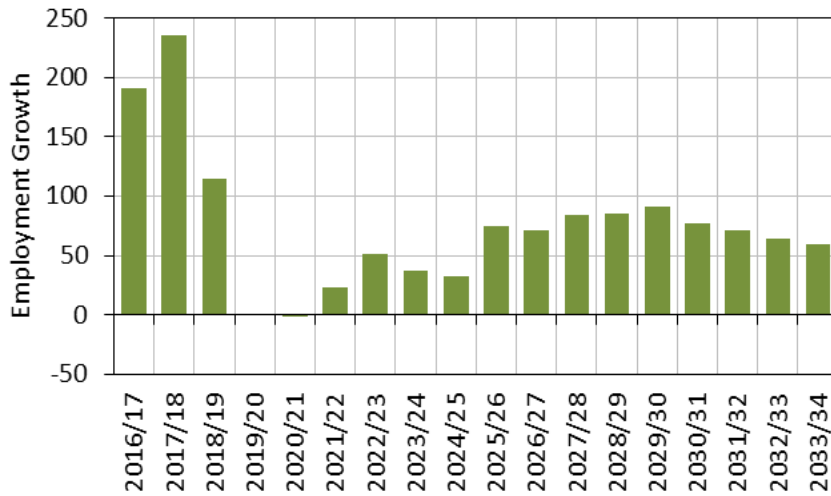
4.18   This is a higher level of employment growth than that forecast under the Edge Analytics SNPP-2014 and PG-Short-Term scenarios; only the PG-Long-Term scenarios produce a higher level of employment growth (Figure 4.4)

Figure 4.4 Cambridge Econometrics Employment Growth Comparison
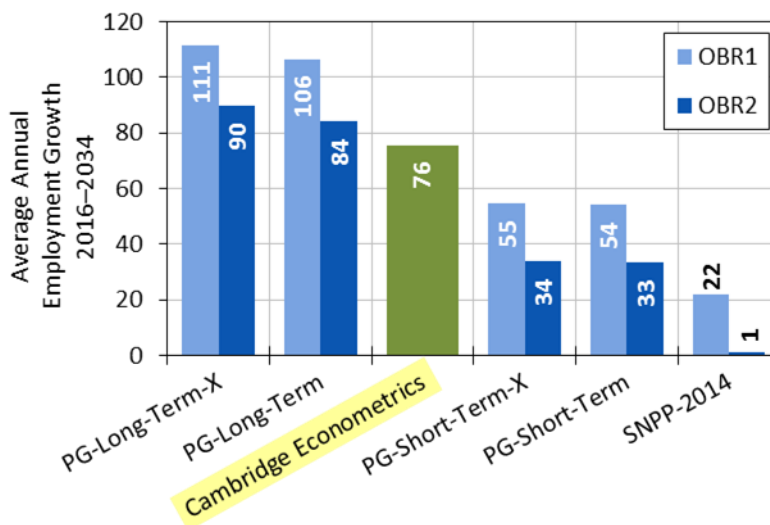
4.19   Unlike the other two forecasts, the Cambridge Econometrics projections are not constrained by the supply of labour or population. In the Oxford Economics and Experian forecasts, population projection data are incorporated within the forecasts, balancing jobs and population growth through changes to economic activity and unemployment rates and, in some instances, the commuting ratio. In the Cambridge Econometrics forecast, no explicit assumptions are made in relation to population growth (or rates of economic activity or unemployment).

Oxford Economics

4.20   The Oxford Economics October 2016 forecast provides a 'workplace-based people' estimate of employment for Wyre Forest. Over the 2016–2034 plan period, employment growth is forecast to be negative at the start of the plan period, with growth between 2019/20 and

2023/24. The overall result of this is that employment (people-based) is forecast to increase by only 27, an average of 2 jobs per year (Figure 4.5).

Figure 4.5: Oxford Economics Employment Growth 2016-2034
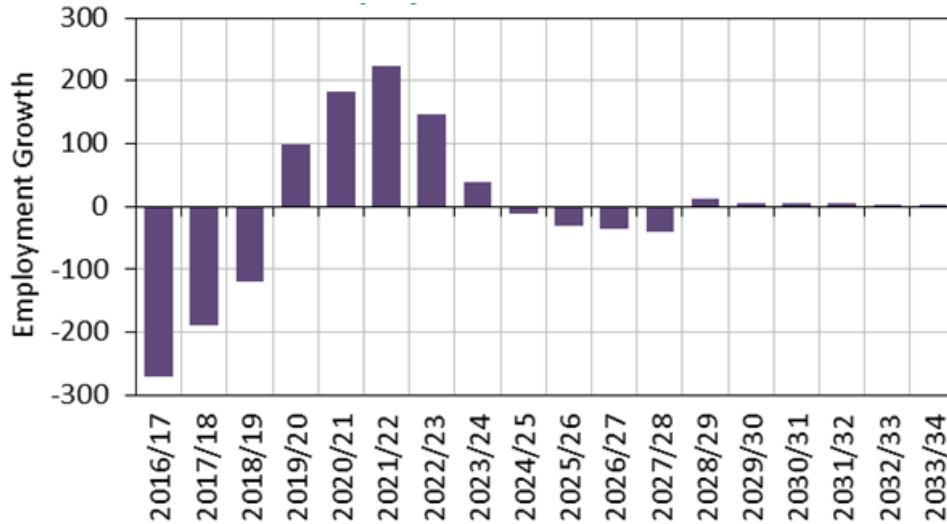
4.21   This is a lower level of employment growth than that forecast under all but the SNPP-2014 OBR2 scenario, under which employment growth averages 1 job per year (Figure 4.6).

Figure 4.6 Oxford Economics Employment Growth Comparison
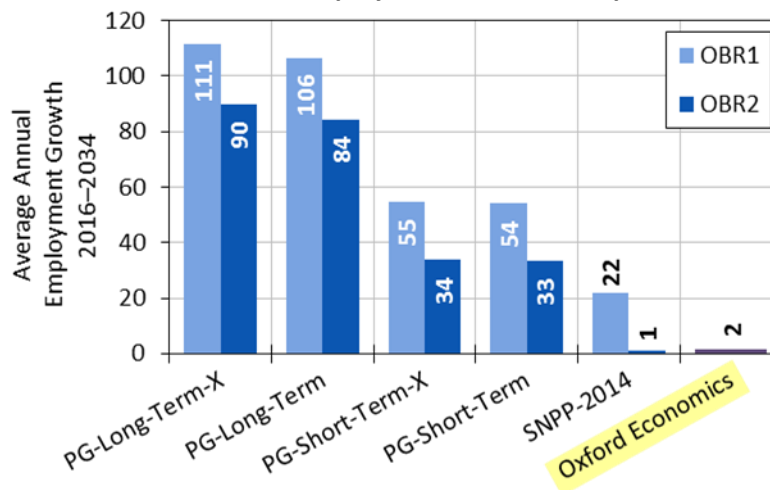
4.22   Oxford Economics produces its own population forecasts, which are derived from an 'economically-driven' model. These forecasts use official births and deaths projections from ONS but use migration assumptions that are linked to the employment rate forecasts. For Wyre Forest, it forecasts a 6.8% increase in the resident population over the 2016–2034 period, equivalent to an additional 6,826 people (Table 4.3). This level of population growth is higher than the benchmark SNPP-2014 scenario, and sits between the Edge Analytics PG-Short-Term and PG-Long-Term scenarios.

4.23   Over the same time period, the size of the labour force increases only slightly (0.3%) and the aggregate economic activity rate decreases from 55.9% to 52.1%. The unemployment rate and commuting assumptions remain relatively unchanged and the resulting level of employment growth is small (0.1%).

Table 4.3: Population underpinning forecast increases			
Indicator	2016	2034	Change
Population (total)	99,950	106,776	6,826 (7%)
Population (16+)	82,556	88,820	6,263 (8%)
Labour Force (16+)	46,162	46,295	134 (0.3%)
Aggregate Economic Activity Rate (16+)	55.9%	52.1%	-3.8% pp
Unemployment Rate	2.75%	2.84%	0.1% pp
Commuting Ratio*	1.18	1.18	0.00
Employment (people-based)	38,145	38,173	27 (0.1%)

*derived by Edge Analytics from the Oxford Economics forecast data (resident employment (i.e. employed people) / employment (people-based)

4.24 Despite forecasting a higher level of population growth than both the PG-Short-Term scenarios, the Oxford Economics forecast results in a *lower* level of employment growth than both (see Figure 4.4). These differences are due in parts to the different economic assumptions made by both Edge Analytics and Oxford Economics. The aggregate economic activity rates presented by Oxford are considerably *lower* than those assumed by Edge Analytics, resulting in a smaller resident labour force (around 46,000 compared to 49,000–52,000 under the Edge Analytics scenarios). Although the size of the resident labour force under the Oxford Economics forecast is projected to change little over the forecast period, the aggregate economic activity rate *reduces* from 55.9% to 52.1%, a result of the changing (aging) age-structure of the resident population. When combined with relatively static unemployment rate and commuting ratio assumptions, the Oxford Economics forecast results in almost no employment growth 2016–2034. With a comparable level of population growth, the Edge Analytics PG-Short-Term-X scenario results in employment growth ranging from 30 (OBR2) to 57 (OBR1) per year.

Experian

4.25 The Experian forecast is underpinned by the latest 2014-based ONS SNPP and provides a measure of workplace-based employment in Wyre Forest (Figure 4.7). The forecast statistics (which have been provided rounded to the nearest 100) suggest a reduction in employment levels throughout the plan period, averaging -61 per year, a total reduction of 1,100 by 2034 (Table 4.4).

Figure 4.7: Experian: Employment Growth 2016-2034
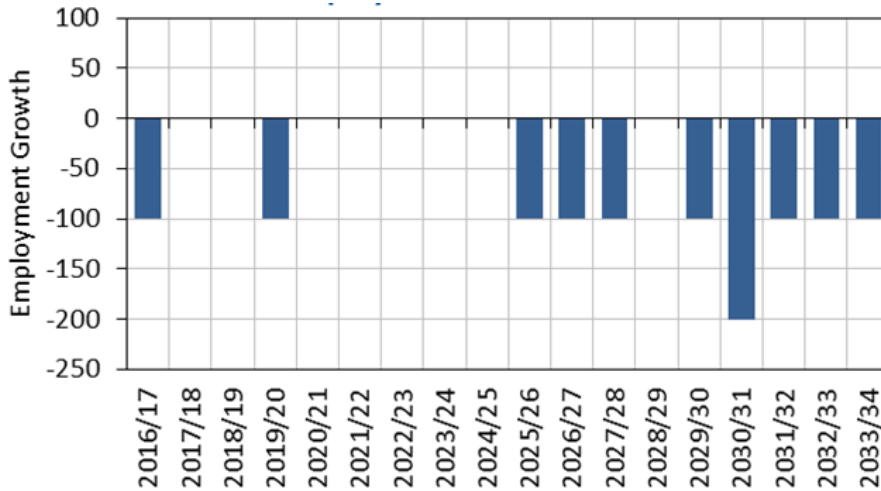
4.26   This forecast level of employment decline contrasts to both the Oxford Economics and Cambridge Econometrics forecasts, and to the outcomes derived from the Edge Analytics demographic scenarios (Figure 4.8).

Figure 4.8 Experian Employment Growth Comparison

4.27   The level of population growth in the Experian forecast aligns with that seen under the 2014-based SNPP, at 4.6% 2016–2034. However, with the same level of population growth, the Edge Analytics SNPP-2014 scenario produces different employment growth outcomes. It projects an annual average decline in employment of -61 per year 2016–2034, compared to the Edge Analytics SNPP-2014 outcome of 22 per year using the OBR1 rates and 1 per year using the OBR2 rates. These differences are largely the result of (a) the different modelling methodologies and (b) the assumptions made relating to unemployment, commuting and economic activity.

Table 4.4: Level of population growth			
Indicator	2016	2034	Change
Population (total)	99,400	104,000	4,600 (5%)
Population (16+)	82,400	86,800	4,400 (5%)
Labour Force (16+)*	49,300	50,200	900 (2%)
Aggregate Economic Activity Rate (16+)*	59.8%	57.8%	-2.0% pp
Unemployment Rate	4.00%	4.70%	0.7% pp
Commuting Ratio*	1.14	1.18	0.04
Employment (workplace-based)	41,500	40,400	-1,100 (-3%)

*derived by Edge Analytics from the Experian forecast data. Labour force = ILO residence-based employment + ILO unemployment. Aggregate Economic Activity Rate = Labour Force / Population 16+. Commuting Ratio = Employed People / workplace-based employment

4.28   The aggregate economic activity rate presented by Experian shows less of a reduction when compared to both the OBR1 and OBR2 outcomes of the Edge Analytics SNPP-2014 scenario. This results in the Experian forecast assuming a 1.8% increase in the size of the resident labour force, compared to a 0.5% increase under OBR1 and a 0.4% decrease under OBR2.

4.29   However, when combined with the Experian unemployment rate and commuting ratio assumptions, the increase in the size of the labour force is insufficient to support employment growth in Wyre Forest. The Experian unemployment rate increases over the plan period (from 4.0% to 4.7%), as does the net out-commute {from 1.14 to 1.18). Edge Analytics has assumed that the unemployment rate decreases from 4.6% to 4.0% and that the commuting ratio remains unchanged at the 2011 Census value of 1.24. The result of this is that the Edge Analytics SNPP-2014 scenario can support a small level of employment growth using the OBR1 rates.

Summary

4.30   The population and employment growth outcomes of the Oxford Economics and Experian forecasts are compared to the Edge Analytics scenarios in Figure 4.9. The Experian forecast is underpinned by the 2014-based SNPP and the Oxford Economics forecast by a population growth trajectory that sits between the PG-Short-Term and PG-Long-Term scenarios. However, both forecasts result in employment growth outcomes that are (often substantially) lower than each of the OBR1 Edge Analytics outcomes, and all but the SNPP-2014 OBR2 outcome.

4.31   Only the Cambridge Econometrics forecast results in a level of employment growth that sits within the range of the Edge Analytics growth outcomes – albeit below all the various PG Long Term scenarios.

Figure 4.9 Employment and population growth comparison summary
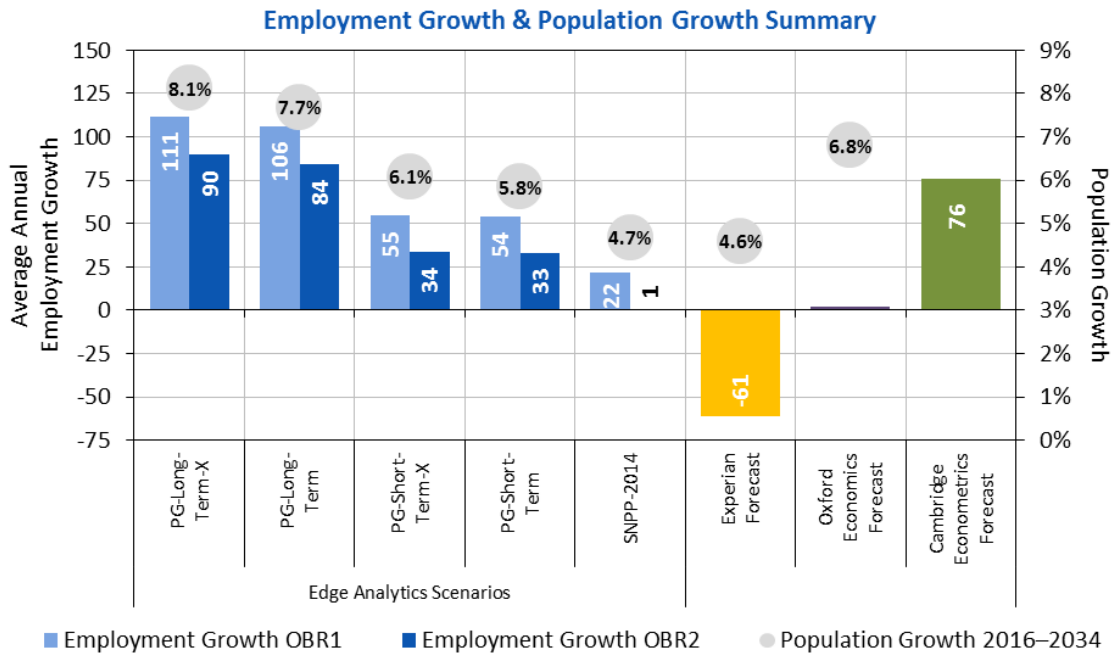
source: Edge Analytics, Cambridge Econometrics, Oxford Economics and Experian)

4.32 A summary of the population and dwelling growth outcomes associated with each of the demographic scenarios is provided in Figure 4.10. Population growth ranges from 4.7% under the benchmark SNPP-2014 scenario, to 8.1% under the PG-Long-Term-X scenario. Using the 2014-based headship rates, dwelling growth ranges from 199 to 291 per year. Household growth outcomes in the headship rate sensitivity (which examines the implications of a 'recovery' in the household formation rates for the younger age groups) are higher than the HH-14 outcomes, ranging from 239 to 332 dwellings per year.

4.33 The Cambridge Econometrics forecast, which is not constrained by a population projection, projects an employment increase of 76 per year in Wyre Forest. Using the POPGROUP model and applying the Edge Analytics economic and household growth assumptions, suggests that supporting this level of employment growth would require an average of an additional 259–322 dwellings per year over the Plan period.

Figure 4.10 Wyre Forest Scenario Dwelling Growth Summary

Population & Dwelling Growth Summary

Chart showing Average Annual Dwelling Growth (left axis, 0–500) and Population Growth (right axis, 0%–9%) across five scenarios:

- PG-Long-Term-X: Dwelling Growth HH-14 = 291, Dwelling Growth HH-14 PR = 332, Population Growth 2016–2034 = 8.1%
- PG-Long-Term: Dwelling Growth HH-14 = 267, Dwelling Growth HH-14 PR = 309, Population Growth 2016–2034 = 7.7%
- PG-Short-Term-X: Dwelling Growth HH-14 = 240, Dwelling Growth HH-14 PR = 279, Population Growth 2016–2034 = 6.1%
- PG-Short-Term: Dwelling Growth HH-14 = 229, Dwelling Growth HH-14 PR = 269, Population Growth 2016–2034 = 5.8%
- SNPP-2014: Dwelling Growth HH-14 = 199, Dwelling Growth HH-14 PR = 239, Population Growth 2016–2034 = 4.7%

Legend: ■ Dwelling Growth HH-14   ■ Dwelling Growth HH-14 PR   ● Population Growth 2016–2034

5 Wyre Forest OAHN

5.1 The foregoing analysis has therefore examined the relationship between demographic and economic change including the economic consequences of demographic scenarios as well as vice versa. In doing so it has used key assumptions regarding economic activity, unemployment, commuting and migration and has taken into account comments previously made by Savills, RPS and Bilfinger GVA on the May 2016 Wyre Forest OAHN.

5.2 The assumptions underpinning the various scenarios are summarised in Table 5.1. The scenarios presented differ primarily in terms of assumptions concerning four key variables – migration, unattributed population change, household formation and economic activity rates. Our considered view on each of these is:

- **Migration** – a longer term trend projection that 'evens out' the consequences of the economic cycle would be more robust;

- **Unattributed Population Change (UPC)** - we would consider it appropriate to include the UPC adjustment in the historical data when generating trend-based scenarios - without it the profile of population growth historically may be mis-represented.

- **Household formation rates** – an assumption about future rates should provide for some recovery from the possible suppression of rates over recent years due to undersupply and affordability issues.

- **Economic activity** - some variation in rates is likely across all age groups (as in OBR2).

5.3 This would suggest that in selecting a preferred OAHN figure within the range projected by the various scenarios (between 199 and 332 as shown in Figure 4.10), the emphasis should be more towards the upper end of the ranges suggested for migration (the Long-Term scenario but including UPC), headship rates (the partial return headship rate - HH-14 PR) and (in the jobs-led scenario) economic activity (OBR2). This would equate to a maximum of 309 per annum (the PG-Long Term figure). However, notwithstanding differences in methodology, we also consider that some recognition should be afforded to the results of the analyses of the employment implications of the demographic scenarios (and vice versa) based on the economic forecasts. **We therefore suggest an OAHN of 300 dwellings per annum**. It is worth noting that this figure is in line with that which would be derived should the approach described in the LPEG March 2016 report to Ministers have been adopted.[9]

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[9] The LPEG report advocates a demographic forecast-based approach using the SNPP base and accommodating employment growth pressures within subsequent adjustments for local affordability issues and market signals. In considering the scale of adjustments that might be required the report states that:

"Since the NPPG was first issued in 2013, a number of Inspectors have interpreted its existing guidance on market signals by endorsing the principle of broad percentage uplifts (of 10% and 20%), and the latest OAHN evidence for Cambridge puts forward a 30% uplift for the City in response to affordability. We have made some illustrative suggestions for how the adjustment might apply……… with banding thresholds for uplifts of 0%, 10%, 20% and 25%. We recognise that some local authorities may perceive a 25% uplift as significant, but uplifts of 25% (coupled with responses to address affordable housing need) will be the minimum necessary to achieve Government objectives"

Within Wyre Forest the SNPP-2014 demographic-based forecast results in a projected need of between 199 and 239 dwellings per annum (depending on the household formation assumptions adopted. The OAHN figure proposed in the report represents an uplift of 33% and 25% respectively on these figures.

Table 5.1: Wyre Forest: Scenario Assumptions					
Scenario *(base year)*	**Fertility & Mortality**	**Internal Migration**	**International Migration**	**Household & Dwelling Growth**	**Labour Force & Employment Assumptions**
SNPP 2014 *(2014)*	Births & death counts taken directly from 2014-based SNPP	Internal migrant counts taken directly from 2014-based SNPP	International migrant counts taken directly from 2014-based SNPP	**Communal Population (i.e. population not-in-households):** Assumptions taken from 2014-based DCLG household projection model (which draws on 2011 Census data). **Headship Rates** Headship rates are defined by age-group and an 8-fold household type. • **HH-14:** 2014-based DCLG headship rates • **HH-14 Return:** 2014-based DCLG headship rates, with rates for 25–34 age group returned to 2001 values by 2034 • **HH-14 Partial Return:** 2014-based DCLG headship rates, with rates for 25–	**Economic Activity Rates** 2011 Census EA Rates for Wyre Forest (ages 16–75+), with the following adjustments applied: • **OBR1:** OBR adjustments to EA rates for ages 60–75+ applied from 2011 onwards • **OBR2:** OBR adjustments to EA rates for all age groups applied from 2011 onwards. **Unemployment Rate** reduces from current (2015) value of 4.6%, to pre-recession (2004–07) value of 4.0% by 2020, fixed thereafter. Unemployment rate assumptions drawn from ONS model-based estimates of unemployment. **Commuting Ratio** fixed at 2011 Census value for Wyre
PG-Short-Term *(2015)*	Fertility & mortality assumptions drawn from 2014-based SNPP	Rates of internal migration derived from a 6-year history (2009/10–2014/15)	Counts of international migrants derived from a 6-year history (2009/10–2014/15). UPC *included* in historical data (2009/10–2010/11).		
PG-Short-Term-X *(2015)*			Counts of international migrants derived from a 6-year history (2009/10–2014/15). UPC *excluded* from historical data (2009/10–2010/11).		
PG-Long-Term *(2015)*		Rates of internal migration derived from a 14-year history	Counts of international migrants derived from a 14-year history (2001/02–2014/15). UPC *included* in historical		

Table 5.1: Wyre Forest: Scenario Assumptions					
Scenario *(base year)*	Fertility & Mortality	Internal Migration	International Migration	Household & Dwelling Growth	Labour Force & Employment Assumptions
		(2001/02– 2014/15)	data (2001/02– 2010/11).	34 and 35–44 age groups adjusted so that half the difference between the 2008-based and 2014-based rates in 2033 is recovered.	Forest (1.24), indicating a net out-commute.
PG-Long-Term-X *(2015)*			Counts of international migrants derived from a 14-year history (2001/02– 2014/15). UPC *excluded* from historical data (2001/02–2010/11).	**Dwelling vacancy rate** of 4.5% drawn from 2011 Census (household to dwelling conversion).	

5.4   NPPF paragraph 159 states that local authorities should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the Plan Period. The following considers the overall dwelling mix which would be appropriate for consideration by the Council.

5.5   In order to determine the potential range of new dwelling stock appropriate for Wyre Forest, analysis has considered:

- the current stock profile of the district by no. bedrooms;

- general household preferences;

- affordable requirements; and

- future requirements for dwelling sizes based on the OAHN figure of 300 and a split of 66.6% market (200) and 33.3% affordable (100) delivery.

5.6   The dwelling stock profile of Wyre Forest is summarised in Table 5.2.

Table 5.2: Dwelling stock profile		
No of bedrooms	Number	%
1 – 2 Bed	15,080	34.3
3 Bed	22,510	51.3
4 Bed	6,330	14.4
Total	100.0	100.0
Base	43,920	
Missing data	1,730	

Source: 2014 Valuation Office Agency

5.7 Data from arc4 primary household surveys has been assembled to ascertain a broader profile of dwelling stock that takes account of the household choices across a range of localities. Analysis is based on a sample of 12,200 household interviews weighted to reflect a total of 419,500 households. Table 5.3 summarises the profile of dwelling stock occupied by these households.

Table 5.3: General dwelling stock occupancy by households	
No of bedrooms	**%**
1 – 2 Bed	38.2
3 Bed	43.9
4 Bed	18.0
Total	100.0

Source: arc4 household surveys

5.8 Using this broader measure of the relationship between households and dwelling size, it is possible to establish a profile of dwelling size and tenure mix for Wyre Forest based on the OAHN of 300 and factoring in data on affordable dwelling requirements.

5.9 On the basis of dwelling size data, Table 5.4 provides a general view on the likely overall dwelling size split based on market and affordable development assuming a 66.6% market and 33.3% affordable split (in line with Council policy).

Table 5.4: Suggested dwelling mix by market and affordable dwellings			
Overall dwelling size mix	**Market (%)**	**Affordable (%)**	**Overall (%)**
½ Beds	9.1	96.2	38.1
3 Beds	64.4	3.0	43.9
4 Beds	26.5	0.8	18.0
Total	**100.0**	**100.0**	**100.0**
Base	200	100	300

Source: arc4

5.10 Analysis indicates a particular emphasis on the development of larger three or more bedroom market dwellings and smaller 1-2 bedroom affordable dwellings. The affordable dwellings can be split further into 73.3% 1 bedroom and 22.9% 2 bedroom dwellings.

5.11 This broadly accords with the findings of stakeholder consultation which suggests that there is a mix of size and tenure needed across the District to support a spectrum of needs, cater for demand and attract people to the area.

6   Past provision and market signals

Introduction

6.1   PPG Paragraph 2a-19 states that 'the housing need number suggested by household projections (the starting point) 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'. PPG Paragraph 2a-20 suggests that 'in broad terms, the assessment should take account both of indicators relating to price (such as house prices, rents, affordability ratios) and quantity (such as overcrowding and rates of development).

6.2   This section considers whether such evidence suggests that household growth in Wyre Forest has been suppressed by a prior undersupply of housing.

Market signals

6.3   Table 6.1 considers a range of Housing Market Signals for Wyre Forest for the period 2005 to 2015. The key messages are that:

- market prices have shown limited variation over the period 2005-2015. Lower quartile prices averaged £115,000 in 2005 and £120,000 in 2015 having reached a peak of £125,000 in 2007. Median prices were £143,950 in 2005 and have only recently recovered their pre-recession peak of £155,00; and

- the number of property sales peaked in 2006 at 2,147 but averaged around 1,379 each year. In 2015 1,535 sales were reported;

- a number of measures suggest that affordability has improved over the period:

  - the House Price Ratio (i.e. the ratio of median prices to median earnings) has averaged 6.9 over the period 2005 to 2015 and reduced from a peak of 7.3 in 2006 to 6 in 2015;

  - the Rental Affordability Ratio (i.e. the ratio of lower quartile rents to lower quartile earnings) averaged 33% over the period 2010 to 2015 but fell to 29% during 2015;

  - the Lower quartile earnings to Lower Quartile house price ratio was 8.4 in 2005, averaged 7.5 over the period and was 7.2 in 2015; and

  - the median earnings to median house price ratio has averaged 7.2 over the period 2005-2015 and was 6.9 in 2015;

- there has been an increase of 3,051 dwellings (7% of the 2005 stock) over the period;

- vacancy rates have averaged 3.2% during this period and were 2.6% in 2015[10];

- in 2011, 2.4% of households were overcrowded - compared with 4.5% across the West Midlands and 4.6% across England; and

- the number of households on the Housing Register has fluctuated between 2,607 and 5,726, averaging 3,760 over the period 2005 to 2015. The total number of households on the Housing Register was 4,243 in 2015.

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[10] The 2011 census reported a vacancy rate of 4.5% and this has been used in the Edge Analytics scenario analysis.

Table 6.1 Housing Market Signals											
Price/transaction indicators	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Lower Quartile House Prices	£115,000	£119,000	£125,000	£120,000	£115,000	£115,000	£115,000	£118,500	£118,000	£123,500	£120,000
Median House Prices	£143,950	£145,000	£155,000	£150,000	£145,000	£150,000	£145,000	£146,000	£150,000	£155,000	£155,000
Lower Quartile Rents (per calendar month)						£444	£446	£451	£459	£464	£451
Median Rents (per calendar month)						£524	£546	£533	£533	£548	£550
House Price Ratio (Median Price to Median Earnings)	7.3	7.3	7.1	6.9	6.8	7.2	7.1	6.8	6.5	6.6	6.0
Rental Affordability Ratio (Lower quartile rents to lower quartile earnings)						33.6%	35.0%	33.9%	33.1%	31.3%	29.0%
ONS Table 576 LQ Earnings to LQ Price (workplace-based earnings)	8.4	7.6	7.7	7.7	6.9	7.2	7.4	8.0	7.5	7.1	7.2
ONS Table 577 Median Earnings to Median Price (workplace-based earnings)	7.6	7.1	7.0	7.2	6.5	7.0	7.4	8.0	7.4	6.9	6.9
No. Property sales	1821	2147	1939	906	847	974	1051	1110	1271	1567	1535
Quantity indicators	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Total dwelling stock (at 1 April)	43,209	43716	44090	44,288	44,288	44,770	45,010	45,200	45,430	45,800	46,260
Total vacant dwellings (at October)	1,436	1,400	1,549	1,557	1,539	1,509	1,423	1307	1354	1404	1,216
Total vacancy rate (at October)	3.3%	3.2%	3.5%	3.5%	3.5%	3.4%	3.2%	2.9%	3.0%	3.1%	2.6%
Long-term vacant dwellings (at October)	546	599	640	690	715	608	504	441	306	404	269
Long-term vacancy rate (at October)	1.26%	1.37%	1.45%	1.56%	1.61%	1.36%	1.12%	0.98%	0.67%	0.88%	0.58%
Overcrowding (2011 census)							2.4%				
No. of households on the housing register (at 1st April)	2,630	2,984	3,210	3,371	2,607	4,015	3,926	5,726	5,374	3,277	4,243

Sources: Land Registry Price Paid Data; Zoopla Rental Data; Annual Survey of Hours and Earnings; Local Authority Housing Statistics and Housing Strategy Statistical Appendix; CLG Dwelling/Vacancy statistics; 2011 census. Note: Private rental data for 2005-2009 not available

6.4   Table 6.2 considers how the market signals observed in Wyre Forest compare with neighbouring districts and with regional and national trends over the 2005 to 2015 period.

6.5   Although house prices across Wyre Forest have increased, the proportionate increase has been substantially less than that in neighbouring districts, the region and England. The overall increase in lower quartile prices has been 4.3% (compared with 14.7% across the West Midlands and 17.7% across England) and median prices have increased by 7.7% (compared with 19.4% regionally and 30% across England).

6.6   Lower Quartile rents have increased slightly (1.6%) compared with 1.1% across the region and no change across England. Median rents have increased by 5% compared with 12.9% regionally and 12.1% across England. In neighbouring districts, rental trends have been more variable, with absolute reductions in rental prices in Malvern Hills and the largest increases in Wychavon.

6.7   The House Price Ratio in 2015 was 6.1 and the lowest compared with neighbouring districts and slightly lower than the regional figure (6.2) and the national figure (7.5). The Rental Affordability Ratio (RAR) was lower than neighbouring districts and also lower than regional and national levels.

6.8   The number of property sales has declined by 15.7% across Wyre Forest – broadly in line with regional and national trends, although the decline has been less marked in neighbouring areas.

6.9   Over the period 2005-2015, there has been a 7.1% increase in total dwelling stock – well above that in neighbouring areas (between 2.4% and 5.3%), regionally (2.7%) and nationally (2.1%).

6.10   According to the 2011 census, 2.4% of households in Wyre Forest were overcrowded. This compares with a range of between 1.7% and 2.3% across neighbouring areas; and is lower than regional and national rates of overcrowding.

6.11   The number of households on the Housing Register per 1,000 occupied dwellings was 94 across Wyre Forest. Across neighbouring areas, this ranged between 29 and 73 per 1,000. The rate for Wyre Forest also exceeds that across the region (56 per 1,000) and England (54 per 1,000). However, it should be noted that such comparisons can be problematic given that different local authorities use different systems to maintain and update lists, along with varying allocation processes.

Table 6.2: Market signals in comparator areas							
Price/transaction indicators	Wyre Forest	Bromsgrove	Malvern Hills	Wychavon	Shropshire	West Midlands	England
Lower Quartile House Prices change 2005-15	4.3	20.6	13.6	21.4	13.1	14.7	18.3
Median House Price change 2005-15	7.7	25.3	12.4	20.8	13.2	19.4	30.0
Lower Quartile Rent change 2010-2015 (per calendar month) *	1.6	5.5	-8.4	19.3	1.1	1.1	0.0
Median Rent change 2010-15 (per calendar month) *	5.0	13.0	-3.4	32.3	-6.6	12.9	12.1

House Price Ratio (Median Price to Median Earnings) 2015	6.1	7.7	8.5	8.3	7.0	6.2	7.5
Rental Affordability Ratio (Lower quartile rents to lower quartile earnings) 2015	29.0	33.3	33.0	37.1	30.6	30.9	36.4
No. Property sales change 2005-15	-15.7	-11.9	-2.0	5.3	-2.0	-17.0	-15.6
Quality indicators	**Wyre Forest**	**Bromsgrove**	**Malvern Hills**	**Wychavon**	**Shropshire**	**West Midlands**	**England**
Total dwelling stock change 2005-15	7.1	2.4	3.0	5.3	3.6	2.7	3.1
Total vacant dwellings % change 2005-15	-15.3	-3.6	14.9	-7.2	17.5	-18.4	-17.0
Total vacancy rate 2015	2.6%	2.2%	3.0%	2.2%	3.1%	2.6%	2.6%
Long-term vacant dwellings % change 2005-15	-50.7	-6.9	48.2	-16.7	2.3	-39.0	-35.1
Long-term vacancy rate (at October)	0.6%	0.9%	1.2%	0.7%	1.1%	1.5%	0.9%
Overcrowding (2011 census)	2.4%	1.7%	1.7%	2.2%	2.3%	4.5%	4.6%
No. of households on the housing register (at 1st April 2015)	4,243	1926	957	3,877	6,882	127,252	1,240,855
No. households on housing register per 1,000 occupied dwellings	94	49	29	73	51	56	54

* Rental data is only available from 2010

Past trends in housing delivery

6.12   PPG Paragraph 2a-19 refers to the rate of development as a market signal.

6.13   The Wyre Forest Adopted Core Strategy 2006-26 establishes a net housing allocation of 4,000 dwellings or 200 each year. Table 6.3 sets out actual completions up to 2015/16, including a breakdown of affordable housing completions. The overall dwelling target is being met, with an annual average of 255 dwellings built each year 2006/7 to 2015/16 as show in Figure 6.1. Over the past 10 years, 33.9% of net dwelling completed have been affordable. There has been no overall undersupply of new housing compared with housing targets.

Table 6.3: Private and affordable housing completions 2006/7 to 2014/15			
Year	Affordable	Market	Total
2006/7	69	228	297
2007/8	84	108	192
2008/9	99	140	239
2009/10	75	116	191
2010/11	29	121	150
2011/12	73	112	185
2012/13	60	162	222
2013/14	163	216	379
2014/15	148	314	462
2015/16	63	166	229
10-Year Total	863	1683	2546
Annual average	86	168	255

Source: Annual Monitoring Returns

Figure 6.1: Annual average of dwellings built each year 2006/7 to 2015/16
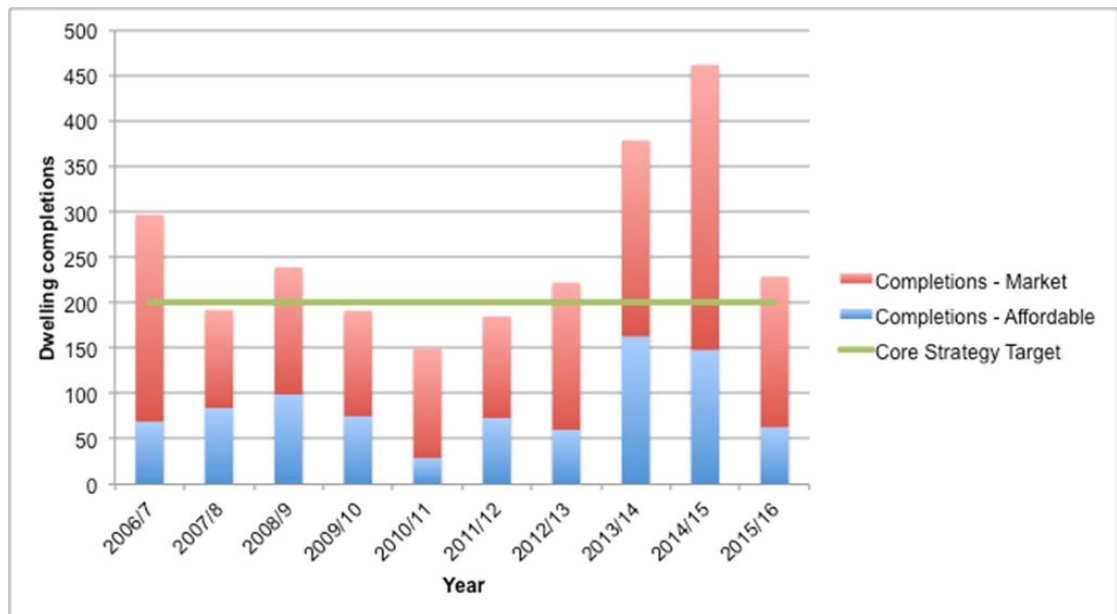
Source: AMR 2015 and Council data

Conclusion

6.14   In conclusion, a review of Market Signal data suggests that the housing market across Wyre Forest is relatively stable and that currently there are no indicators prompting a need for adjusting the housing dwelling requirement. However, the Council should collect and monitor comparable data on a regular basis to ensure it has up to date information from which to review dwelling targets.

7 Affordable Housing and Other Specific Needs

Introduction

7.1 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.

7.2 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".

7.3 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

7.4 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.

7.5 Table 7.1 summarises the various stages of the analysis.

Table 7.1: 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	**2,245**
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**	**1,726**
Stage 2: FUTURE NEED			
2.1	New household formation (Gross per year)	Based on housing register	**574**
2.2	% of new households requiring affordable housing	Based on number on housing register	**83.7%**
2.2	Number of new households requiring affordable housing	Number cannot afford	**481**
2.3	Existing households falling into need	Annual requirement	**Included in 1.4**
2.4	**TOTAL newly-arising housing need (gross each year)**	**2.2 + 2.3**	**481**
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)	**1,192**
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	**0**
3.3	Committed supply of new affordable units	Annual	**0**
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	**1,192**
3.6	Annual supply of social re-lets (net) – based on CORE lettings data	Annual Supply (3yr ave)	**261**
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply (3yr ave)	**24**
3.8	**Annual supply of affordable housing**	**3.6+3.7**	**285**
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED			
4.1	Total backlog need	1.4A-3.5	**534**
4.2	Quota to reduce over plan period		**6.25%**
4.3	Annual backlog reduction	Annual requirement	**33**
4.4	Newly-arising need	2.4	**481**
4.5	Total annual affordable need	4.3+4.4	**514**
4.6	Annual social rented capacity	3.8	**285**
4.7	**NET ANNUAL SHORTFALL (4.5-4.6)**	**NET**	**229**

7.6   The above analysis suggests a net imbalance of 229 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 five-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 accordingly. However, the likely scale of delivery of affordable housing over five 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.

7.7   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).

7.8   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*". It states that "*in practical terms, there is no arithmetical way of combining the two calculations set out in PPG to produce a joined-up assessment of overall housing 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).

7.9   As the PAS Guidance (para 9.7) states "*the OAHN does have an affordable component… but (this) will normally be much smaller than the affordable need.*" In the current exercise, the respective figures are 100 dpa (Section 5) and 229 dpa (this section). It is worth also noting that the LPEG March 2016 report[11] suggested that, where the total number of homes that would be necessary to meet affordable housing need is greater than the adjusted demographic-led housing OAN, then this figure should be uplifted by a further 10%. However, as the affordable need figure in Wyre Forest is less than the OAN no upward adjustment would be necessary.[12]

Relative affordability of housing options by Parish / Town

7.10   The relative cost of alternative housing options across Wyre Forest and by Parish/Town is explored in Table 7.2. This includes affordable and market rent options, owner occupation and intermediate tenure options, as well as starter homes. Table 7.3 shows the income required for alternative tenure options to be affordable by Parish/Town.

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[11] Local Plans Expert Group (March 2016): Local Plans Report to the Communities Secretary and to the Minister of Housing and Planning
[12] The LPEG approach has been criticised however for simply adding further double counting into the analysis and failing to understand that the link between affordable housing and OAN is complex, with a need for affordable housing not necessarily translating into a need for more housing per se.

Table 7.2: Cost[13] 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

[13] 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 7.3: 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

7.11   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).

7.12   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 7.1. 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%).

7.13   Table 7.4 summarises the proportion of households who could afford different types of tenure based on CAMEO household income data and Table 7.5 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 (53.5%) 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 (52.7% for 50% shared ownership) and help to buy (50.9%).

Figure 7.1: Household income distribution in Wyre Forest 2015
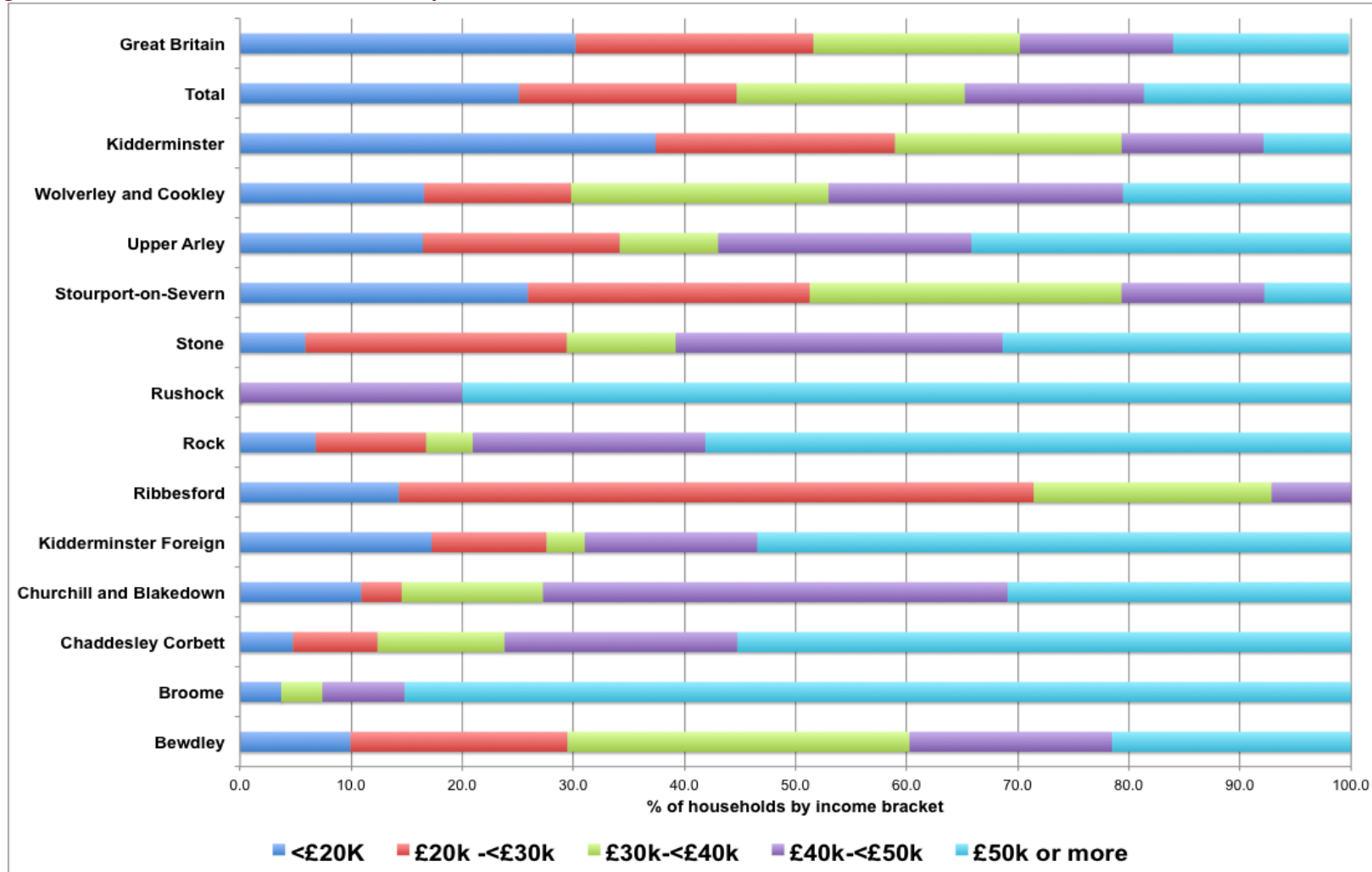
Source: 2015 CAMEO data

Table 7.4: % 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 7.5: % 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

7.14 Consideration has also been given to the presence in Wyre Forest of household groups who may have particular housing requirements. This has 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).

7.15 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.

7.16 The requirements of other specific groups are as follows:

- People with specialist support requirements. Table 7.6 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.

Table 7.6: 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[n] indicate that a total of 289 decisions were made on households declaring themselves as homeless across Wyre Forest District (Table 7.7). 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

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

been made across Wyre Forest District and an average of 133 households each year have been declared as homeless and in priority need.

Table 7.7: 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 unauthorised (16) pitches.

8 Conclusions

Introduction

8.1 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. It has been prepared in line with National Planning Policy Framework (NPPF) and associated Planning Practice Guidance (PPG – can we also say has taken account of Housing White Paper and recommendations from LPEG

The housing market area

8.2 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.

8.3 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.

The forecasts

8.4 The starting point of the approach to preparing the housing need forecasts has been the latest official population and household projections for Wyre Forest from ONS and DCLG respectively. A range of demographic scenarios have been explored using POPGROUP technology and the labour force and employment growth implications of these scenarios have been considered and compared to three economic forecasts for the area.

8.6 We propose that the OAHN should be 300 dwellings per annum. This figure sits at the upper end of the dwelling requirements suggested by the various demographic scenarios that have been developed and the component key variables regarding migration, headship rates and economic activity. It is also in line with the figure that would be derived should the alternative approach suggested in the LPEG March 2016 report to ministers had been adopted.

Past provision and housing market signals

8.8 Housing market signals suggest that the housing market in Wyre Forest is relatively stable. There are currently no indicators suggesting a need for adjusting the housing dwelling requirement on the basis of market signals.

Other factors to be considered in setting the Plan target

8.10 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 an objectively assessed need figure to a housing provision target number. These are summarised below.

(i) Affordable housing need

8.11 The analysis undertaken suggests an annual requirement of 229 dwellings per annum to support affordable housing need requirements. We consider that any new build required to meet these needs can be accommodated within the OAHN but this should be kept under regular review.

(ii) Cross-boundary demands

8.12   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

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

(iv) Wider policy objectives

8.14   Council priorities regarding the economic development of the area have been taken into consideration through reference to the latest economic forecasts for the area. These suggest that the demographic consequences of projected jobs change for the area can be accommodated within the proposed OAHN. Therefore, no further uplift is required.

8.15   In addition our analysis has identified that the communal / institutional population is likely to increase by an average of up to 30 persons per annum over the Plan period. Such specialist provision falls outside the remit of OAHN but could be a consideration in setting a housing provision target number in the Plan.

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.

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.

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;

- 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

B.1   The purpose of this Appendix is to set out the national policy agenda of relevance to this housing needs assessment.   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.

B.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.

B.3   Since the election of a majority Conservative Government in May 2015 further welfare reforms were accompanied by policies seeking to increase the rate of housebuilding and promoting home ownership as the tenure of choice. The Housing and Planning Act was passed in May 2016, setting out the legislative framework for the flagship Starter Homes scheme and including provisions relating to other aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.

B.4   However, the European Union Referendum of 23rd June 2016 and subsequent changes in Government leadership are beginning to impact emerging policy. 'Brexit' discussions have created uncertainty regarding economic issues and the new Conservation Party leadership have signalled some changes in policy direction in their Autumn Statement and the Housing White Paper (February 2017).

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 a 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 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 set out 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 National Housing Strategy acknowledges the importance of social housing and the need for more affordable housing. However, the document reaffirms the programme of reforming 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'*[15]. 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'*[16]. The document 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 National Housing Strategy reaffirms the 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

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[15] *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 22 para.11
[16] *Laying the Foundations: A Housing Strategy for England* (Nov 2011), page 33 Summary

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.*'[17]

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.

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[18]. National **Planning Practice Guidance** (NPPG) on a range of more detailed topics has been revised and updated and made available through an online system since March 2014[19]. NPPG 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.

B2.10   Following the election of a majority Conservative Government in May 2015, the Government's **Summer Budget 2015** was presented to Parliament by the then-Chancellor George Osborne in 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; training requirements for those on Universal Credit aged 18 to 21; the removal of automatic entitlement to Housing Benefit for those on Universal Credit aged 18 to 21; and the removal of the Family Premium element of Housing Benefit for new claims from April 2016. Alongside these welfare cuts, it was 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.

B2.11   Alongside the Summer 2015 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.

B2.12   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 powers 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

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[17] National Planning Policy Framework (November 2012), para. 14
[18] http://planningguidance.communities.gov.uk/
[19] http://planningguidance.communities.gov.uk/

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.

B2.13 The **Spending Review and Autumn Statement 2015** of November 2015 continued these policy themes:

- Plans to extend the 'Local Housing Allowance' to social landlords so that the Housing Benefit payed to tenants living in housing association properties will be capped at the LHA rate;

- A new 'Help to Buy Shared Ownership' scheme, removing 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' – an 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' to be built over the following five years;

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

- Right to Buy extension to housing association tenants;

- £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;

- 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; and

- A commitment to extra funding for targeted homelessness intervention.

B2.14 In December 2015, DCLG published a **Consultation on proposed changes to national planning policy**, which was open for consultation until February 2016. This consultation sought 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.

B2.15 The publication of a revised NPPF document has been delayed during 2016 and is still awaited.

B2.16 The **Cities and Local Government Devolution Act 2016** received Royal Assent on 28th January 2016. This Act makes provision for the election of mayors for the areas of, and for conferring additional functions on, combined authorities established under Part 6 of the Local Democracy, Economic Development and Construction Act 2009. It makes provision about local authority governance and functions; to confer power to establish, and to make provision about, sub-national transport bodies; and for connected purposes. This Act is central to the Government's devolution plans for England, facilitating its vision of a 'Northern Powerhouse'.

B2.17 The **Welfare Reform and Work Act 2016** received Royal Assent on 16th March 2016. The Act makes 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. Secondary legislation (Social Housing Rents Regulations, March 2016) sets out that the 1% cut to social housing rents will not apply to households with an income of £60,000 or more.

B2.18 On 16th March 2016, the **Budget 2016** was announced. This continued the policy emphasis of promoting home ownership and facilitating first-time buyers to enter the market. A new 'Lifetime ISA' was announced, extending the principle of the Help to Buy ISA by incentivising saving for under-40s. Of relevance to the private rented sector were stamp duty increases for institutional investors and the withholding of capital gains reductions from companies investing in residential property. In seeking to deliver more homes for ownership, announcements were made of further planning reforms; releasing public land for development; and a £1.2 billion Starter Homes Fund for brownfield remediation. The anticipated 'duty to prevent' homelessness was not announced, but instead the Chancellor committed £115 million to preventing and reducing rough sleeping.

B2.19 A **Technical consultation on Starter Homes regulations** was announced on 23rd March 2016. This sought views on the framework to be established in the forthcoming regulations, including the restrictions that should be placed on Starter Homes, how age eligibility criteria should work, what threshold (size of site/development) should apply, what the percentage requirement should be, whether exemptions should apply and whether off-site payments should be acceptable. The consultation document set out that, in terms of the period within which Starter Homes should not be sold at full market value, the DCLG does not support a period of longer than 8 years. The paper proposes that the requirement to provide 20% of dwellings as Starter Homes should apply to sites of 10 dwellings or more (or 0.5 hectares). Secondary legislation relating to Starter Homes is still awaited from Parliament.

B2.20 The **Housing and Planning Act 2016** received Royal Assent on 12th May 2016 after a range of oppositions and amendments by both the House of Lords and the House of Commons. The Act sets out the legislative framework for the Government's flagship Starter Homes scheme and includes provisions relating to other important aspects of housing policy such as Pay to Stay, Right to Buy, high value sales and ending lifetime tenancies.

B3.0 Emerging policy and legislation

B3.1 Announced in the Queen's Speech (May 2016), the **Neighbourhood Planning Bill 2016-17** was laid before Parliament on 7th September 2016. With the objective of speeding up the delivery of new homes, relevant clauses of the Bill include strengthening neighbourhood planning, limiting the use of pre-commencement planning conditions, the planning register and reform of compulsory purchase. The Bill has been subject to amendments, including proposed changes to the Local Plan process to allow the Secretary of State to intervene and invite County Councils to prepare or revise Local Plans where districts have not delivered and to allow the preparation of joint Local Plans where there are cross-boundary issues between two or more local authorities. This follows the recommendations of the Local Plans Expert Group (LPEG) report of March 2016[20]. The Bill has been through the House of Lords, who have returned it to the Commons with amendments.

B3.2 The **Autumn Statement (2016)** was announced on 23rd November by Chancellor Philip Hammond. With an important focus on housing, the Statement has revealed some key changes in policy direction from the Cameron/Osborne era. Provisions include:

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[20] Local Plans Expert Group, Local Plans: Report to the Communities Secretary and to the Minister of Housing and Planning, March 2016

- £1.4 billion of extra cash to build 40,000 affordable homes, with a relaxation of restrictions on grant funding;

- £2.3 billion Housing Infrastructure Fund to pave the way for up to 100,000 new homes to be built in areas of high demand;

- £3.15 billion of the Affordable Homes Programme will be given to London to deliver 90,000 homes;

- New regional pilots of the Right to Buy extension, allowing more than 3,000 tenants to buy their properties;

- £1.7 billion to pilot 'accelerated construction' on public sector land;

- Letting agents in the private rented sector to be banned from charging fees; and

- Confirmation that compulsory Pay to Stay will not be implemented for councils.

B3.3 In keeping with various statements and comments made by Sajid Javid (Communities Secretary) and Gavin Barwell (Housing Minister) during Autumn 2016, the Autumn Statement indicates a clear shift in Government policy, away from an exclusive focus on homeownership and towards boosting overall housing supply. A removal of grant-funding restrictions will allow housing associations to increase the delivery of sub-market rented housing, including affordable rented, shared ownership and rent-to-buy homes.

B3.4 The Autumn Statement announced a second pilot scheme for the extension of Right to Buy. Lasting five years, these 'large-scale'

B3.5 Regional Right to Buy pilots will expand on the five pilots launched in November 2015, allowing 3,000 tenants to purchase their homes from housing associations. A £250 million fund has been set aside to finance these pilots up to 2021.

B3.6 Many of the 'flagship' housing policies of the Conservative Manifesto have their legislative basis in the provisions of the Housing and Planning Act 2016, but require further secondary legislation. Their implementation is subject to the ongoing evolution of housing policy under the new Government leadership and are subject to significant delay and/or amendment:

- The extension of Right to Buy to housing association tenants has been delayed. Guidelines for the Voluntary Right to Buy programme now have no fixed publication date. In addition, the new pilot scheme announced as part of the Autumn Statement is interpreted to signal a significant delay to the full roll-out of the Right to Buy extension;

- Detailed regulations relating to the higher value asset levy, which was intended to fund the building of new homes to replace those sold through the extension of Right to Buy, have been delayed. These were expected to be published in draft form by July 2016. Whilst the levy was expected to commence in April 2017, the lack of statutory consultation will result in a delay to implementation; and

- Similarly, compulsory Pay to Stay was originally scheduled to be implemented in April 2017, but Gavin Barwell (Housing Minister) announced in November 2016 that this scheme will no longer be compulsory for councils.

B3.7 The **Housing White Paper, *Fixing our broken housing market***, was published in February 2017. The White Paper proposes a number of changes to reshape the approach to housebuilding and increase housing supply. These changes are centred around the following four areas:

- *Planning for the right homes in the right places*, by making it simpler for local authorities to put Local Plans in place and keep them up-to-date, ensuring sufficient land is allocated to

meet housing needs and building upon neighbourhood planning to ensure communities have control over development in their area. The White Paper aims to make more land available for homes by maximising the contribution from brownfield and surplus public land, regenerating estates, releasing more small and medium sized sites, allowing rural communities to grow and making it easier to build new settlements. It reaffirms that the existing protections for the Green Belt remain unchanged and emphasises that authorities should only make exceptional amendments to Green Belt boundaries.

- *Building homes faster*, by increasing certainty around housing numbers, aligning new infrastructure with housing, supporting developers to build more quickly and improving transparency. White Paper proposals include amending the NPPF to give local authorities the opportunity to have their housing land supply agreed on an annual basis and fixed for a one-year period, in order to create more certainty about when an adequate land supply exists. Authorities taking advantage of this would have to provide a 10% larger buffer on their five-year land supply. In addition, the White Paper suggests changing the NPPF to introduce a housing delivery test for local authorities. If delivery falls below specified thresholds extra land would be added onto the five-year land supply as well as further thresholds which would allow the presumption in favour of sustainable development to apply automatically.

- *Diversifying the market*, by establishing a new Accelerated Construction Programme, supporting more Build to Rent developments, supporting housing associations to build more housing and boosting innovation. The White Paper proposes ensuring that the public sector plays its part by encouraging more building by councils and reforming the Homes and Communities Agency.

- *Helping people* through Help to Buy, Right to Buy, the Shared Ownership and Affordable Homes Programme (SOAHP), the new Lifetime ISA, amendments to Starter Homes requirements and the announcement of a new statutory duty on planning to meet the needs of older and disabled people.

B4.0   Overview of housing policy themes

B4.1   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.'[21]

B4.2   Therefore, 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.

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[21] https://www.gov.uk/government/topics/housing

B5.0   Building affordable housing

B5.1   In line with successive governments, the Conservative Government has continued to seek an increase in the rate of housebuilding. Ongoing reform of the planning system and removing complex regulations are intended to speed up delivery. The policy focus of the Cameron/Osborne era was increasingly towards home ownership, with a shift away from traditional social rented affordable housing to Starter Homes.

B5.2   A national Starter Homes exception site planning policy was launched 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."*[22] Sites where these homes were delivered were to be exempt from affordable housing requirements and the Community Infrastructure Levy (CIL).

B5.3   In January 2016, the Prime Minister announced[23] 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 including Northstowe (Cambridgeshire), Daedalus Waterfront (Hampshire), Old Oak Common (London), Connaught Barracks (Kent) and Lower Graylingwell (Chichester).

B5.4   A range of financial incentives to encourage new housing development have been implemented. Since early 2016, a £1.2 billion Starter Homes Fund has been announced[24], designed to prepare brownfield sites for at least 30,000 homes, along with £6.3 million of Housing Zones funding[25] for the 20 Housing Zones designated in March 2015.

B5.5   Other projects to help finance housing development include:

- Get Britain Building programme,
- Builders Finance Fund,
- New Homes Bonus,
- Build to Rent Fund, and the
- Community Right to Build.

B5.6   To increase the supply of affordable rented homes the previous Government introduced the affordable rent model[26], aimed at giving providers greater flexibility on rents and use of assets, whilst at the same time providing affordable housing for people in need.

B5.7   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.

B6.0   Improving the quality of rented housing

B6.1   The Government have implemented a number of actions to improve the quality and quantity of properties for rent.

Social rented housing

B6.2   Between 2010-2015 a series of social housing reforms were introduced including:

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[22] https://www.gov.uk/government/speeches/housing-and-planning
[23] https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes
[24] https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes
[25] https://www.gov.uk/government/news/tens-of-thousands-of-homes-supported-by-housing-zone-funding
[26] Allows Registered Providers to charge no more than 80% of local market rent for affordable housing.

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

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

- 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 discharge their homelessness duty in the private rented sector.

B6.3   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. From 7th November 2016, the overall benefit cap has been cut to £20,000 (or £23,000 in London), with implications for households living in both social and private rented sectors.

B6.4   The Autumn Statement 2015 set out a policy of capping housing benefit at Local Housing Allowance (LHA) levels. A range of concerns were expressed in relation to this proposal, particularly the impact the policy would have on supported housing. As a result, implementation has been delayed (originally planned for April 2016). In November 2016, Lord Freud (Work and Pensions Minister) announced that the cap for general needs accommodation will now be stalled until 2019. However, it will now apply to all tenants on Universal Credit, rather than just those who start new tenancies (the previous policy).

B6.5   Along with the plans to cap benefits at LHA levels, the 1% rent cut for social renters that was announced as part of the Summer 2015 Budget has significant implications for new affordable housing development. Due to financial uncertainties, many housing associations have put development plans on hold or scaled back their building programmes.

B6.6   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 led to the Government immediately pledging to bring in changes to reverse this decision. Deregulatory provisions were included within the Housing and Planning Act 2016; however, secondary legislation to implement these changes is yet to be issued and is expected early in 2017. Once these changes come into force it is anticipated that the Government will ask ONS to carry out a new review.

Private rented housing

B6.7   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 in recent years have included:

- 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 tenancy agreement;

- The Housing and Planning Act 2016 includes provisions to tackle 'rogue landlords' and create a central database of rogue landlords and property agents;

- £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.

B7.0   Helping more people to buy a home

B7.1   The primacy of home ownership remains central to the Government's housing policy approach. A number of measures promote homeownership[27], including:

• Starter Homes, a major element of the Housing and Planning Act 2016, 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. However, the cost for the developer of providing the 20% discount may be met in lieu of delivering affordable housing on these sites. Draft regulations have been consulted upon but finalised legislation is still awaited.

• Help to Buy, which includes several current products[28]:

    • 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.

    • 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.

    • 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.

• Discounted Sales, where councils and housing associations build new homes for sale and sell some at a 25-50% discount. There are a number of criteria, including some set locally by the relevant council and housing associations who run the scheme. Buyers 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

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[27] https://www.ownyourhome.gov.uk/
[28] https://www.helptobuy.gov.uk/

promoted by the Coalition Government, with eleven authorities announced as Right to Build 'vanguards' in September 2014. The Self-Build and Custom Housebuilding Act 2015 and subsequent Self-Build and Custom Housebuilding (Register) Regulations 2016 require authorities to maintain a register of those who have expressed an interest in buying serviced plots. Local authorities are under a duty to have regard to these registers in carrying out their planning function.

- The March 2016 Budget included plans for a new 'Lifetime ISA'. Available to individuals aged under 40 in April 2017, the Government propose to add £1 for every £4 saved, to be used to buy homes worth up to £450,000 or for retirement funds. The proposals have been criticised for causing confusion between ISAs and pensions, but the scheme is intended to facilitate younger households saving, either towards a house purchase or their pension.

B8.0   Housing for older and vulnerable people

B8.1   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:

- 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.

B8.2   In addition, the Care Act introduces a cap on care costs, whereby people will be responsible for their own care costs up to a capital limit of £72,000. This may have an impact on the provision of supported housing.

B8.3   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.

B8.4   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. A further allocation of £84.2 million announced in March 2016 is intended to provide a further 2,000 homes.

- Supported housing has been exempted from the 1% rent cuts and potential exemption from the LHA cap is also being considered by Government, although wider welfare and funding reforms have already had a significant 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.

B8.5 Other projects of relevance to housing include the previous 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.

B8.6 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. Launched in February 2016, the NHS's Healthy New Towns initiative seeks to deliver 76,000 new homes on 10 sites throughout the UK.

B8.7 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.

B8.8 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.

B8.9 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.

B8.10 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 Fund, 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.

B8.11 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'*[29]. 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.

B8.12 The March 2016 Budget included a commitment of £100 million to build accommodation for rough sleepers; £10 million to fund new ways to prevent and reduce rough sleeping; and a £5 million increase to funding for the Rough Sleeping Social Impact Bond. However, Ministers the imposition on local authorities of a new legal 'duty to prevent' was not included in the March Budget as expected.

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

B8.13 The Conservative MP Bob Blackman tabled the Homelessness Reduction Bill in September 2017. It proposed the introduction of new duties on councils, including requiring them to provide emergency accommodation for 56 days for people with a local connection but not in priority need. Following negotiations, a new version of the Bill was published in October 2016. This does not include the above clause, which was considered would place too much pressure on local authorities and would be too costly. The central thrust of the Bill remains, however, which is to place duties on councils to take steps to prevent homelessness The Bill has been backed by Government and has progressed to its third reading in the House of Lords (23rd March 2017).

B9.0 National housing reviews

B9.1 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.

B9.2 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.

- 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.

B9.3 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.

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[30].

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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[30]   2013 CLG Dwelling and Vacancy data

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 (see Table C2.4), 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

C2.7   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).

C2.8   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
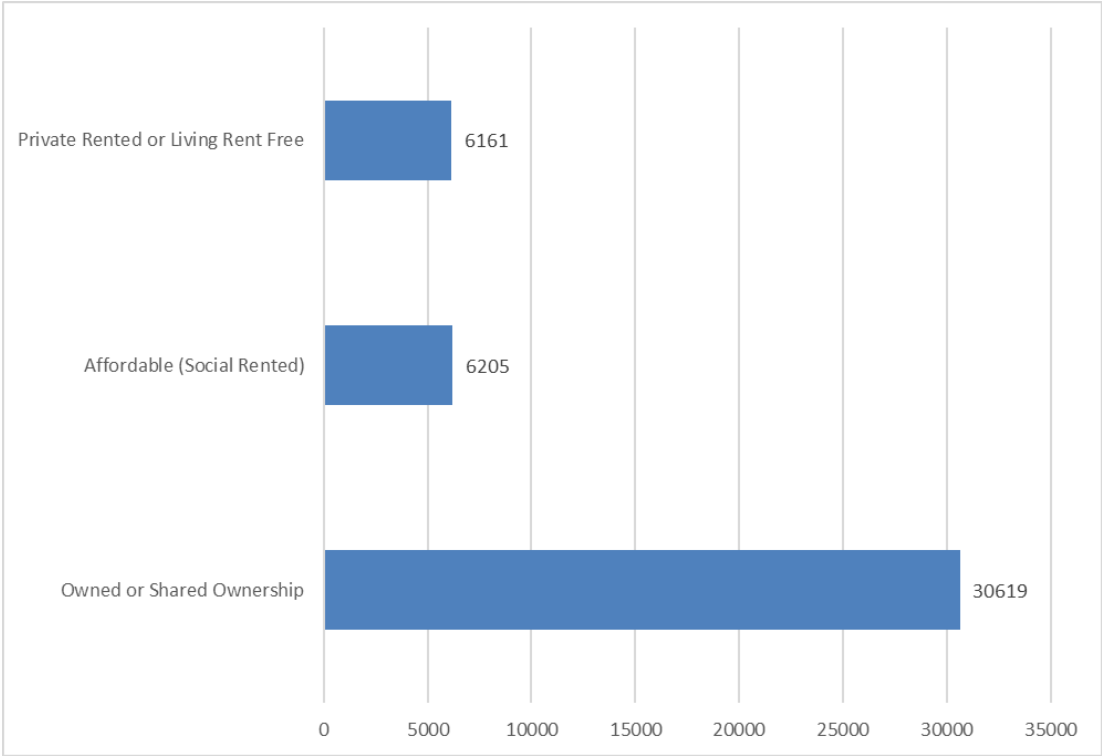
Source: 2011 Census

Figure C2.2: Wyre Forest District tenure profile by sub-area
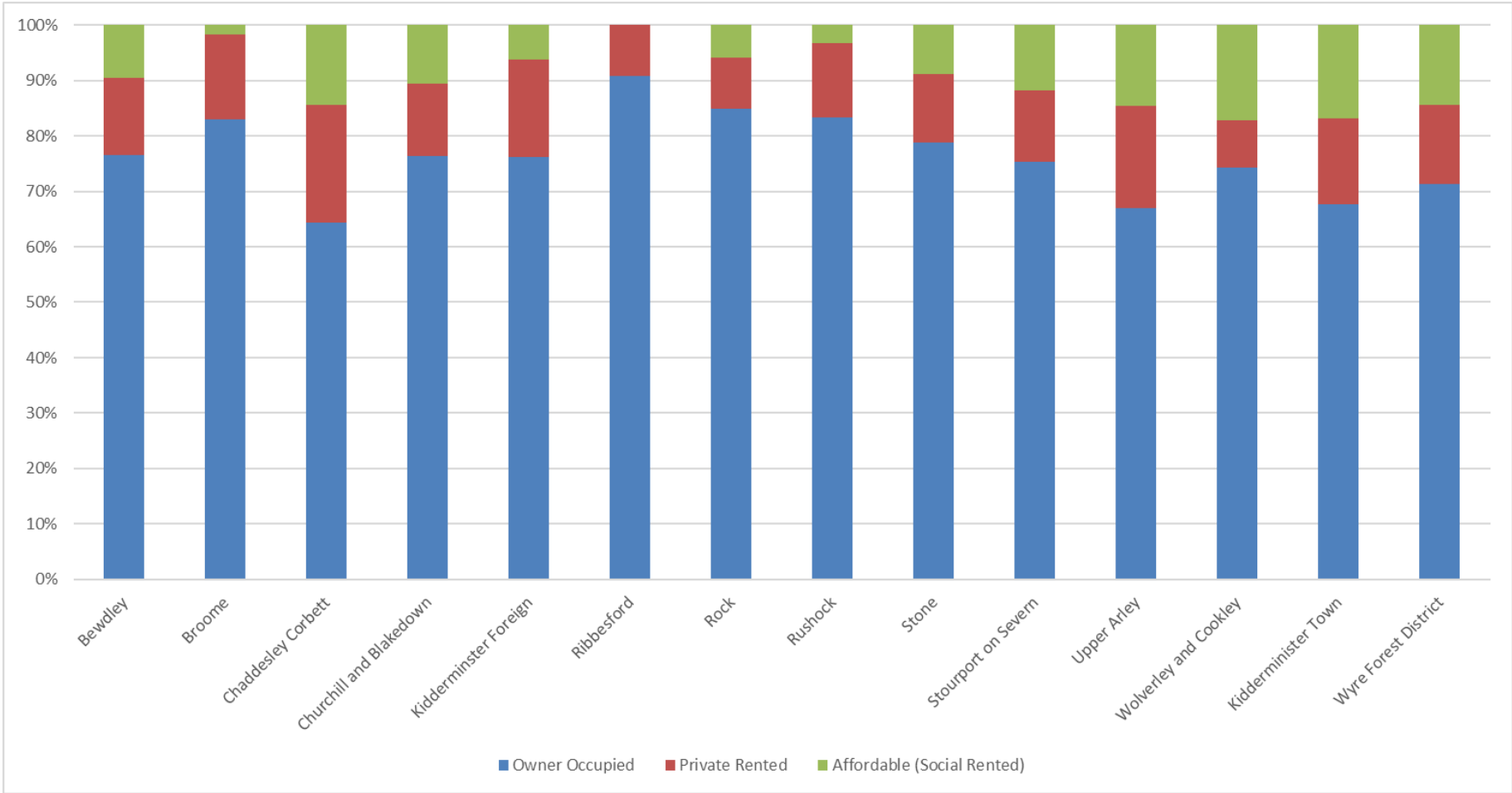
Source: 2011 Census

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'[31] 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'[32] 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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[31]   'The Modern Private Rented Sector' David Rhodes, 2006, University of York with CIH/JRF
[32]   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.

C4.3   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".*[33]

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[34]. 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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[33]   National Planning Practice Guidance paragraph 10
[34]   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)
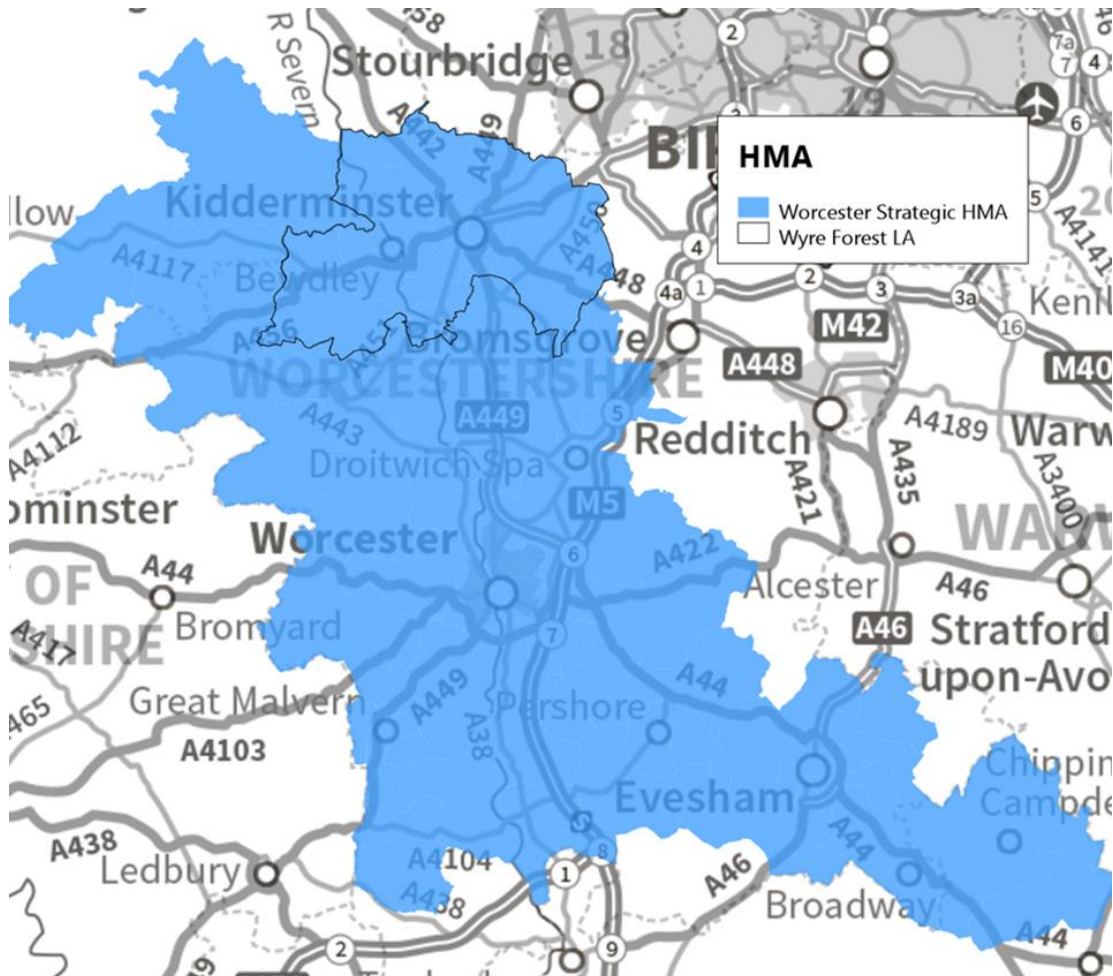
Source: Geography of Housing Markets, NHPAU 2010

Map D1.2: Local Housing Market Areas
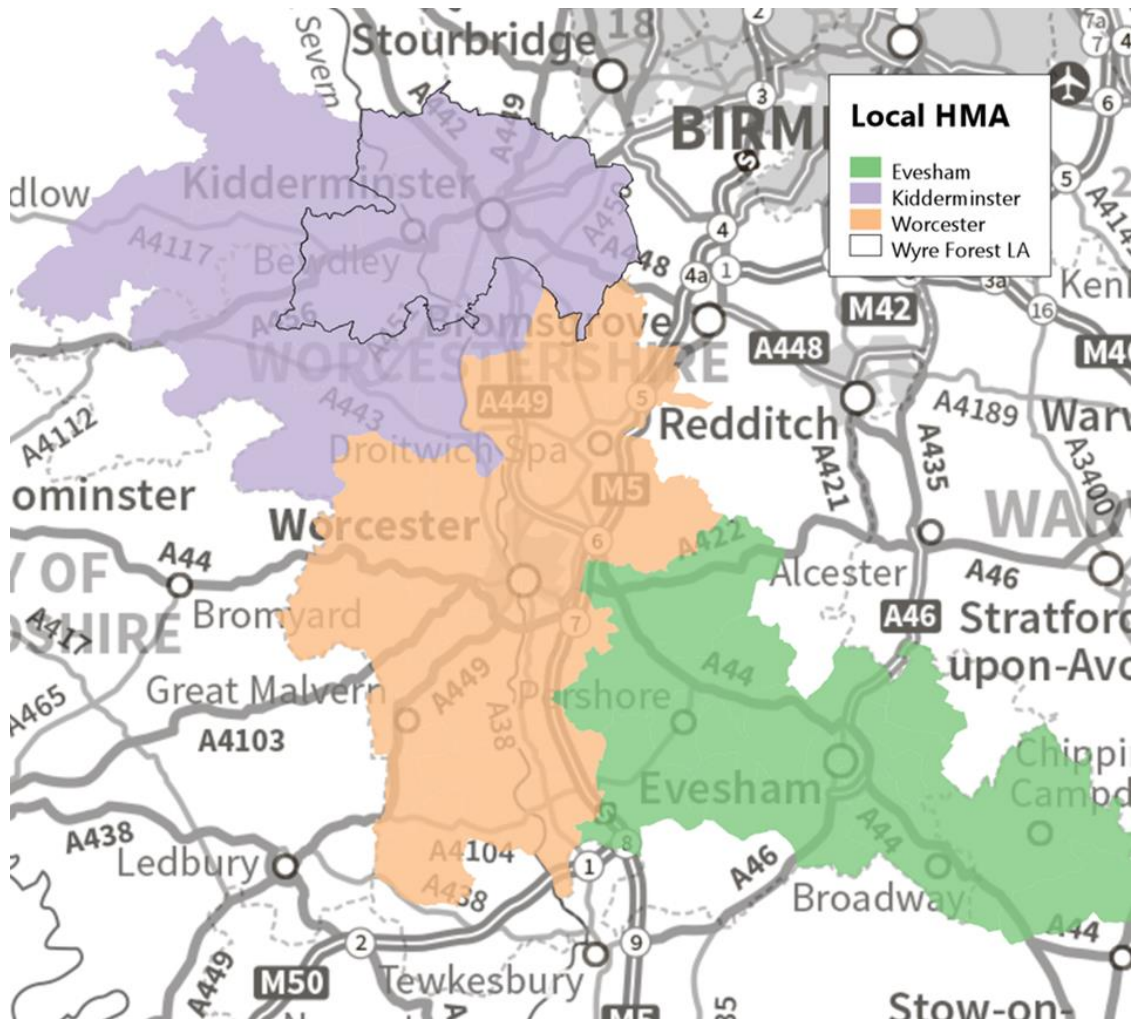
Source: Geography of Housing Markets, NHPAU 2010

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.

Figure D2.1: Median house price trends 2000 to 2014: Wyre Forest, the West Midlands and England
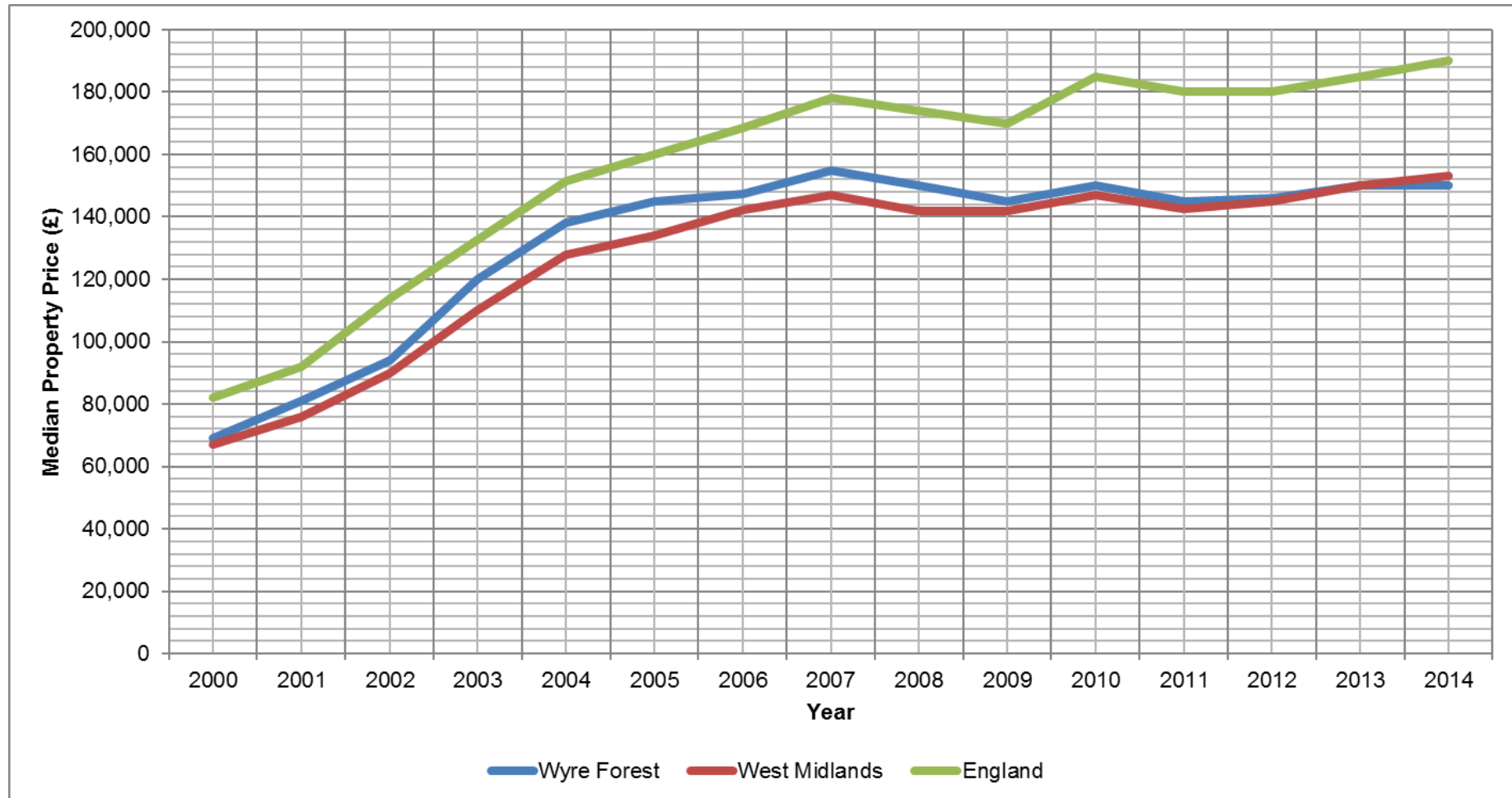
Source: DCLG; Land Registry

Map D2.3: Median house prices by sub-area
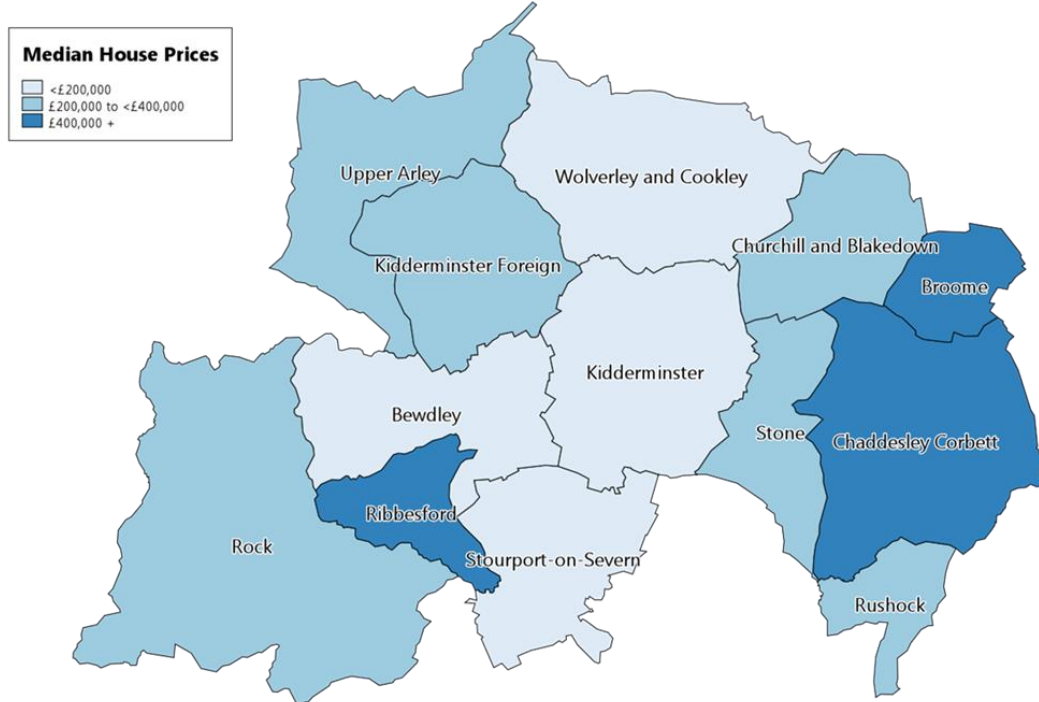
D2.4 Table D2.1 summarises lower quartile, median and upper quartile prices by sub-area during 2014 based on Land Registry address-level data. This shows significant variation across Wyre Forest, with the lowest prices in the urban areas of Kidderminster, Stourport-on-Severn, Bewdley and Wolverley & 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[35], 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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[35]   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 Update

February 2017

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Acknowledgements

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Introduction

Context

1.1 In January 2016, Edge Analytics produced a suite of demographic forecasts to inform the AMION Consulting *Objective Assessment of Housing Need (OAHN) for Wyre Forest*.[1] The OAHN, published in May 2016, identified a requirement for 254 dwellings per year over the 2016–2032 plan period.

1.2 In line with National Planning Policy Framework (NPPF) and associated Planning Practice Guidance (PPG), the 'starting point' in the assessment of housing need was provided by the 2012-based subnational population projection (SNPP) from the Office for National Statistics (ONS) and the Department for Communities and Local Government (DCLG) 2012-based household projection for Wyre Forest. A range of 'alternative trend-based' scenarios were developed using the latest demographic statistics, together with an analysis of the housing-growth implications of a range of employment forecasts from Cambridge Econometrics, Experian and Oxford Economics.

1.3 Since the development of this evidence, a number of new data releases and methodological reviews have been released, including:

- 2014-based sub-national population projection (SNPP) from ONS (May 2016);
- 2015 mid-year population estimate (MYE) from ONS (June 2016);
- 2014-based household projection from DCLG (July 2016);
- Post-EU Referendum economic forecasts from Oxford Economics (October 2016), Cambridge Econometrics (November 2016) and Experian (December 2016).

1.4 Furthermore, since publication in May 2016, reviews of the OAHN have been undertaken by: Savills, acting on behalf of Miller Homes (June 2016); RPS on behalf of Savills and Miller (September 2016); and Bilfinger GVA, acting on behalf of Gladman Developments Ltd (October 2016). These

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[1] http://www.wyreforestdc.gov.uk/media/1959274/Wyre-Forest-OAHN-Final-Report-23-05-16.pdf

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reviews made a number of recommendations relating to the development of the demographic scenarios informing Wyre Forest's OAHN:

- The projections should be updated to take account of the latest 2014-based population and household projections from ONS and DCLG, and the latest 2015 MYE;
- The unattributable population change (UPC) component in the historical MYEs should be discounted when generating the alternative trend-based scenarios;
- Sensitivity testing of household growth (headship rate) assumptions from the latest 2014-based DCLG household projection model should be undertaken, with adjustments made over an extended time-period;
- The component of communal establishment (i.e. institutional) population growth should be presented with the demographic forecasting outcomes;
- Economic activity rates (for ages 16–75+) should be adjusted in line with the Office for Budget Responsibility (OBR) forecasts;
- Commuting assumptions should be kept fixed;
- The Local Plans Expert Group (LPEG) March 2016 *Report to the Communities Secretary and to the Minister of Housing and Planning* should be considered.

Requirements

1.5   AMION Consulting has requested that Edge Analytics provides an update to the previous OAHN demographic evidence, considering the latest 2014-based population and household projections for Wyre Forest. An updated range of growth scenarios are required for the 2016–2034 plan period. AMION Consulting has also requested that the recommendations made by Savills, RPS and Bilfinger GVA are considered when developing the updated range of evidence.

Approach

1.6   Edge Analytics has used the latest demographic statistics, in combination with POPGROUP forecasting technology, to compile a range of new evidence and a revised suite of demographic forecasts for Wyre Forest. This new evidence has been formulated in line with NPPF/PPG guidelines, with due recognition for the revised OAHN guidance provided in the latest Planning

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Advisory Service (PAS) documentation, with consideration of the LPEG methodological recommendations, and the recommendations made by Savills, RPS and Bilfinger GVA.

1.7   In line with the PPG, the 'starting point' for the analysis is provided by the latest 2014-based SNPP from ONS and the 2014-based household projections from DCLG. A range of updated, alternative trend-based scenarios have also been developed, using the latest mid-year population estimates from ONS. The analysis incorporates evidence from the latest economic forecasts from Oxford Economics, Cambridge Econometrics and Experian, with consideration of the labour force and employment growth implications of the demographic scenarios.

Document Structure

1.8   **Section 2** presents a demographic profile of Wyre Forest, including detail on the latest MYEs, Wyre Forest's population age-structure, migration and commuting patterns.

1.9   **Section 3** presents the latest official population and household projections for Wyre Forest from ONS and DCLG respectively.

1.10   In **Section 4**, the range of demographic scenarios developed using POPGROUP technology is presented, including a household growth sensitivity analysis.

1.11   In **Section 5**, the labour force and employment growth implications of the demographic scenarios are considered, using key assumptions relating to economic activity, unemployment and commuting. These outcomes are compared to the three economic forecasts from Oxford Economics, Cambridge Econometrics and Experian.

1.12   **Section 6** provides a summary of the results and issues for consideration.

1.13   The appendices to this document provide detail on the POPGROUP methodology (**Appendix A**) and the data inputs and assumptions underpinning the scenarios (**Appendix B**).

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2 Area Profile

Geographical Context

2.1   Wyre Forest is located approximately 20 km south-west of Birmingham in North Worcestershire, bordering the districts of South Staffordshire, Bromsgrove, Wychavon, Malvern Hills and Shropshire (Figure 1). Its main settlements are Kidderminster, Bewdley and Stourport-on-Severn. Wyre Forest is located both within the 'Greater Birmingham and Solihull' and the 'Worcestershire' Local Enterprise Partnerships (LEPs).
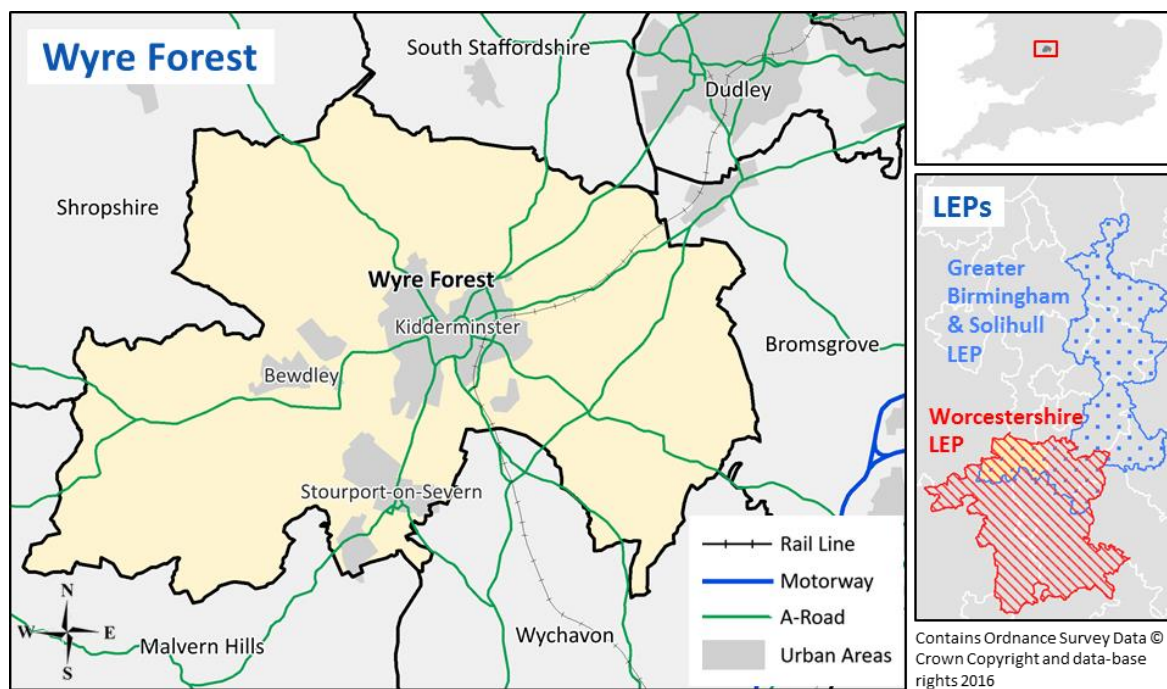

Figure 1: Wyre Forest geographical context

Population Growth Profile

2.2   The latest mid-year population estimate (MYE) for Wyre Forest indicates a resident population of just over 99,500, a 2.7% increase since 2001 (Table 1). This rate of growth is lower than the both Worcestershire rate (6.7%), the regional West Midlands rate (8.9%) and the England rate (10.8%).

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Table 1: Wyre Forest population growth 2001–2015 (source: ONS MYEs)

Area	Population Change 2001–2015			
	2001	2015	Change	% Change
Wyre Forest	96,929	99,503	2,574	2.7%
Worcestershire	542,233	578,593	36,360	6.7%
West Midlands	5,280,727	5,751,000	470,273	8.9%
England	49,449,746	54,786,327	5,336,581	10.8%

2.3   At the 2011 Census, the population of Wyre Forest was 97,795, a small (1.0%) increase from the 2001 Census population of 96,970. Between Censuses, population estimation is necessary. Mid-year population estimates (MYEs) are derived by applying the 'components of change' (i.e. births, deaths, internal and international migration) to the previous year's MYE. Following the 2011 Census, the 2002–2010 MYEs were 'rebased' to align them with the 2011 MYE and to ensure the correct transition of the age profile of the population over the 2001–2011 decade. For Wyre Forest, the 2011 Census population proved to be lower than expected by the trajectory of growth from the previous MYEs (Figure 2).
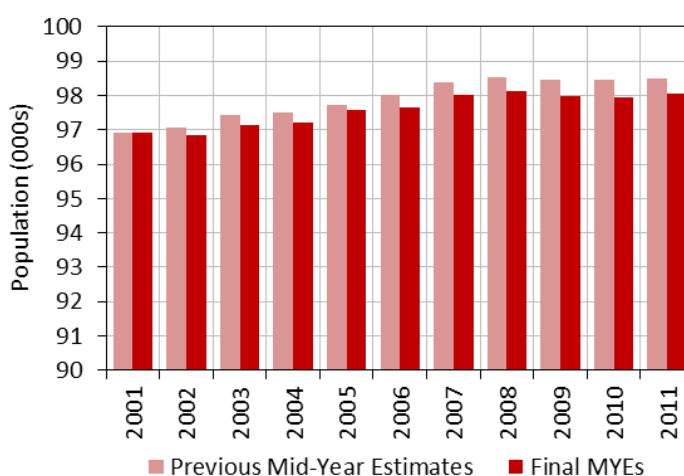
Figure 2: Wyre Forest MYEs 2001–2011 (source: ONS)

2.4   The rebasing of the MYEs involved the recalibration of the components of change for the 2001/02–2010/11 period. Once methodological changes and errors in the components were accounted for, the remaining difference between the expected 2011 MYE and the 2011 Census-based MYE was found to be 103,700 for England. This difference is referred to as 'unattributable population change' (UPC). 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 in 2001 and 2011 or

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internal migration estimates. For Wyre Forest, the UPC adjustment resulted in a downward adjustment to the inter-Census MYEs, averaging 61 per year (Figure 3).
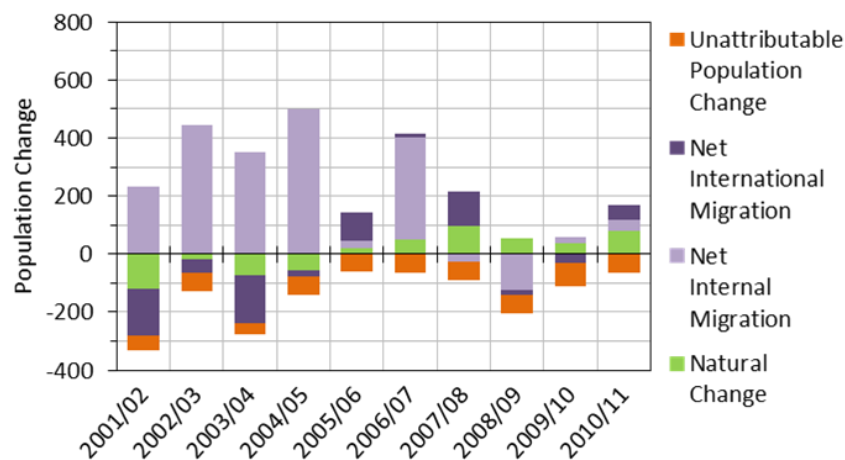

Figure 3: Wyre Forest's inter-Census MYE components of change 2001/02–2010/11 (source: ONS)

2.5   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. 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).

2.6   On the assumption that the 2001 Census provided a robust population count, it is 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 post-2011 MYEs from ONS, a fourteen-year profile of the 'components of change' is presented in Figure 4.
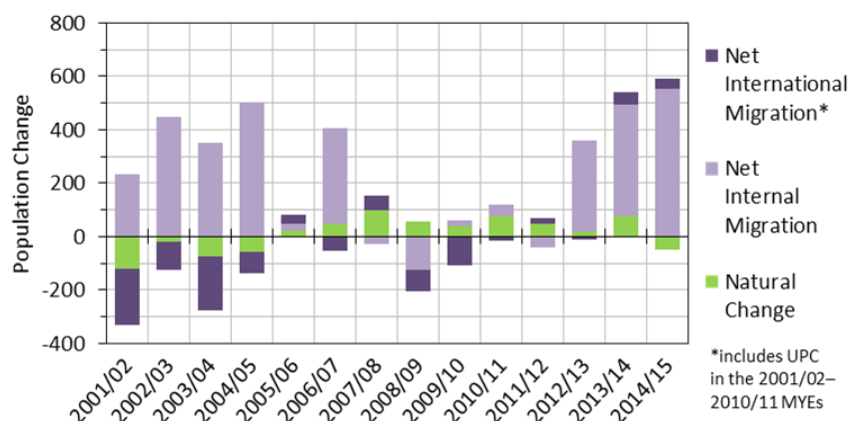

Figure 4: Wyre Forest's components of change 2001/02–2014/15 (source: ONS)

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2.7   Over the 2001/02–2014/15 period, population growth in Wyre Forest has largely been driven by positive net internal migration (i.e. people moving to Wyre Forest from elsewhere in the UK), averaging 221 per year. Natural change was negative at the start of the historical period, as the number of deaths exceeded the number of births between 2001/02 and 2004/05. From 2005/06, natural change has been positive, with the exception of in 2014/15. International migration has, in recent years, contributed little to population change in Wyre Forest. Its impacts were more pronounced at the start of the historical period, with a net outflow of people to overseas, averaging -78 (including UPC) 2001/02–2010/11. In recent years, there has been a small level of growth associated with international migration (i.e. immigration exceeding emigration), averaging 23 per year since 2011/12.

Age-Structure

2.8   When considering future housing needs and the size and shape of the resident labour force, the age structure of Wyre Forest's population is key. Using the 2014-base year of the latest ONS population projections, the current age-profile for Wyre Forest is illustrated in Figure 5.
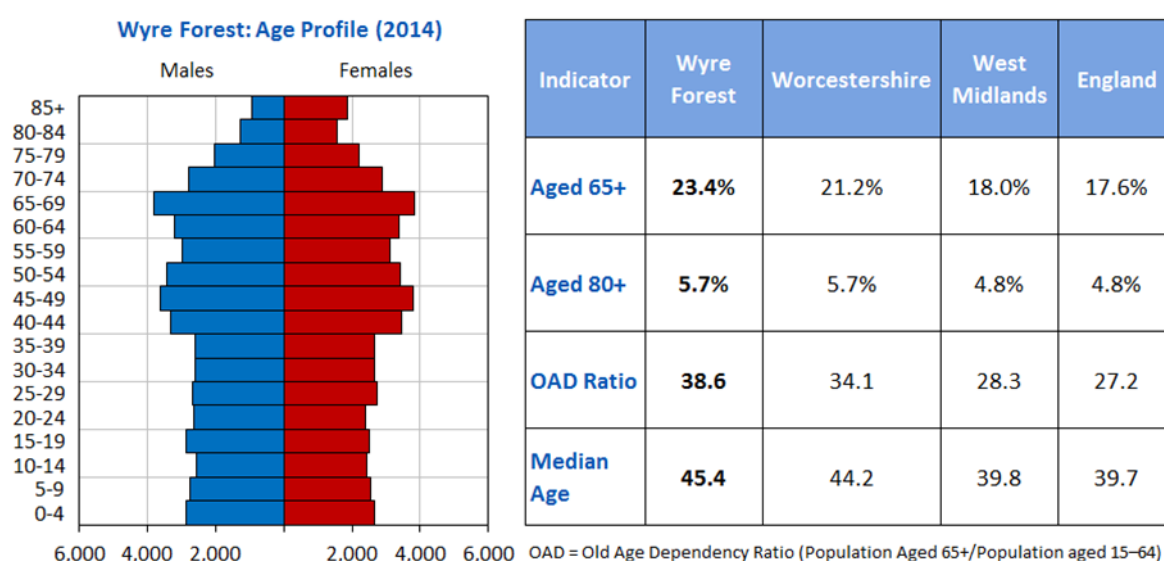

Wyre Forest: Age Profile (2014)

Indicator	Wyre Forest	Worcestershire	West Midlands	England
Aged 65+	23.4%	21.2%	18.0%	17.6%
Aged 80+	5.7%	5.7%	4.8%	4.8%
OAD Ratio	38.6	34.1	28.3	27.2
Median Age	45.4	44.2	39.8	39.7

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

Figure 5: Wyre Forest population age structure in 2014 (source: ONS MYEs)

2.9   These statistics illustrate Wyre Forest's relative elderly population, compared to the county, regional and national perspectives; 23.4% of Wyre Forest's population is aged 65+, compared to the national average of 17.6%. Wyre Forest's Old Age Dependency ratio (at 38.6) is also higher than Worcestershire's (34.1), the wider West Midlands region (28.3) and England's (27.2). This means that the 65+ population of Wyre Forest is equivalent to 38.6% of the 15–64 age-group population.

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These age-profile statistics have important implications for the development and maintenance of the resident labour force; the larger birth cohorts of the 1940s, 1950s and 1960s are set to have a substantial effect upon local population profiles, resulting in an 'ageing' of the population as they move into the retirement ages.

Internal Migration

2.10 As identified above, the dominant driver of population growth in Wyre Forest has been internal migration. Internal migration statistics, measuring the in-flows and out-flows of population to and from Wyre Forest from and to elsewhere in the UK, are summarised for the 2001/02–2014/15 historical period in Figure 6.
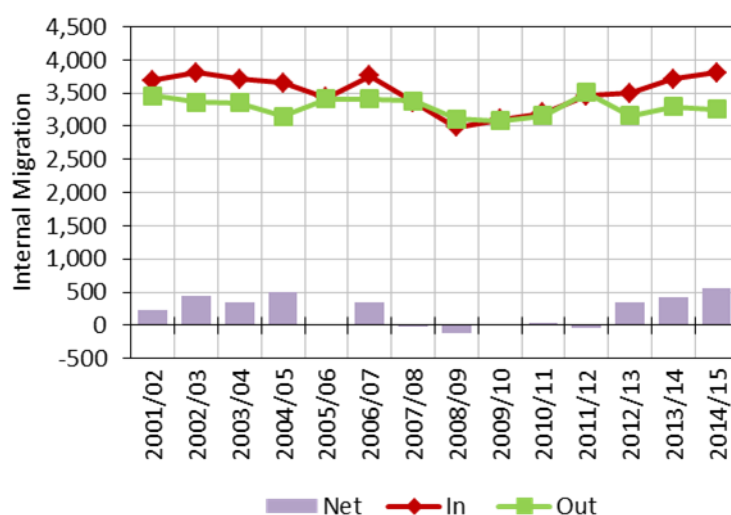
Figure 6: Wyre Forest's internal migration profile, 2001/02–2014/15 (source: ONS)

2.11 The average annual growth of Wyre Forest's population as a result of internal migration exchanges has been approximately 221 per year since 2001/02, with positive growth at the start and end of the historical period. The net migration statistics conceal the relatively large flows of people moving to and from Wyre Forest; internal in-migration has averaged 3,511 per year 2001/02–2014/15, with internal out-migration averaging 3,291 per year over the same time period. During the middle of the historical period, internal in-migration flows were similar to out-migration flows, resulting in little growth through internal migration.

2.12 In terms of migration linkages between Wyre Forest and the surrounding areas, the annual average largest positive net exchanges (i.e. higher inflow than outflow) have been with Dudley, Birmingham and Sandwell (Figure 7). For the annual average net outflow exchange, the dominant flows have been from Wyre Forest to Shropshire and Malvern Hills (Figure 7).
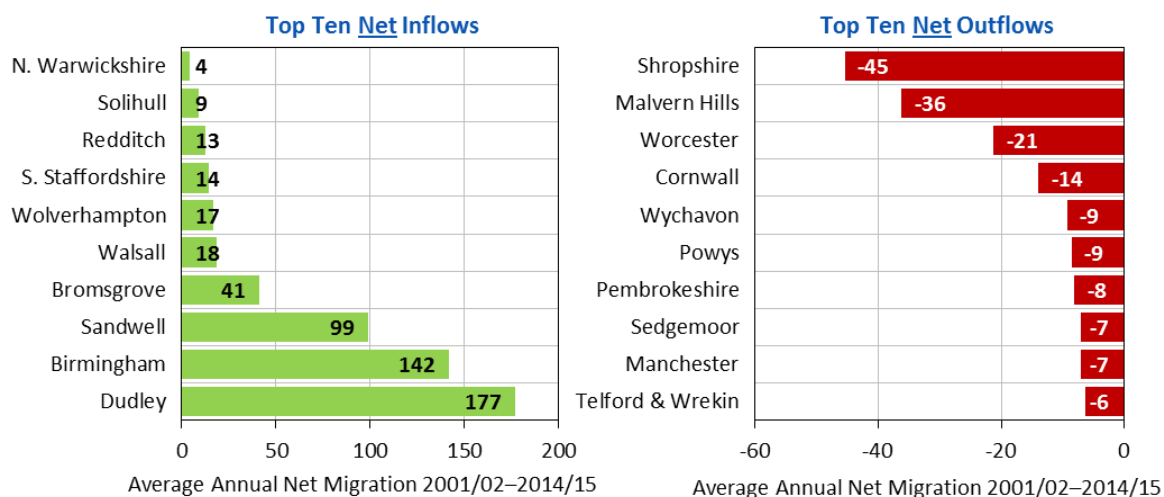
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Figure 7: Average annual top-10 internal migration net inflows & outflows 2001/02–2014/15
(source: ONS)

2.13   In terms of the gross flows (Table 2), the greatest average annual inflows have been from Dudley, Birmingham, Wychavon and Bromsgrove. The greatest average annual outflows have been to Dudley, Wychavon, Shropshire and Worcester.

Table 2: Top ten internal migration inflows and outflows 2001/02–2014/15

Top Ten Inflows	Average Annual 2001/02–2014/15	Top Ten Outflows	Average Annual 2001/02–2014/15
Dudley	421	Dudley	244
Birmingham	338	Wychavon	229
Wychavon	220	Shropshire	222
Bromsgrove	199	Worcester	202
Worcester	180	Birmingham	197
Sandwell	179	Malvern Hills	186
Shropshire	177	Bromsgrove	158
Malvern Hills	150	Sandwell	81
South Staffordshire	66	County of Herefordshire	54
Redditch	59	South Staffordshire	52

2.14   The age profile of net internal migration (Figure 8) shows a substantial outflow associated with the 15–19 age group, reflective of those of student-age leaving Wyre Forest for university and employment opportunities elsewhere. In all other age-groups, average annual net internal migration is positive.
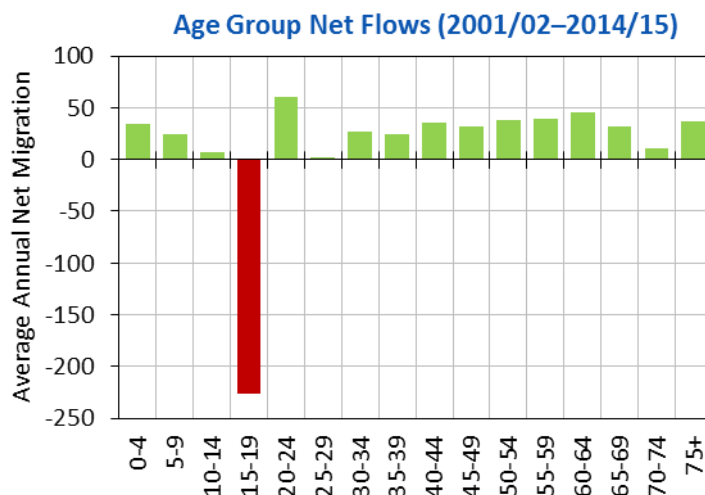
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Figure 8: Wyre Forest's internal migration age profile,
2001/02–2014/15 (source: ONS)

Housing Completions

2.15   Although housing completions data are not available prior to 2006, the higher rates of population growth seen towards the end of the historical period align relatively well with the higher levels of housing completions seen from 2012/13 onwards (Figure 10).
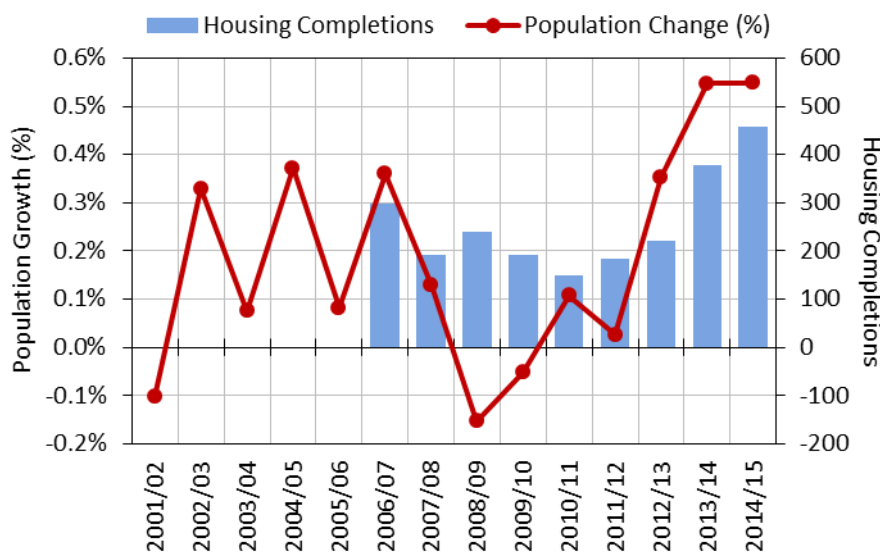

Figure 9: Wyre Forest's housing completions and population growth data
(source: Wyre Forest District Council, ONS MYEs)

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3 Official Projections

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 for Wyre Forest, 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, MYEs are calculated, using data on births, deaths, internal and international migration to quantify annual growth (Figure 10).
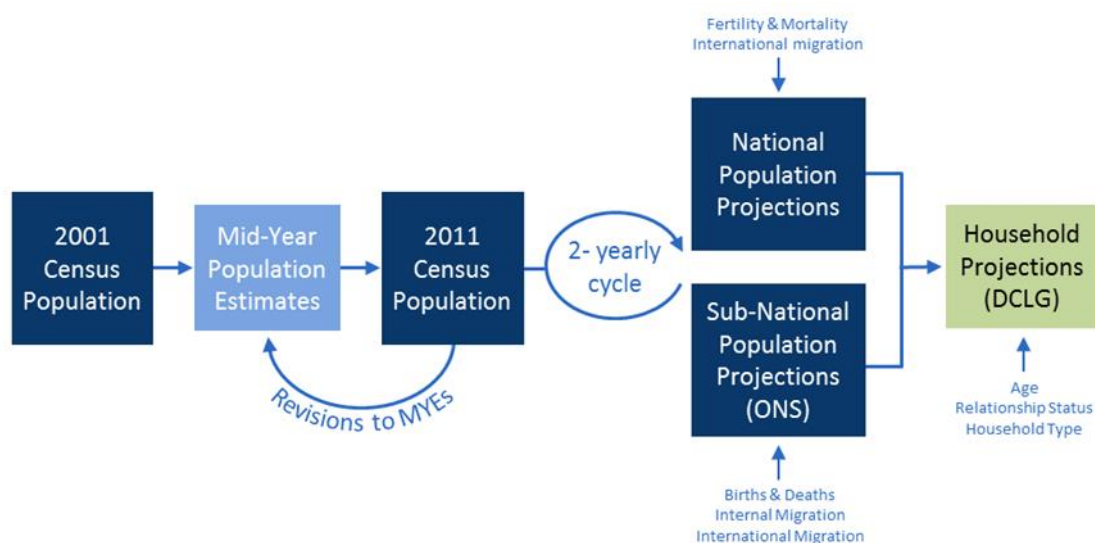

Figure 10: Official Statistics: population and households

3.3   Every two years, 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. The 2014-based national projection was released in October 2015. Under the 'principal projection', the population of England is projected to increase by 9 million, from 54.3 million in 2014, to 63.3 million by 2039[2]. The national

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[2] http://www.ons.gov.uk/ons/rel/npp/national-population-projections/2014-based-projections/index.html

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principal projection informs the sub-national population projections (SNPPs) for English local authorities, also published on a bi-yearly cycle. The latest, 2014-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.

3.4   The SNPPs provide the key demographic input to the DCLG household projections. The latest 2014-based household projection model provides a 25-year projection of household growth in each of the English local authorities. 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 2014-based SNPP and the 2014-based DCLG household projection for Wyre Forest, providing the context for the scenario analysis in Section 4.

ONS Sub-national Population Projections

3.5   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 2014-based SNPP, released in July 2016. These projections use demographic assumptions derived from a pre-2014, 5–6 year historical period in combination with national assumptions on fertility, mortality and international migration[3].

3.6   Figure 11 presents the ONS population projections series for Wyre Forest. Under the latest, 2014-based SNPP, the population of Wyre Forest is expected to increase by 5.9% between 2014 and 2039, equivalent to an additional 5,880 people. This rate of growth is higher than that estimated by the 2012-based projection (3.7% over its 25-year horizon, 2012–2037). With the exception of the 2004-based projection, earlier growth projections suggest higher rates of population increase for Wyre Forest, ranging from 7.5% under the 2010-based projection to 10.7% under the 2006-based projection. Each of these earlier outcomes will have been driven primarily by inappropriate measures of international migration that have now been superseded by new and improved evidence.

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[3] http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/subnationalpopulationprojectionsforengland/2014basedprojections
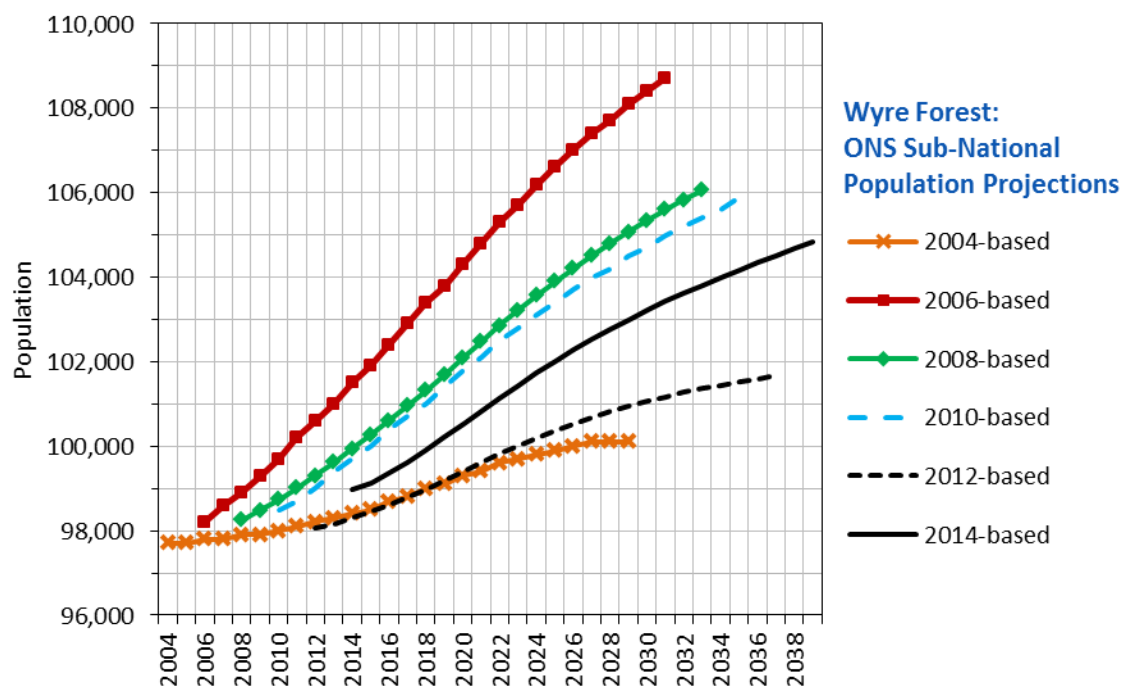
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Figure 11: Official population projections for Wyre Forest (Source: ONS)

3.7   The rate of population growth implied by the 2014-based SNPP for Wyre Forest is lower than that estimated for the county of Worcestershire (10.3%), for the West Midlands (13.5%) and for England in total (16.5%) (Table 3).

Table 3: SNPP-2014 growth comparisons (Source: ONS 2014-based SNPP)

Area	Population			
	2014	2039	Change	% Change
Wyre Forest	**98,960**	**104,840**	**5,880**	**5.9%**
Worcestershire	575,421	634,939	59,518	10.3%
West Midlands	5,713,284	6,486,090	772,806	13.5%
England	54,316,618	63,281,522	8,964,904	16.5%

3.8   The components of population change that underpin the 2014-based projection for Wyre Forest are presented in Figure 12, with the historical components of change for 2001/02 to 2013/14 included for comparison. Internal migration is projected to continue as the dominant driver of population growth over the projection period, with future net international migration contributing little to population growth. As the population ages, natural change is projected to have an increasingly negative impact on population growth throughout the SNPP projection period, increasing in importance as a driver of population change.
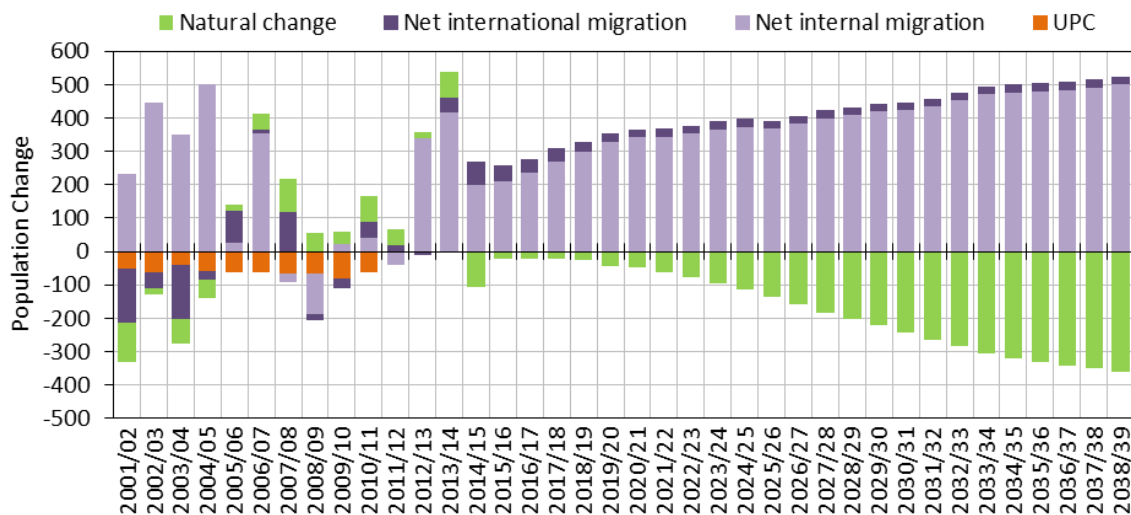
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Figure 12: Historical and 2014-based SNPP components of change (Source: ONS)

3.9   To illustrate how the ONS assumptions on demographic change in Wyre Forest compare with the historical evidence, the annual average natural change, net internal and international migration change for the 2014-based projection are compared to 6-year and 13-year historical averages (Table 4).

Table 4: Wyre Forest 2014-based SNPP components comparison (Source: ONS)

Component of Change	Historical		Projected
	6-year average (2008/09–2013/14)	13-year average (2001/02–2013/14)	2014-based SNPP average (2014/15–2038/39)
Natural Change	53	17	-174
Net Internal Migration	109	195	381
Net International Migration	9	-9	28
Net Migration	118	186	409
Unattributable Population Change*	-69	-61	-

* Note that UPC applies only to the year 2001/02 to 2010/11

3.10   The projected effect of internal migration is estimated at a level that exceeds both the 6-year (109) and 13-year (195) averages, at 381 per year. Net international migration is projected to contribute little to population growth, at a slightly higher rate than that seen over the 6-year period (28 compared to 9 per year). With the inclusion of the UPC adjustment within the historical international migration statistics, the levels of international migration projected under the SNPP-2014 are higher than the historical data suggests.

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3.11   The influence of natural change is reflected in an SNPP average annual assumption that is considerably different to both the short-term 6-year average and longer-term 13-year average. Natural change is projected to average -174 per year, indicative of an excess of deaths over births; the historical data suggests a small positive growth due to natural change (17 and 53 per year over the 13-year and 6-year periods respectively).

2014-based SNPP Population Age-Profile

3.12   The components of change illustrated for the 2014-based SNPP (see Figure 12) have highlighted the how natural change is projected to play an increasingly negative role in population growth in Wyre Forest. This reflects the impact that the ageing population will have, with an increase in the number of deaths relative to the number of births. This ageing is illustrated in the 2014-based SNPP population age profile (Figure 13).
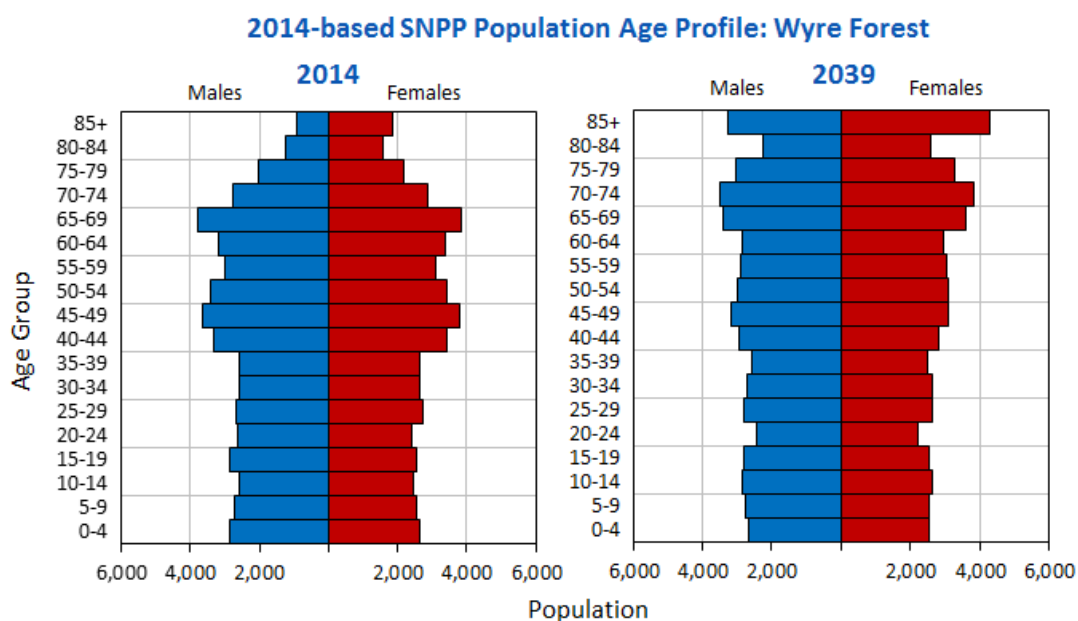

Figure 13: 2014-based SNPP population age profile (source: ONS)

3.13   As the larger birth cohorts of the 1940s, 1950s and 1960s move into the retirement ages, the proportion of the population aged 65+ is projected to increase, from 23% in 2014, to 32% by 2039. Over the 2014–2039 projection period of the 2014-based SNPP, the Old Age Dependency ratio is projected to increase from 38.6 to 58.9 (+20.8) for Wyre Forest. This ageing has important implications for the maintenance and development of the resident labour force and the number of jobs that can be supported in Wyre Forest. This is examined in further detail in Section 6.

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DCLG Household Projections

3.14 In the evaluation of housing need, the PPG states that the DCLG household projections *"should provide the starting point estimate of overall housing need"* (PPG paragraph 2a-015). The 2014-based household projection model, which is underpinned by the 2014-based SNPP, was released by the DCLG in July 2016, superseding the 2012-based household projection model.

3.15 The methodological basis of the new 2014-based model is consistent with that employed in the previous 2008-based and 2012-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.

3.16 The 2014-based household headship rates (also referred to as household representative rates) have changed little from the 2012-based model, with only small adjustments made to account for new evidence arising from the latest Labour Force Survey (LFS) extracts. As a result, the 2014-based household projections differ from the 2012-based versions primarily on the basis of a different underpinning population projection.

3.17 The 2014-based DCLG household projection model for Wyre Forest, underpinned by the 2014-based SNPP, estimates that the number of households will increase by 4,294 over the 2014–2039 projection period, equivalent to an additional 172 households per year, compared to 160 per year under the 2012-based model (Figure 14). Under the 2014-based model, the average household size is projected to decrease from 2.25 in 2014 to 2.16 by 2039.
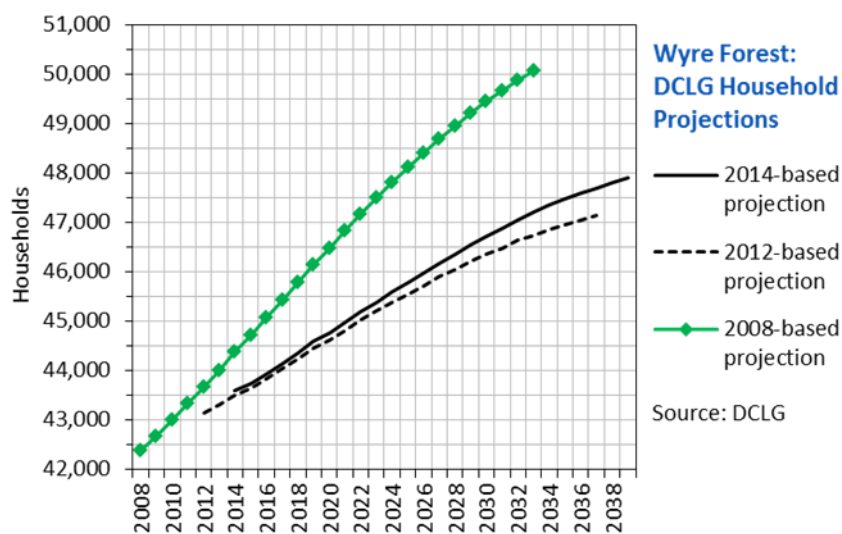

Figure 14: DCLG household projections for Wyre Forest

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3.18 A significantly larger population growth expectation in the 2008-based household projection, coupled with household formation rates that suggest a more rapid reduction in average household size, resulted in an average annual household growth estimate of 308 per year under the 2008-based model alternative.

Official 'Starting Point'

3.19 The DCLG household projection, underpinned by the latest ONS population projection, provides the 'starting point' in the assessment of housing need (PPG paragraph 2a-015). For Wyre Forest, the 2014-based household projection model suggests an increase of 3,422 households, approximately 190 per year over the 2016–2034 plan period. Over the same time period, the 2014-based SNPP projects a 5% growth in the population, equivalent to an additional 4,638 people (Table 5).

Table 5: Wyre Forest 'starting point' estimates (source: ONS and DCLG)

	Variable	2016	2034	Change	% Change	Average per year
2014-based SNPP	Population	99,361	103,999	4,638	5%	258
2014-based DCLG Model	Households	43,928	47,350	3,422	8%	190
	Household Population	98,304	102,456	4,152	4%	231
	Average Household Size	2.24	2.16	-0.07	-3%	-0.004

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4 Demographic Scenarios

Introduction

4.1 In Section 3, the latest 2014-based ONS and DCLG population and household projections for Wyre Forest are presented. These form the official 'starting point', with an estimated population growth of 5% (+4,638) and household growth of 8% (+3,422) over the 2016–2034 plan period (see Table 5). However, the PPG states that 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).

4.2 Therefore, a range of 'alternative trend' scenarios has therefore been developed by Edge Analytics using POPGROUP v.4 technology, for comparison with the official 2014-based 'benchmark'. These scenarios are based on the latest MYE statistics (up to 2015), using different historical periods to derive future migration assumptions. In line with the PPG, the latest 2014-based household growth assumptions have been applied in each scenario, as well as alternative household growth assumptions in a headship rate sensitivity. In this sensitivity analysis, the headship rates of the younger age groups have been adjusted to account for a possible 'recovery' in household formation rates.

4.3 In this Section, the demographic scenarios are defined, with a summary of the scenario outcomes presented thereafter. Additional detail on the scenario data inputs and assumptions can be found in Appendix B.

4.4 The PPG states that the likely change in the number of jobs in an area should be considered, as should the size and structure of the labour force (PPG paragraph 2a-018). Section 5 therefore compares the labour force and job growth implications of the demographic scenarios with economic forecasts from Cambridge Econometrics, Oxford Economics and Experian. Consideration is given to the key assumptions on Wyre Forest's future economic activity rates, level of unemployment and balance of commuting between resident workers and local jobs.

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Scenario Definition

4.5　There is no single, definitive view on the likely level of growth expected in Wyre Forest. Ultimately, a mix of economic, demographic and national/local policy issues will determine the speed and scale of change.

4.6　In line with the PPG, the 2014-based population projection from ONS is presented as the official 'starting point estimate', with household growth estimated using headship rate and communal population assumptions from the 2014-based DCLG household projection model. In this scenario, labelled **SNPP-2014**, housing growth outcomes have been estimated through the application of a dwelling vacancy rate, derived from 2011 Census data for Wyre Forest.

4.7　For comparison with this official benchmark, a range of 'alternative trend' scenarios has been developed, in which variant migration assumptions have been applied. In each scenario, household and dwelling growth assumptions consistent with the **SNPP-2014** benchmark scenario have been applied (i.e. 2014-based DCLG headship rate and communal population assumptions, 2011 Census dwelling vacancy rate). Fertility and mortality assumptions have been drawn from the 2014-based SNPP.

4.8　The PPG recommends that, as part of the assessment of housing need, the most recent demographic statistics from ONS and alternative demographic projections should be considered (PPG Paragraph 2a-017). This is appropriate in the case of Wyre Forest given: (a) the unprecedented economic changes that have occurred since 2008; (b) the differences between the projected 2014-based SNPP data and the historical evidence on population change in Wyre Forest (see Table 4 on page 14); and (c) the uncertainty surrounding the source of the historical inter-Census UPC adjustment.

Alternative Trend Scenarios

4.9　Four 'alternative trend' (PG[4]) scenarios have therefore been developed for Wyre Forest, for comparison with the **SNPP-2014** benchmark scenario. These scenarios use different historical periods from which to derive future migration assumptions and either include or exclude the UPC adjustment from the historical data. In the case of internal migration, rates of migration are derived

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[4] Note that PG stands for POPGROUP, the demographic forecasting model in which these scenarios have been generated.

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from the historical reference period. In the case of international migration, a fixed count of migrants is derived from the historical data. Further detail on the data inputs and assumptions can be found in Appendix B.

6-year (Short-Term) Migration Trend

4.10   The following two scenarios are based on a 6-year migration history, in line with the approach taken by ONS in the development of its population projections[5], but with the inclusion of the latest 2015 MYE:

- **PG-Short-Term**: Internal and international migration assumptions are based on the latest six years of historical evidence (2009/10–2014/15). The UPC component is *included* within the historical international migration estimates up to 2011.

- **PG-Short-Term-X**: Internal and international migration assumptions are based on the latest six years of historical evidence (2009/10–2014/15). The UPC component is *excluded* from the historical time-series of MYE data.

14-year (Long-Term) Migration Trend

4.11   The following two scenarios use the full 14-year historical period from which to draw their migration assumptions:

- **PG-Long-Term**: Internal and international migration assumptions are based on the latest 14-years of historical evidence (2001/02–2014/15). The UPC component is *included* within the historical international migration estimates up to 2011.

- **PG-Long-Term-X**: Internal and international migration assumptions are based on the latest 14-years of historical evidence (2001/02–2014/15). The UPC component is *excluded* from the historical time-series of MYE data.

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[5] ONS states that the 2014-based SNPP uses demographic assumptions based on up to six years historical evidence preceding 2014 (i.e. 2009 to 2014): https://www.ons.gov.uk/peoplepopulationandcommunity /populationandmigration/populationprojections/methodologies/methodologyusedtoproducethesubnation alpopulationprojectionsforengland

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Scenario Results

4.12   Scenario results are presented in Figure 15 and Table 6 for the Wyre Forest 2016–2034 plan period. Each of the demographic scenarios has been run with the inclusion of the 2001–2015 MYEs, with the exclusion of the benchmark **SNPP-2014** scenario, which has a base-year of 2014.
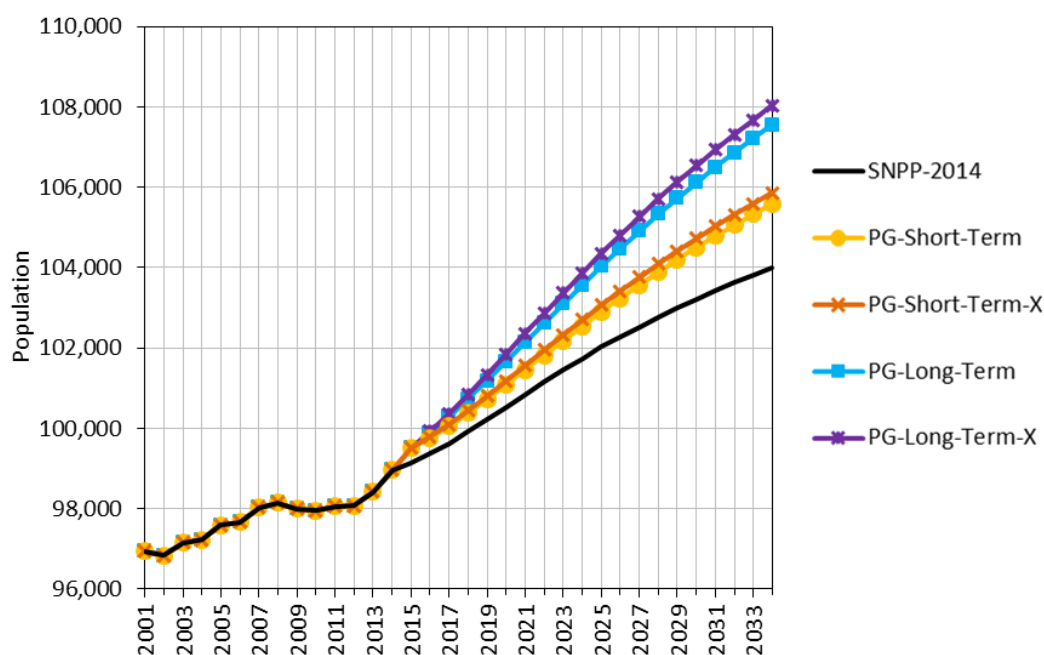
Wyre Forest Scenario Summary

Figure 15: Wyre Forest demographic scenario outcomes: population growth 2001–2034

Table 6: Wyre Forest demographic scenario outcomes 2016–2034

Scenario	Change 2016–2034				Average per year	
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings
PG-Long-Term-X	8,108	8.1%	5,008	11.3%	564	291
PG-Long-Term	7,678	7.7%	4,596	10.4%	517	267
PG-Short-Term-X	6,065	6.1%	4,122	9.4%	473	240
PG-Short-Term	5,831	5.8%	3,944	9.0%	449	229
SNPP-2014	4,638	4.7%	3,424	7.8%	397	199

Note that household growth has been evaluated using the 2014-based DCLG headship rates. Dwelling growth has been calculated through the application of a 2011 Census vacancy rate (4.5%) to the household growth outcomes. With the exclusion of the SNPP-2014 (which has a base year of 2014), all scenarios include the ONS MYEs up to 2015.

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4.13   Under the benchmark **SNPP-2014** scenario, population growth is estimated at 4.7% over the 2016–2034 plan period. With the application of the 2014-based headship rates (HH-14), this equates to a dwelling requirement of 199 per year.

4.14   Each of the **PG** scenarios results in population, household and dwelling growth outcomes that are higher than the benchmark **SNPP-2014** scenario. The highest levels of population growth are seen under the **Long-Term** scenarios, which use the full 14-year historical period in the calculation of future migration assumptions. These scenarios are therefore influenced by the higher levels of internal migration estimated at the start and end of the historical period (see Figure 4 on page 6). Population growth ranges from 7.7% with the UPC component included within the historical migration statistics (as in **PG-Long-Term**), to 8.1% if the UPC component is excluded (**PG-Long-Term-X**).

4.15   The Short-Term scenarios result in a level of population growth between the **SNPP-2014** and the **Long-Term** scenarios, ranging from 5.8% to 6.1% growth, with the UPC adjustment included and excluded respectively. The **Short-Term** scenarios result in lower levels of population growth owing to the influence of the first 3-years of the 6-year historical period (i.e. 2009/10–2011/12), over which time migration levels (both internal and international) were low.

4.16   In the case of Wyre Forest, the UPC adjustment is negative, so its inclusion within the historical international migration statistics acts to reduce the level of international migration seen in the 'non-X' **PG** scenarios. Its influence is highlighted in Figure *16*, which summarises the components of change under each scenario. Under the **PG-Long-Term** scenario, international migration averages -49 per year, the lowest level seen under all scenarios. Under the **PG-Long-Term-X** scenario, the exclusion of the UPC adjustment results in negligible levels of international migration (-6 per year).

4.17   With the application of the 2014-based headship rates, household growth ranges from 9.0% to 11.3% under the PG scenarios. This equates to a dwelling growth requirement of between 229 and 291 per year (**PG-Short-Term and PG-Long-Term-X** scenarios respectively).

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Scenario Outcomes: Components of Change 2016–2034

SNPP-2014

PG-Long-Term

PG-Long-Term-X

PG-Short-Term

PG-Short-Term-X

Legend: ■ Natural change   ■ Net international migration   ■ Net internal migration
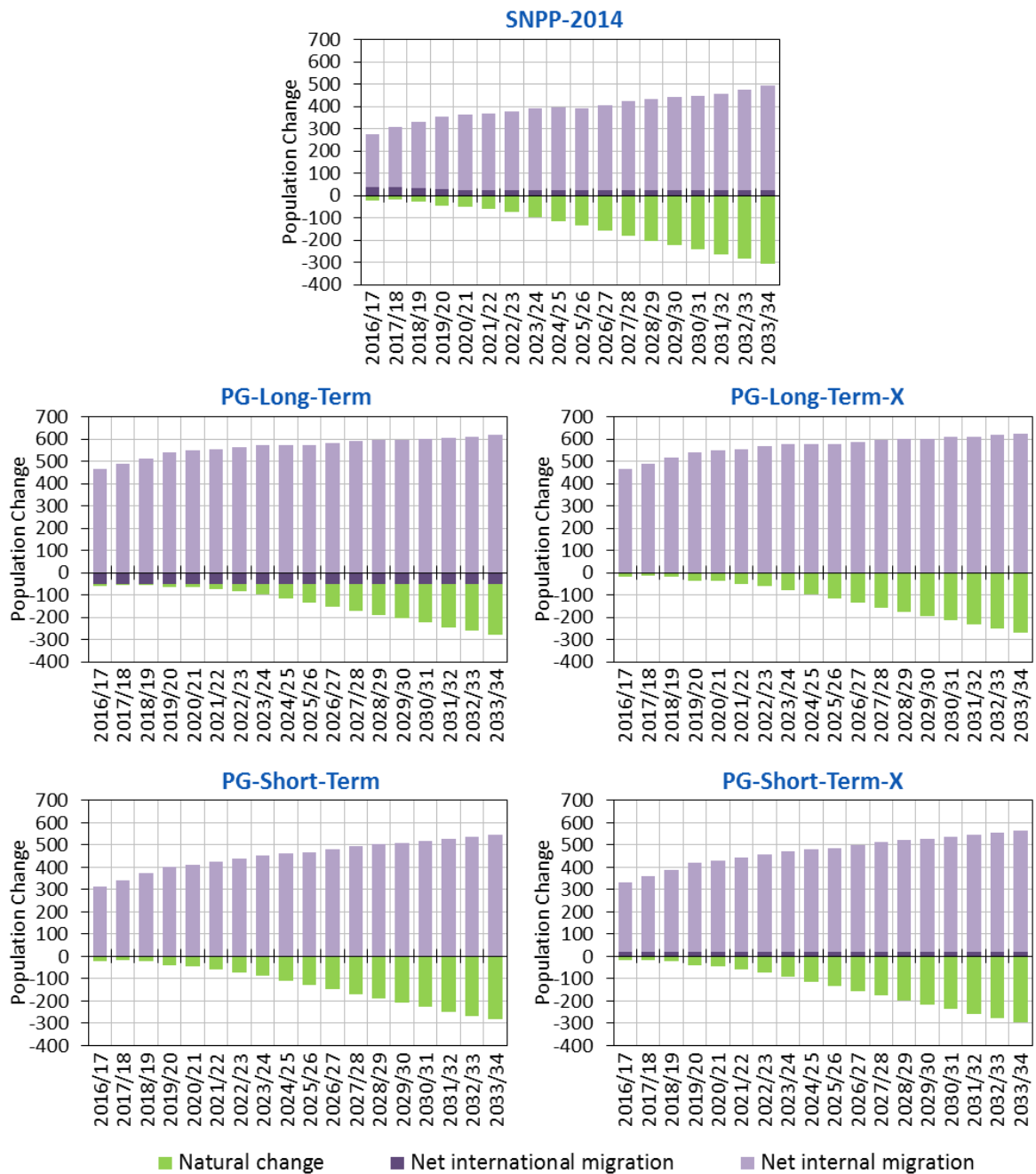
Figure 16: Wyre Forest demographic scenario outcomes: components of change 2016–2034

4.18   As identified in Section 3, the age profile of Wyre Forest's population is projected to age over time under the benchmark 2014-based SNPP (the **SNPP-2014** scenario). Each of the scenarios presented here results in a different level of population growth and a different components-of-change profile compared to the **SNPP-2014** scenario, resulting in varying degrees of ageing over the plan period (Table 7). The proportion of the population aged 65+ is projected increase by between 5.26 and 6.19 percentage points over the plan period, under the **PG-Long-Term** and **SNPP-2014** scenarios respectively. The Old Age Dependency Ratio, which measures the proportion of the population aged 65+ relative to the population aged 15–64, increases under all scenarios, with the most pronounced increase seen under the **SNPP-2014**.

Table 7: Wyre Forest scenario age profile summary 2016–2034

Scenario	Percentage aged 65+			Old Age Dependency Ratio*		
	2016	2034	Percentage Point Change	2016	2034	Percentage Point Change
SNPP-2014	24.30	30.49	6.19	40.8	56.4	15.7
PG-Short-Term-X	24.31	30.40	6.09	40.8	56.2	15.4
PG-Short-Term	24.30	30.16	5.86	40.8	55.6	14.8
PG-Long-Term-X	24.26	29.94	5.68	40.7	54.9	14.2
PG-Long-Term	24.25	29.51	5.26	40.7	53.9	13.2

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

Headship Rate Sensitivity

4.19   In POPGROUP, the headship rates are applied to the population projections to determine the implied level of household growth. In each of the demographic scenarios presented above, the latest 2014-based DCLG headship rate assumptions have been applied, in line with the PPG. The 2014-based headship rates are defined by an 8-fold classification of household type and by age-group (see Appendix B for further detail). The aggregate age-group headship rates for Wyre Forest are compared to the England totals in Figure 17.

4.20   For ages 25–34, the 2014-based headship rates for Wyre Forest decrease over time, mirroring the trend seen nationally. It is these younger age groups that have been more adversely affected by housing undersupply and affordability issues, which in some areas may have led to 'supressed' rates of household formation. Therefore, in line with the PPF recommendation that *"alternative*

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assumptions in relation to … household formation rates" be considered (PPG Paragraph 2a-017), each scenario has been run with an alternative sets of headship rates, for comparison with the 2014-based ('HH-14') outcomes. This sensitivity examines the dwelling growth outcomes associated with an 'improvement' or 'recovery' in the headship rates of the younger age groups.
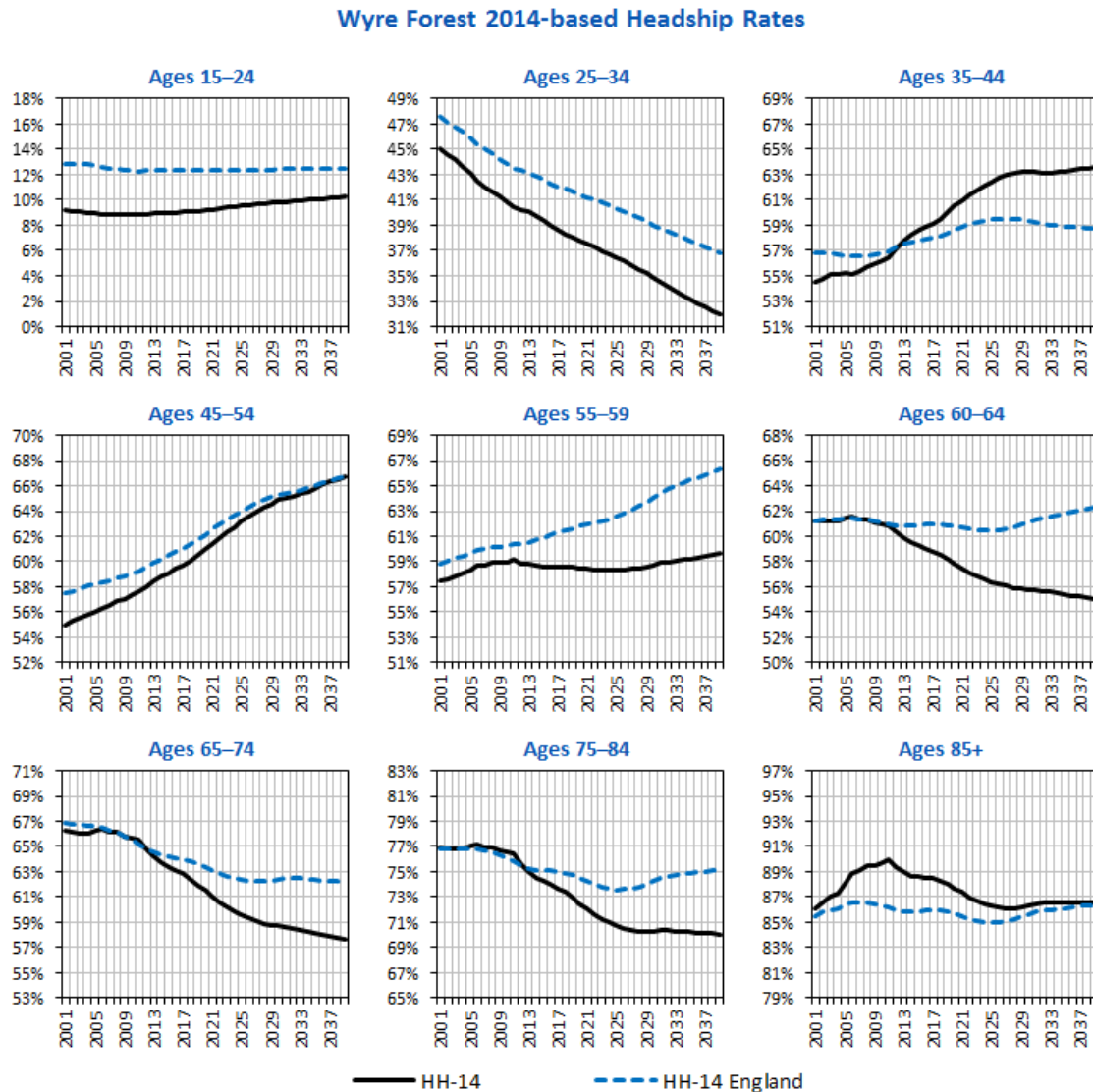

Figure 17: Wyre Forest 2014-based headship rates by age-group

HH-14 Partial Return

4.21   This sensitivity adopts the methodology outlined in the Local Plan Expert Group (LPEG) March 2016 report[6], which recommends that adjustments should be made to the headship rates to take

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[6] Local Plans Expert Group, Report to the Communities Secretary and to the Minister of Housing and Planning, March 2016 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508345/Local-plans-report-to-governement.pdf

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account of *"factors affecting local demography and household formation rates which are not captured in past trends or where past trends do not accurately reflect the need for homes"* (LPEG Appendix 6). The methodology used to take account of these factors is as follows:

> *"This adjustment should take the form of a comparison between the household representative rates set out in the 2008- and 2012-based projections. Where the rates for those in the 25–44 year age cohorts are lower in the 2012-based projections than was estimated in the 2008-based figures, the assessment should make adjustments to the rate for these cohorts to recover half of the difference in rates between the two sets of projections by 2033, and thereafter from that point trend forward the rate of change for that year from the 2012-based projections. Where the rates for these age cohorts in the 2012-based projections are higher than the 2008-based projections, no adjustment should be made."*

LPEG Appendix 6 (March 2016)

4.22   As the 2014-based model has replaced the earlier 2012-based model, this sensitivity has been based on the 2014-based and 2008-based rates for Wyre Forest. For the two specified age groups (25–34 and 35–44), the 2014-based headship rates are lower than the 2008-based rates (Figure 18). Therefore, the headship rates for these age groups have been adjusted so that half the difference between the 2008-based and 2014-based rates in 2033 is recovered i.e. a 'partial return' to the 2008-based rates (**HH-14 Partial Return**). Post-2033, the trend in the 2014-based rates is continued. These adjustments have been made for all household types within the 25–34 and 35–44 age groups.
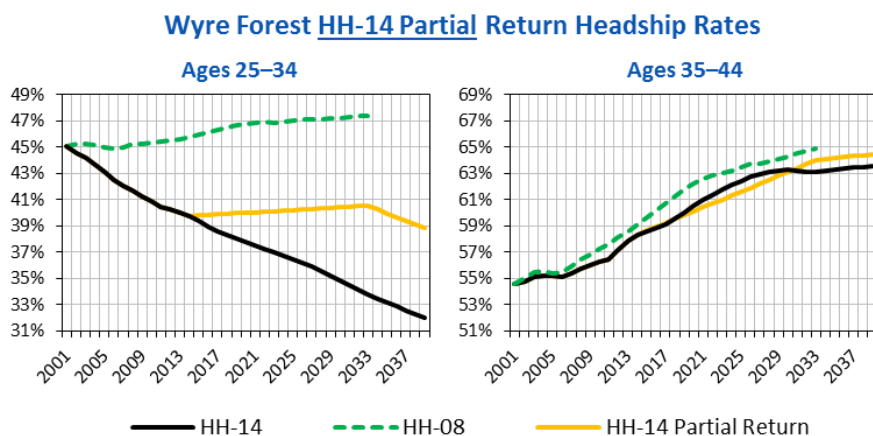

Figure 18: HH-14 Partial Return headship rates
(source: DCLG, Edge Analytics)

Headship Rate Sensitivity Outcomes

4.23 With the application of the **HH-14 Partial Return** variant headship rates, the dwelling growth outcomes of the demographic scenarios for Wyre Forest are higher than the 2014-based **(HH-14)** outcomes (Table 8). These adjusted headship rates result in a dwelling requirement that is approximately 40 per year higher than that produced using the benchmark **HH-14** requirement.

Table 8: Wyre Forest headship rate sensitivity: dwelling growth outcomes

Scenario	Average Annual Dwelling Growth 2016–2034	
	HH-14	**HH-14 Return**
PG-Long-Term-X	291	332
PG-Long-Term	267	309
PG-Short-Term-X	240	279
PG-Short-Term	229	269
SNPP-2014	199	239

Note that household growth outcomes similar to the HH-14 Partial Return outcomes result from a HH-14 sensitivity scenario in which the headship rates for the 25–34 age group are returned to their respective 2001 values by 2024, with the original trend continued thereafter.

Communal Population Growth

4.24 The communal (or institutional) population refers to the population 'not-in-households'. This includes people living in residential care homes, prisons and student halls of residence. In line with the DCLG methodology, the communal population is removed from the population before the household growth (headship rate) assumptions are applied in POPGROUP. In this way, the communal population is excluded from the household (and therefore dwelling) calculations.

4.25 The communal population assumptions applied in POPGROUP are drawn from the latest 2014-based DCLG household projection model, which in turn draws its assumptions from the 2011 Census. In line with the DCLG methodology, the communal population assumptions are fixed for the 0–74 age groups (i.e. no changes over time). 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.

4.26 The communal population growth outcomes for each of the demographic scenarios are summarised in Table 9. Under the benchmark **SNPP-2014** scenario, the size of the communal population increases by 481 over the 2016–2034 forecast period. In each scenario, the growth in

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the size of the communal population is larger for females than it is for male, highlighting the impact of the ageing population and the longer life-expectancies of females.

Table 9: Communal Population growth outcomes 2016–2034

Scenario	Communal Population MALES			Communal Population FEMALES			Communal Population TOTAL		
	2016	2034	Change	2016	2034	Change	2016	2034	Change
SNPP-2014	512	685	173	548	856	308	1,060	1,541	**481**
PG-Short-Term-X	513	685	172	548	849	301	1,061	1,534	**473**
PG-Long-Term-X	513	684	171	548	843	295	1,061	1,527	**466**
PG-Short-Term	513	683	170	548	844	296	1,061	1,527	**466**
PG-Long-Term	513	681	168	547	834	287	1,060	1,515	**455**

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5 Labour Force & Employment 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 POPGROUP, it is possible to derive the size and structure of the labour force and the level of employment growth that an implied level of population growth could support through the application of: (1) economic activity rates; (2) unemployment rates; (3) a commuting ratio.

5.3 In this Section, the labour force and jobs growth implications of the demographic scenarios are presented. These outcomes are compared to three independent economic forecasts from Cambridge Econometrics, Oxford Economics and Experian.

Economic Assumptions

5.4 The following economic assumptions have been applied to each of the demographic scenarios to derive the labour force and employment growth implications of the variant population growth trajectories. Further detail on these can be found in Appendix B.

Economic Activity Rates

5.5 In POPGROUP, the Economic Activity Rates determine the proportion of the working-age population (aged 16–75+) that are economically active (i.e. the labour force). The labour force includes those who are in work (i.e. 'workers') and those who are unemployed. Between the 2001 and 2011 Censuses, economic activity rates in Wyre Forest increased in all but the youngest age

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groups, and most notably in the older age groups. The increase in the economic activity rates has been more pronounced for females than for males (Figure 19).
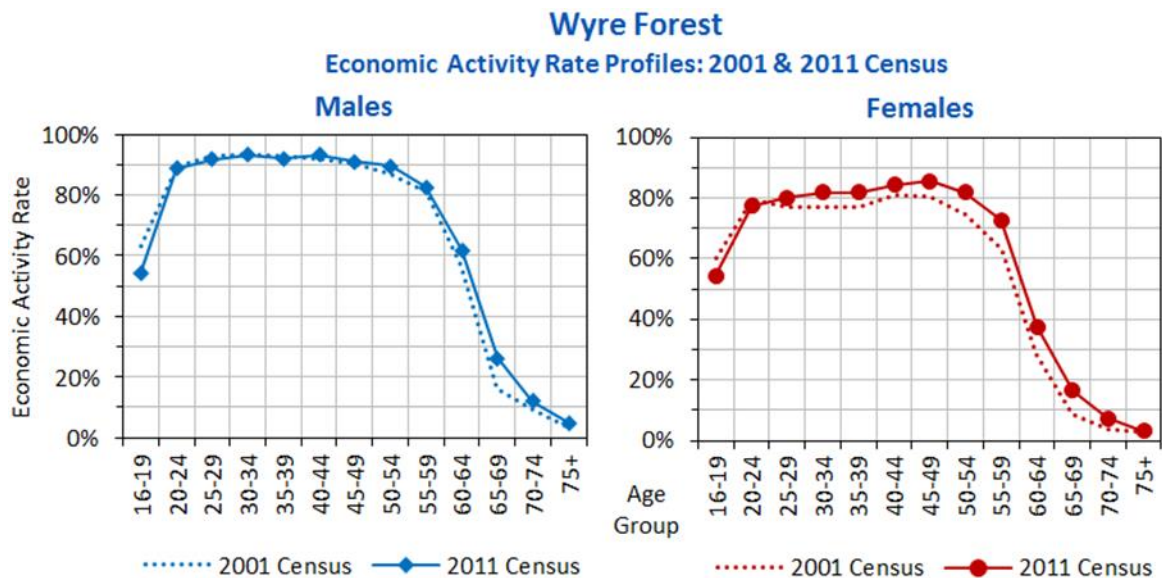

Figure 19: Wyre Forest 2001 and 2011 Census economic activity rates

5.6   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 Wyre Forest (and indeed most local authorities) means that the older age-groups increasingly make up a larger proportion of the population. As identified in Section 3, the proportion of the population in Wyre Forest aged 65+ is projected to increase from 23% in 2014, to 32% by 2039 under the 2014-based SNPP. With increased life expectancies and changes to the State Pension Age (SPA), people are remaining in the labour force for longer, resulting in increased economic participation rates in the older age groups.

5.7   The Office for Budget Responsibility (OBR) has undertaken analysis of labour market trends in its 2015 Fiscal Sustainability Report[7]. Included within its analysis is a forecast of changing economic activity rates for males and females in the 16–75+ year-old age groups, extending to a long-term 2066 forecast horizon. These forecasts suggest that the economic activity rates of the younger age groups will remain relatively static over time, with some decreases seen amongst males aged 25–54 and the youngest female age groups. Economic activity rates for the older age

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[7] http://budgetresponsibility.org.uk/docs/dlm_uploads/49753_OBR-Fiscal-Report-Web-Accessible.pdf

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groups are projected to increase, most notably for females, reflecting changes to the State Pension Age.

5.8   In the scenario analysis presented here, the 2011 Census economic activity rates for Wyre Forest have been adjusted in line with the OBR forecasts. Two alternative economic activity rate profiles have been applied to each of the scenarios, in recognition of the uncertainties surrounding future participation rates, particularly in the younger age groups. Firstly, the OBR adjustments have been made only to ages 60–75+, with the economic activity rates for all other age groups fixed at their respective 2011 Census values (**OBR1**). In the second set of economic activity rates (**OBR2**), the economic activity rates for all ages 16–75+ have been adjusted in line with the OBR forecasts. The resulting economic activity rate profiles are summarised in Figure 20, and in the Appendix to this document.

Figure 20: Wyre Forest OBR Adjusted 2011 Census economic activity rates
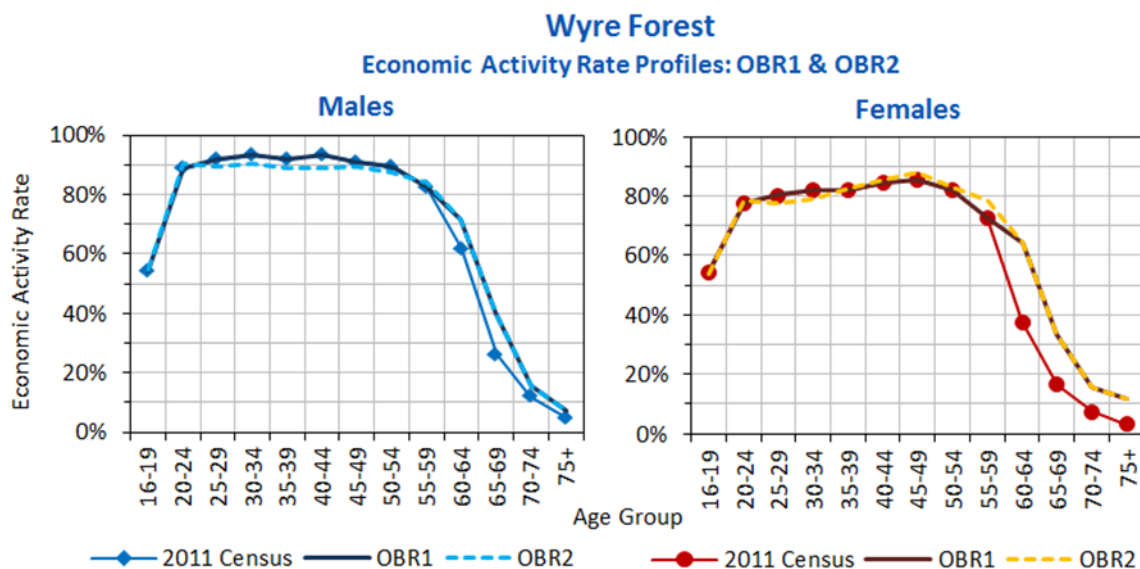
Unemployment Rate

5.9   The Unemployment Rate determines the proportion of the labour force that is unemployed (and as a result, the proportion that is employed). The historical unemployment rate profile for Wyre Forest has been sourced from the ONS model-based estimates of unemployment. In the scenario modelling presented here, the unemployment rate tracks historical data to 2015 (4.6%) and then reduces to a 'pre-recession' (2004–2007) average of 4.0% by 2020. Between 2020 and 2034, the unemployment rate is fixed.

Commuting Ratio

5.10   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 small net in-commute (i.e. the number of jobs is greater than the number of workers).

5.11   A fixed commuting ratio of 1.24 has been applied in scenarios presented here. This ratio has been derived from the 2011 Census Travel to Work data for Wyre Forest (for ages 16–75+). At the 2011 Census, there were 46,672 resident workers in Wyre Forest and 37,692 jobs, resulting in a net out-commute from the district. At the 2001 Census, the commuting balance for Wyre Forest was 1.27, indicative of a slightly increased net out-commute compared to 2011.

Demographic Scenarios & Labour Force Change

5.12   Each of the demographic scenarios for Wyre Forest has been run using the key economic assumptions defined above. The results of this analysis are summarised below, in Table 10 (**OBR1** rates applied) and Table 11 (**OBR2** rates applied).

5.13   Under the benchmark **SNPP-2014** scenario, with the **OBR1** assumptions applied, the labour force resident in Wyre Forest is projected to increase by only 0.5% between 2016 and 2034, equivalent to an increase of 274 people. With the unemployment and commuting ratio assumptions applied, this level of labour force growth could support employment growth of +22 per year in Wyre Forest. The **PG** scenarios all result in higher levels of labour force and employment growth, supported by higher levels of migration and population growth.

5.14   With the application of the **OBR2** economic activity rates, the growth in the size of the labour force is reduced compared to the **OBR1** outcomes, a result of the reduced rates of economic participation in the younger age groups (see Figure 20). Under the **SNPP-2014** scenario, these economic activity rates result in a small decline in the size of the labour force (-0.4%). A smaller labour force supports a lower level of employment growth, ranging from +1 per year under the **SNPP-2014** scenario, to +90 per year under the **PG-Long-Term-X** scenario.

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Table 10: OBR1 labour force and employment-growth outcomes 2016–2034

OBR1 Scenarios	Labour Force (16–75+)				Average Annual Employment Growth
	2016	2034	Change	% Change	
PG-Long-Term-X	50,148	52,495	2,347	4.7%	111
PG-Long-Term	50,129	52,356	2,228	4.4%	106
PG-Short-Term-X	50,038	51,067	1,029	2.1%	55
PG-Short-Term	50,032	51,051	1,019	2.0%	54
SNPP-2014	49,881	50,155	274	0.5%	22

Table 11: OBR2 labour force and employment-growth outcomes 2016–2034

OBR2 Scenarios	Labour Force (16–75+)				Average Annual Employment Growth
	2016	2034	Change	% Change	
PG-Long-Term-X	50,461	52,303	1,843	3.7%	90
PG-Long-Term	50,441	52,158	1,717	3.4%	84
PG-Short-Term-X	50,350	50,893	543	1.1%	34
PG-Short-Term	50,344	50,876	532	1.1%	33
SNPP-2014	50,190	49,973	-217	-0.4%	1

Note that in the two tables above the same unemployment and commuting ratio assumptions have been applied; only the economic activity rate assumptions differ.

5.15 With the exception of the **SNPP-2014 OBR2** scenario, the labour force is projected to increase in size over the 2016–2034 plan period, supporting varying levels of employment growth. Despite the increase in the size of the labour force, the overall rates of economic activity[8] and employment[9] are projected to decline over time, a result of Wyre Forest's ageing population.

5.16 The decline in the aggregate economic activity rate is most pronounced in the **SNPP-2014** and **PG-Long-Term** scenarios, with a greater decline seen with the application of the **OBR2** rates. Under the benchmark **SNPP-2014** scenario, with the **OBR1** rates, the overall economic activity rates declines from 60.5% to 57.8% over the plan period. With the **OBR2** rates, the rate declines from 60.9% to 57.6%. A similar pattern is seen with the decline in the employment rates.

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[8] Economic activity rate = economically active population (labour force) / population aged 16–75+
[9] Employment rate = number of people employed / population aged 16–75+

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Table 12: **OBR1** aggregate economic activity (EA) and employment rates 2016–2034

OBR1 Scenarios	Aggregate EA Rate (16–75+)			Employment Rate (16–75+)		
	2016	2034	Change	2016	2034	Change
PG-Long-Term-X	60.5%	58.3%	-3.7%	57.8%	55.9%	-3.3%
PG-Long-Term	60.5%	58.5%	-3.3%	57.8%	56.2%	-2.8%
PG-Short-Term-X	60.5%	57.8%	-4.4%	57.8%	55.5%	-3.9%
PG-Short-Term	60.5%	58.0%	-4.1%	57.8%	55.7%	-3.6%
SNPP-2014	60.5%	57.8%	-4.5%	57.8%	55.5%	-4.0%

Table 13: **OBR2** aggregate economic activity (EA) and employment rates 2016–2034

OBR2 Scenarios	Aggregate EA Rate (16–75+)			Employment Rate (16–75+)		
	2016	2034	Change	2016	2034	Change
PG-Long-Term-X	60.9%	58.1%	-4.7%	58.2%	55.7%	-4.2%
PG-Long-Term	60.9%	58.3%	-4.3%	58.2%	56.0%	-3.8%
PG-Short-Term-X	60.9%	57.6%	-5.3%	58.1%	55.3%	-4.8%
PG-Short-Term	60.9%	57.8%	-5.0%	58.1%	55.5%	-4.6%
SNPP-2014	60.9%	57.6%	-5.4%	58.2%	55.3%	-5.0%

Note that EA stands for economic activity.

Wyre Forest Economic Forecasts

5.17 In the consideration of future employment growth in an area, the PPG states that 'economic forecasts' should be considered (PPG paragraph 2a-018). For Wyre Forest, post-EU Referendum employment forecasts have been provided by **Cambridge Econometrics** (November 2016), **Oxford Economics** (October 2016) and **Experian** (December 2016). Each of these forecasts has been provided with varying degrees of detail, with a 'total employment' number provided for the Cambridge Econometrics forecast. Both the Experian and Oxford Economics forecasts have a greater degree of detail (although the Experian figures are rounded to the nearest hundred).

5.18 Whilst the employment growth estimates presented above are derived through the application of economic assumptions to scenarios of demographic change, economic forecasts of employment growth are derived using a different methodology. Economic forecasts typically 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.

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5.19   In the following paragraphs, the three economic forecasts for Wyre Forest are presented, with a summary of their key indicators. In each instance, the forecasts are compared to the growth outcomes of demographic scenarios.

Cambridge Econometrics

5.20   The Cambridge Econometrics November 2016 forecast provides 'total employment' (workplace-based jobs) figures for Wyre Forest. Employment growth of 1,361 (+3.4%) over the 2016–2034 plan period is forecast (Figure 21), equivalent to an average increase of 76 per year.
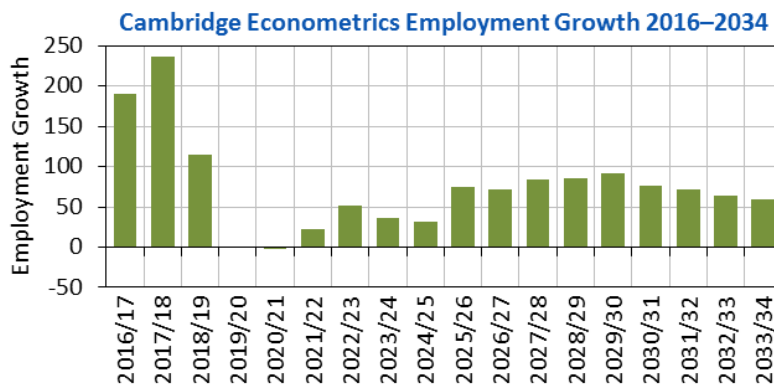

Figure 21: Cambridge Econometrics employment growth trajectory

5.21   This is a higher level of employment growth than that forecast under the Edge Analytics **SNPP-2014** and **PG-Short-Term** scenarios; only the **PG-Long-Term** scenarios produce a higher level of employment growth (Figure 22).
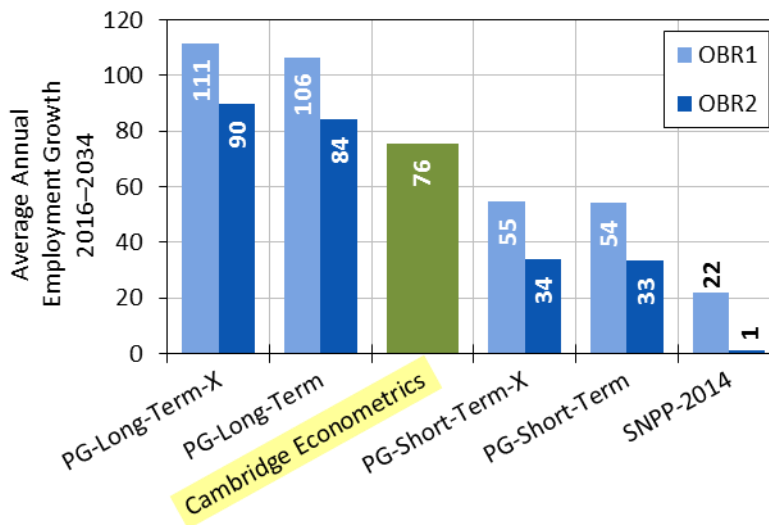

Figure 22: Cambridge Econometrics employment growth comparison

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5.22   The Cambridge Econometrics projections are based on historical growth in the local area relative to a region or the UK, depending on which area it has the strongest relationship with, on an industry-by-industry basis[10]. The projections assume that where a sector has out-performed or under-performed in Wyre Forest historically (compared to the region or UK), this relationship will be continued in the future.

5.23   Unlike the Oxford Economics or Experian forecasts, the Cambridge Econometrics projections are not constrained by the supply of labour or population. In the Oxford Economics and Experian forecasts, population projection data are incorporated within the forecasts, balancing jobs and population growth through changes to economic activity and unemployment rates and, in some instances, the commuting ratio. In the Cambridge Econometrics forecast, no explicit assumptions are made in relation to population growth, rates of economic activity or unemployment.

Oxford Economics

5.24   The Oxford Economics October 2016 forecast provides a 'workplace-based people' estimate of employment for Wyre Forest. Over the 2016–2034 plan period, employment growth is forecast to be negative at the start of the plan period, with growth between 2019/20 and 2023/24. The overall result of this is that employment (people-based) is forecast to increase by only 27, an average of 2 per year (Figure 23).
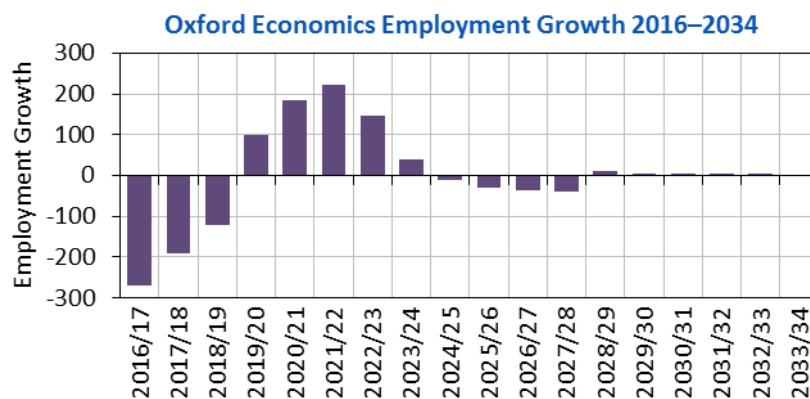

Figure 23: Oxford Economics employment growth trajectory (workplace-based people)

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[10] Cambridge Econometrics Economic Projections Methodology and Data Sources

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5.25   This is a lower level of employment growth than that forecast under all but the **SNPP-2014 OBR2** scenario, under which employment growth averages 1 per year (Figure 24).
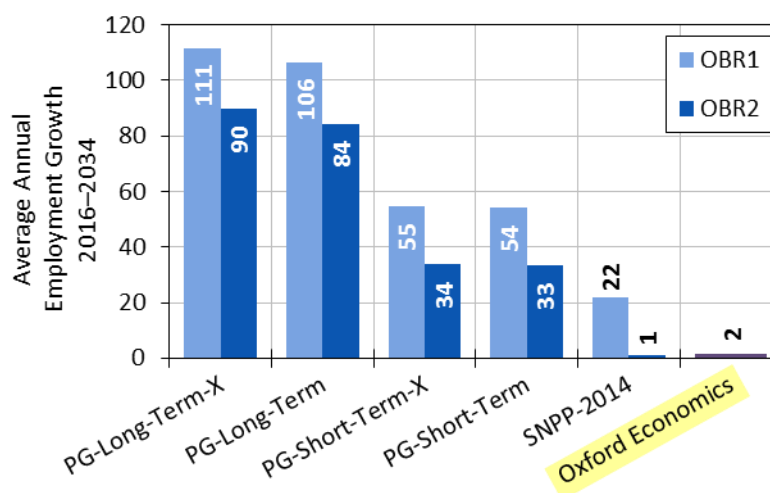

Figure 24: Oxford Economics employment growth comparison

5.26   Oxford Economics produces its own population forecasts, which are derived from an 'economically-driven' model. These forecasts use official births and deaths projections from ONS but use migration assumptions that are linked to the employment rate forecasts. For Wyre Forest, Oxford Economics forecasts a 6.8% increase in the resident population over the 2016–2034 period, equivalent to an additional 6,826 people (Table 14).

Table 14: Oxford Economics forecast summary (source: Oxford Economics, Edge Analytics)

Indicator	2016	2034	Change
Population (total)	99,950	106,776	6,826 (6.8%)
Population (16+)	82,556	88,820	6,263 (7.6%)
Labour Force (16+)	46,162	46,295	134 (0.3%)
Aggregate Economic Activity Rate (16+)	55.9%	52.1%	-6.8%
Unemployment Rate	2.75%	2.84%	+3.3%
Commuting Ratio*	1.18	1.18	0.00
Employment (people-based)	38,145	38,173	27 (0.1%)

*derived by Edge Analytics from the Oxford Economics forecast data (resident employment (i.e. employed people) / employment (people-based)

5.27   This level of population growth is higher than the benchmark **SNPP-2014** scenario, sitting between the Edge Analytics **PG-Short-Term** and **PG-Long-Term** scenarios (Figure 25).
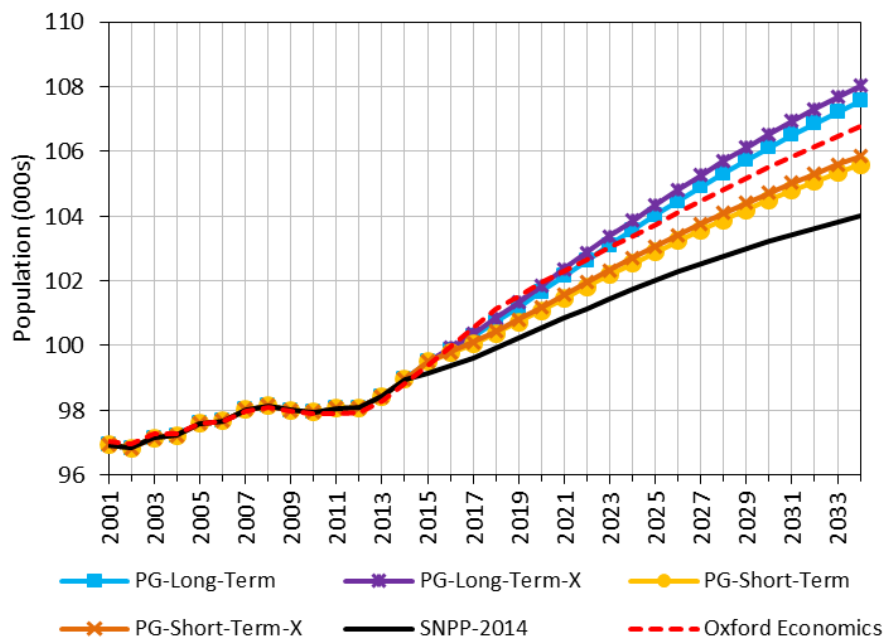
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Figure 25: Population growth outcomes: Oxford Economics comparison

5.28 Despite forecasting a higher level of population growth than both the **PG-Short-Term** scenarios, the Oxford Economics forecast results in a lower level of employment growth than both (see Figure 24). These differences are due in parts to the different economic assumptions made by both Edge Analytics and Oxford Economics. The aggregate economic activity rates presented by Oxford are considerably lower than those assumed by Edge Analytics (see Table 10 and Table 11), resulting in a smaller resident labour force (around 46,000 compared to 49,000–52,000 under the Edge Analytics scenarios). Although the size of the resident labour force under the Oxford Economics forecast is projected to change little over the forecast period, the aggregate economic activity rate reduces from 55.9% to 52.1%, a result of the changing (aging) age-structure of the resident population. When combined with relatively static unemployment rate and commuting ratio assumptions, the Oxford Economics forecast results in almost no employment growth 2016–2034. With a comparable level of population growth, the Edge Analytics **PG-Short-Term-X** scenario results in employment growth ranging from 34 (**OBR2**) to 55 (**OBR1**) per year.

Experian

5.29 The Experian forecast is underpinned by the latest 2014-based ONS SNPP and provides a measure of workplace-based employment in Wyre Forest (Figure 26). The forecast statistics (which have

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been provided rounded to the nearest 100) suggest a reduction in employment levels throughout the plan period, averaging -61 per year, a total reduction of 1,100 by 2034 (Table 15).
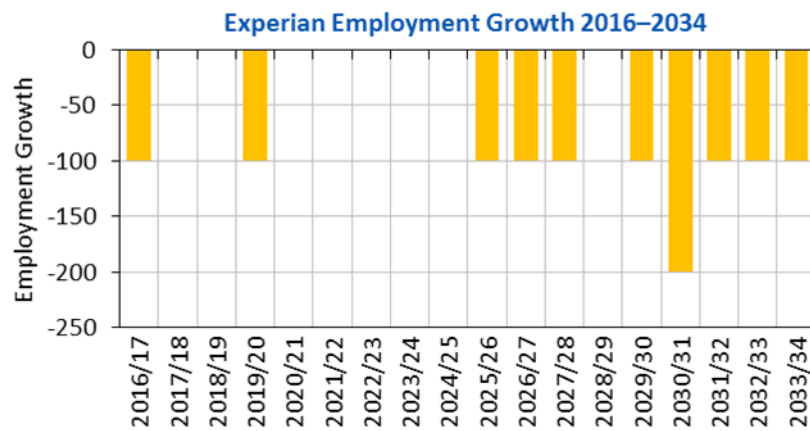

Figure 26: Experian employment growth trajectory (ILO employment, workplace based)

5.30   This forecast level of employment decline contrasts to both the Oxford Economics and Cambridge Econometrics forecasts, and to the outcomes derived from the Edge Analytics demographic scenarios (Figure 27).
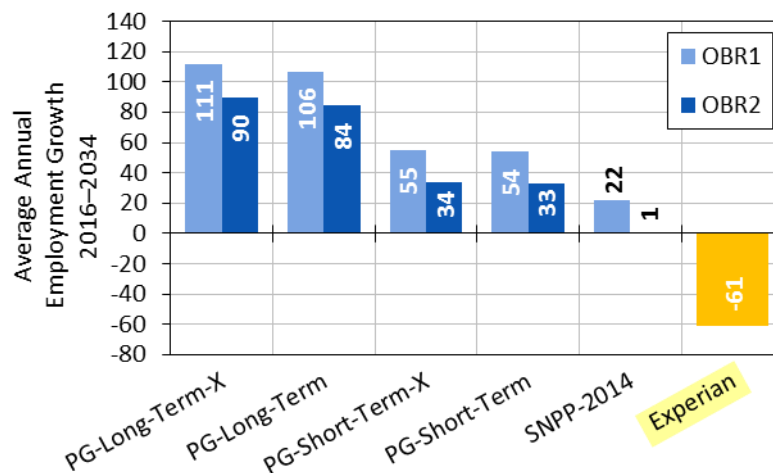
Figure 27: Experian employment growth comparison

5.31   The level of population growth in the Experian forecast aligns with that seen under the 2014-based SNPP, at 4.6% 2016–2034. However, with the same level of population growth, the Edge Analytics **SNPP-2014** scenario produces different employment growth outcomes. The Experian forecast projects an annual average decline in employment of -61 per year 2016–2034, compared to the Edge Analytics outcome of 22 per year using the **OBR1** rates and 1 per year using the **OBR2** rates.

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These differences are largely the result of (a) the different modelling methodologies and (b) the assumptions made relating to unemployment, commuting and economic activity.

Table 15: Experian forecast summary (source: Experian, Edge Analytics)

Indicator	2016	2034	Change
Population (total)	99,400	104,000	4,600 (4.6%)
Population (16+)	82,400	86,800	4,400 (5.3%)
Labour Force (16+)*	49,300	50,200	900 (1.8%)
Aggregate Economic Activity Rate (16+)*	59.8%	57.8%	-3.3%
Unemployment Rate	4.00%	4.70%	+17.5%
Commuting Ratio*	1.14	1.18	0.04
Employment (workplace-based)	41,500	40,400	-1,100 (-2.7%)

*derived by Edge Analytics from the Experian forecast data. Labour force = ILO residence-based employment + ILO unemployment. Aggregate Economic Activity Rate = Labour Force / Population 16+. Commuting Ratio = Employed People / workplace-based employment

5.32   The aggregate economic activity rate presented by Experian shows less of a reduction when compared to both the **OBR1** and **OBR2** outcomes of the Edge Analytics **SNPP-2014** scenario. This results in the Experian forecast assuming a 1.8% increase in the size of the resident labour force, compared to a 0.5% increase under **OBR1** and a 0.4% decrease under **OBR2**.

5.33   However, when combined with the Experian unemployment rate and commuting ratio assumptions, the increase in the size of the labour force is insufficient to support employment growth in Wyre Forest. The Experian unemployment rate increases over the plan period (from 4.0% to 4.7%), as does the net out-commute, from 1.14 to 1.18 (i.e. an increased net out-commute). Edge Analytics has assumed that the unemployment rate decreases from 4.6% to 4.0% and that the commuting ratio remains unchanged at the 2011 Census value of 1.24. The result of this (in combination with the OBR economic activity rate assumptions) is that the Edge Analytics **SNPP-2014** scenario can support a small level of employment growth.

Employment Growth Comparison Summary

5.34   The population and employment growth outcomes of the Oxford Economics and Experian forecasts are compared to the Edge Analytics scenarios in Figure 28. Employment growth under the Cambridge Econometrics forecast is also presented for comparison.

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Employment Growth & Population Growth Summary
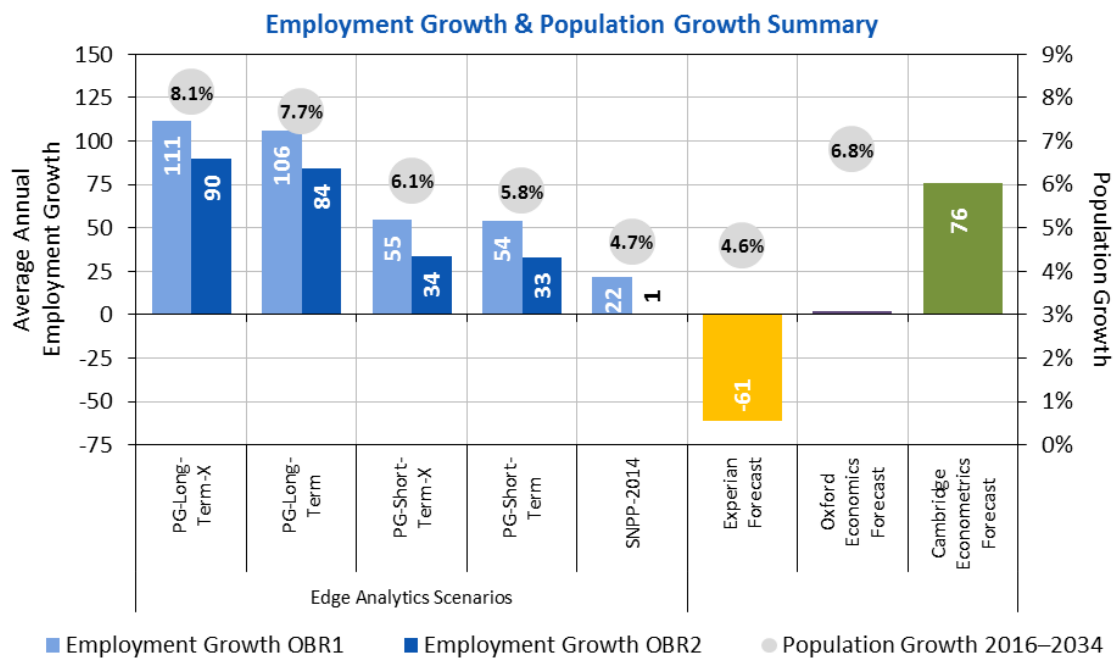
Figure 28: Employment and population growth comparison summary
source: Edge Analytics, Cambridge Econometrics Oxford Economics and Experian)

5.35   The Experian forecast is underpinned by the 2014-based SNPP. The Oxford Economics forecast is underpinned by a population growth trajectory that sits between the **PG-Short-Term** and **PG-Long-Term** scenarios. However, both forecasts result in employment growth outcomes that are lower than each of the Edge Analytics outcomes (apart from the **SNPP-2014 OBR2** outcome, which produces a lower level of employment growth than the Oxford Economics forecast). The Cambridge Econometrics forecast expects an average annual employment growth that sits within the range of Edge Analytics outcomes, at +76 per year.

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6 Summary & Conclusions

Approach

6.1 Edge Analytics has used POPGROUP v.4 technology to develop a range of demographic scenarios for Wyre Forest using the latest demographic statistics. In line with the PPG, the latest 2014-based population and household projections from ONS and DCLG are presented as the official 'starting point'. This suggests that over the 2016–2034 plan period, the number of households in Wyre Forest will increase by **3,422** (8%), linked to an estimated population growth of 4,638 people (5%).

6.2 For comparison with this **SNPP-2014** benchmark, a range of alternative trend scenarios has been developed. These scenarios draw their migration assumptions from a long-term and short-term historical time-period, with and without the inclusion of the UPC component in the 2001–2011 MYEs.

6.3 Household growth in each scenario has been evaluated using the latest 2014-based DCLG headship rates. Two alternative set of rates, which evaluate the household growth outcomes associated with higher rates of household formation for the younger age groups, has also been applied. Dwelling growth outcomes have been evaluated through the application of a 2011 Census dwelling vacancy rate.

6.4 The relationship between demographic and economic change has been considered, evaluating the labour force and employment growth outcomes of the demographic scenarios using key assumptions of economic activity, unemployment, commuting and migration. Three independent economic forecasts from Cambridge Econometrics, Oxford Economics and Experian have also been considered.

6.5 Recommendations made by Savills, RPS and Bilfinger GVA relating to the Wyre Forest OAHN have been considered, including: updating of the demographic statistics underpinning the scenarios, the

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impact of the UPC adjustment on scenario growth outcomes, and the economic assumptions used to derive labour force and employment growth.

Growth Outcomes

6.6 A summary of the population and dwelling growth outcomes associated with each of the scenarios for Wyre Forest is provided in Figure 29, illustrating results associated with the 2014-based (**HH-14**) and 2014-based Partial Return (**HH-14** PR) household growth assumptions.

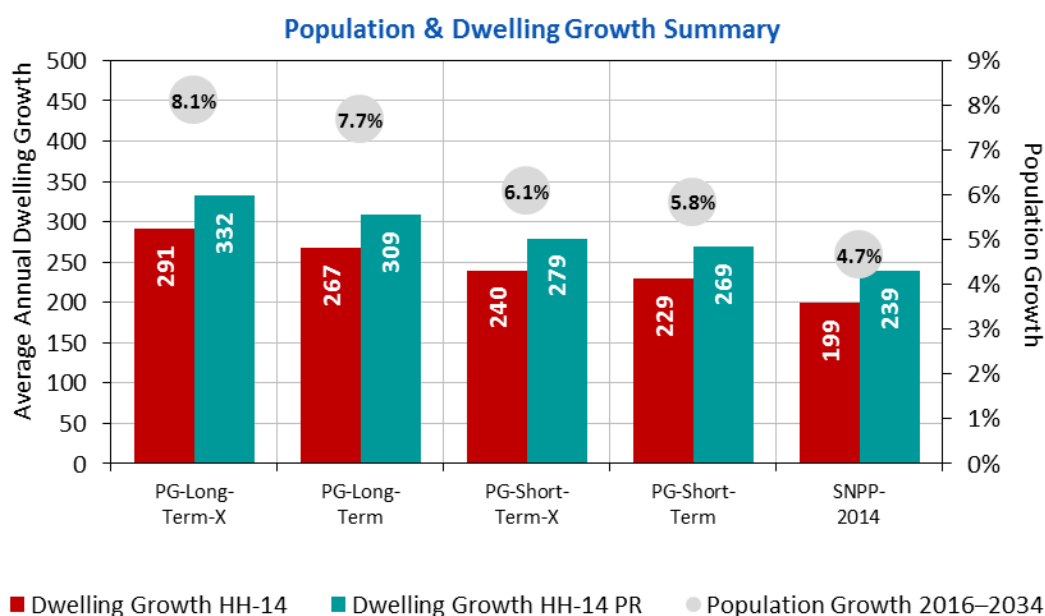
Figure 29: Wyre Forest scenario growth summary

6.7 Population growth ranges from **4.7%** under the benchmark SNPP-2014 scenario, to **8.1%** under the **PG-Long-Term-X** scenario. Using the 2014-based headship rates, dwelling growth ranges from 199 to 291 per year. Household growth outcomes in the headship rate sensitivity, which examine the implications of a 'recovery' in the household formation rates for the younger age groups, are higher than the **HH-14** outcomes, ranging from 239 to 332 dwellings per year.

6.8 The labour force and employment growth outcomes of each of the demographic scenarios have been derived through the application of economic activity rates, unemployment rate and commuting ratio assumptions. Two alternative economic activity rate profiles have been applied, in which adjustments have been made based on the OBR 2015 economic activity rate forecasts. With adjustments only to the older age groups (as in **OBR1**), a higher level of labour force and employment growth can be supported than with the application of adjustments to all ages (**OBR2**).

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This is a result of the reduction in levels of economic participation forecast by the OBR for the younger ages.

6.9   When compared to the economic forecasts from the three forecasting houses, the resulting levels of employment growth vary considerably. Importantly, both the Oxford Economics and Experian forecasts are underpinned by population growth trajectories that sit within the range of population growth outcomes presented by Edge Analytics demographic scenarios. However, the levels of employment growth implied by these two forecasts are lower than those estimated by Edge Analytics. This is largely a result of the different assumptions applied, in combination with different modelling methodologies. The Experian forecast includes assumptions relating to a 'worsening' of the unemployment and commuting balance in Wyre Forest, whereas the Oxford Economics forecast implies considerably lower levels of economic activity than those assumed by Experian and Edge Analytics. The Cambridge Econometrics forecast, which is not constrained by a population projection, forecasts an employment increase of 76 per year in Wyre Forest.

Appendix A
POPGROUP 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 POPGROUP suite of products. POPGROUP 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 POPGROUP model (Figure 30) 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 31) 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 For further information on POPGROUP, please refer to the Edge Analytics website (http://www.edgeanalytics.co.uk/).
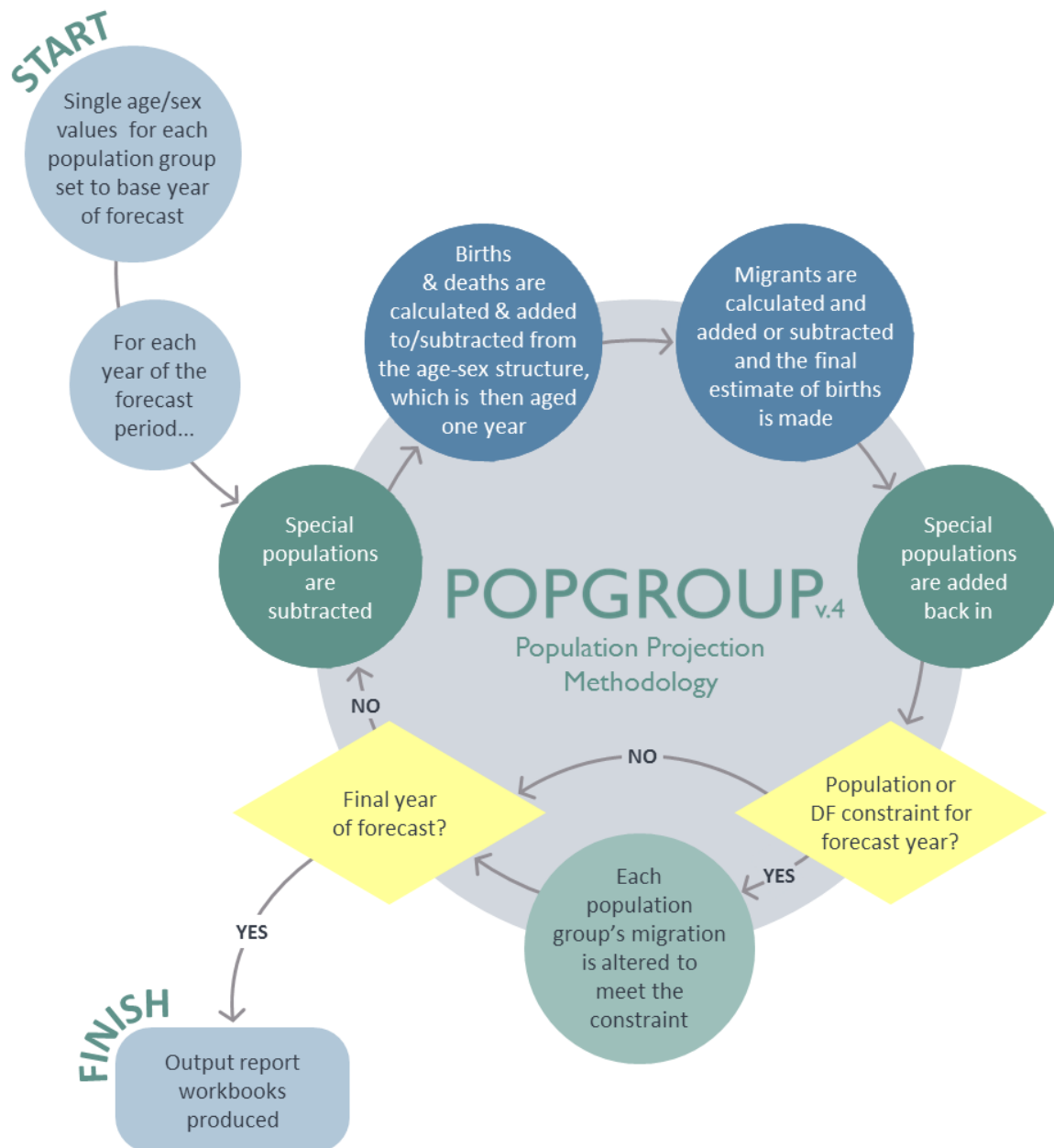
Figure 30: POPGROUP population projection methodology

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Figure 31: 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 2001–2015, 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 produced:

- SNPP-2014

- PG-Long-Term

- PG-Long-Term-X

- PG-Short-Term

- PG-Short-Term-X

B.3   In the following sections, a narrative on the data inputs and assumptions underpinning the scenarios is presented.

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Population, Births & Deaths

Population

B.4   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.5   In the **SNPP-2014** scenario, the historical MYEs are used up to 2014. From 2014, future population counts are provided by single-year of age and sex to ensure consistency with the trajectory of the ONS 2014-based SNPP.

B.6   In the other scenarios, the historical MYEs are used up to 2015.

Births & Fertility

B.7   In each scenario, historical mid-year to mid-year counts of births by sex have been sourced from the ONS MYEs.

B.8   In the **SNPP-2014** scenario, historical births are used from 2001/02 to 2013/14. From 2014/15, future counts of births are specified, to ensure consistency with the 2014-based official projection.

B.9   In all other scenarios, historical births are used from 2001/02 to 2014/15. From 2015/16, an area-specific age-specific rate (ASFR) schedule, derived from the ONS 2014-based SNPP, is included in the POPGROUP model assumptions. Long-term assumptions on changes in age-specific fertility rates are taken from the ONS 2014-based SNPP.

B.10   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 2015 onwards).

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Deaths & Mortality

B.11   In each scenario, historical mid-year to mid-year counts of deaths by 5-year age group and sex have been sourced from the ONS MYEs.

B.12   In the **SNPP-2014** scenario, historical deaths are used from 2001/02 to 2013/14. From 2014/15, future counts of deaths are specified, to ensure consistency with the 2014-based official projection.

B.13   In all other scenarios, historical deaths are used from 2001/02 to 2014/15. From 2015/16, an area-specific age-specific mortality rate (ASMR) schedule, derived from the ONS 2014-based SNPP, is included in the POPGROUP model assumptions. Long-term assumptions on changes in age-specific mortality rates are taken from the ONS 2014-based SNPP.

B.14   In combination with the 'population-at-risk' (i.e. the whole 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 2015 onwards).

Migration

Internal Migration

B.15   In each scenario, historical mid-year to mid-year estimates of internal 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-2014** scenario, historical counts of internal in and out-migrants are used from 2001/02 to 2013/14. From 2014/15, future counts of migrants are specified, to ensure consistency with the 2014-based official projection.

B.17   In the **PG** scenarios, historical counts of internal in and out-migrants are used from 2001/02 to 2014/15. From 2015/16, future internal migration flows are based on the area-specific historical migration data. In the **PG-Short-Term** scenarios, a *six* year internal migration history is used

(2009/10 to 2014/15). In the **PG-Long-Term** scenarios, a 14-year internal migration history is used (2001/02 to 2014/15). In each **PG** scenario, the relevant historical time period is used to derive the age-specific migration rate (ASMigR) schedules, which are then used to determine the future number of in- and out-migrants.

B.18   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, it comprises all districts which cumulatively contributed 70% of migrants into the Worcestershire and Birmingham and Solihull LEPs over the 2008/09–2014/15 period.

International Migration

B.20   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.21   In all scenarios, future international migrant counts are specified.

B.22   In the **SNPP-2014** scenario, historical counts of migrants are used from 2001/02 to 2013/14. From 2014/15, the international in- and out-migration counts are drawn directly from the 2014-based official projection.

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B.23   In the **PG** scenarios, historical counts of international in and out-migrants are used from 2001/02 to 2014/15. From 2015/16, future international migration counts are based on the area-specific historical migration data. In the **PG-Short-Term** scenarios, a six year history is used (2009/10 to 2014/15). In the **PG-Long-Term** scenarios, a 14-year history is used (2001/02 to 2014/15). In all **PG** scenarios, an ASMigR schedule of rates is derived from the relevant migration history and is used to distribute future counts by single year of age.

B.24   Implied within the international migration component of change in the 'non-X' **PG** scenarios (i.e. **PG-Short-Term** and **PG-Long-Term**) is an 'unattributable population change' (UPC) figure, which ONS identified within its latest mid-year estimate revisions. The POPGROUP model has assigned the UPC to international migration as it is the component with the greatest uncertainty associated with its estimation. In the '**X**' scenarios, the UPC adjustment is excluded from the international migration assumptions.

Households & Dwellings

B.26   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.27   In POPGROUP, a dwelling is defined as a unit of accommodation which can either be occupied by one household or vacant.

B.28   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. These data assumptions have been sourced from the 2001 and 2011 Censuses and the 2008-based and 2014-based household projection model from the DCLG. The 2014-based model was released by the DCLG in July 2016, and is underpinned by the 2014-based SNPP from ONS.

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Household Headship Rates

B.29 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"*[11.]

B.30 The household headship rates used in the POPGROUP modelling have been taken from the latest DCLG 2014-based household projection model, which is underpinned by the ONS 2014-based SNPP. The DCLG household projections are derived 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.
- **Stage Two** provides the detailed 'household-type' projection by age-group, controlled to the previous Stage One totals.

B.31 In POPGROUP, the 2014-based Stage Two (**HH-14**) headship rates (Figure 32) have been applied by 10-year age group in an 8-fold household type classification (Table 16).

Table 16: DCLG Stage Two headship rate classification household type classification

DCLG Category	Description
One person male	One person households: Male
One person female	One person: Female
Couple no child	One family and no others: Couple households: No dependent children
Cple+adlts no child	A couple and one or more other adults: No dependent children
One child	Households with one dependent child
Two children	Households with two dependent children
Three+ children	Households with three or more dependent children
Other households	Other households with two or more adults

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[11] Household Projections 2012-based: Methodological Report. Department for Communities and Local Government (February 2015). https://www.gov.uk/government/statistics/2012-based-household-projections-methodology

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B.32 A sensitivity set of headship rates has also been developed, based on recommendations set out in the Local Plans Expert Group (LPEG) March 2016 *Report to the Communities Secretary and to the Minister of Housing and Planning*[12]. In these **HH-14 Partial Return** headship rates, the 2014-based DCLG headship rates are applied, with the headship rates for the 25–34 and 35–44 age groups adjusted so that half the difference between the 2008-based and 2014-based rates in 2033 is recovered i.e. a 'partial return' to the 2008-based rates. These adjustments have been made for all household *types* within the 25–34 and 35–44 age groups.

B.33 The headship rate profiles for Wyre Forest are summarised by age-group in Figure 32.

Wyre Forest Headship Rates

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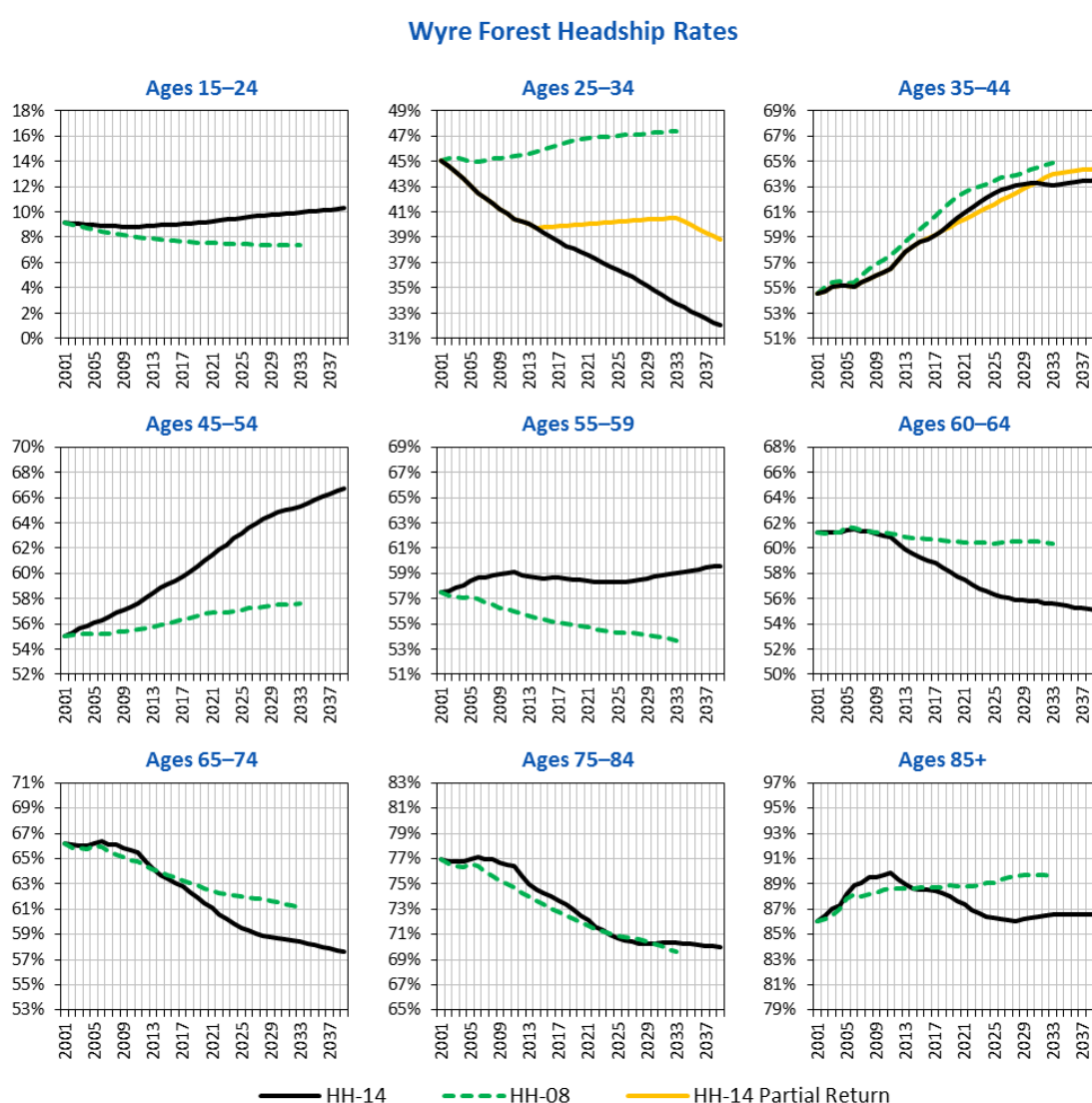
[12] Local Plans Expert Group, Report to the Communities Secretary and to the Minister of Housing and Planning, March 2016
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508345/Local-plans-report-to-governement.pdf

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Figure 32: Wyre Forest headship rates by age-group

Communal Population Statistics

B.34   Household projections in POPGROUP exclude the population 'not-in-households' (i.e. the communal/institutional population). These data are drawn from the DCLG 2014-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.35   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.36   The relationship between households and dwellings is modelled using a 'vacancy rate', sourced from the 2011 Census[13]. The vacancy rate is calculated using statistics on households (occupied household spaces) and dwellings (shared and unshared).

B.37   A vacancy rate of 4.5% for Wyre Forest has been applied, fixed throughout the forecast period. Using the vacancy rate, the 'dwelling requirement' of each household growth trajectory has been evaluated.

Labour Force & Jobs

B.38   The labour force and jobs implications of the population growth trajectories of the demographic scenarios have been evaluated through the application of three key data items: economic activity rates, an unemployment rate and a commuting ratio.

Economic Activity Rates

B.39   The level of labour force participation is recorded in the economic activity rates. Economic activity

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[13] Census Table KS401EW: Dwellings, household spaces and accommodation type

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rates by five year age group (ages 16–75+) and sex have been derived from Census statistics.

B.40   Between the 2001 and 2011 Censuses, rates of economic activity increased, most notably for females and males in the older age groups (Figure 33).
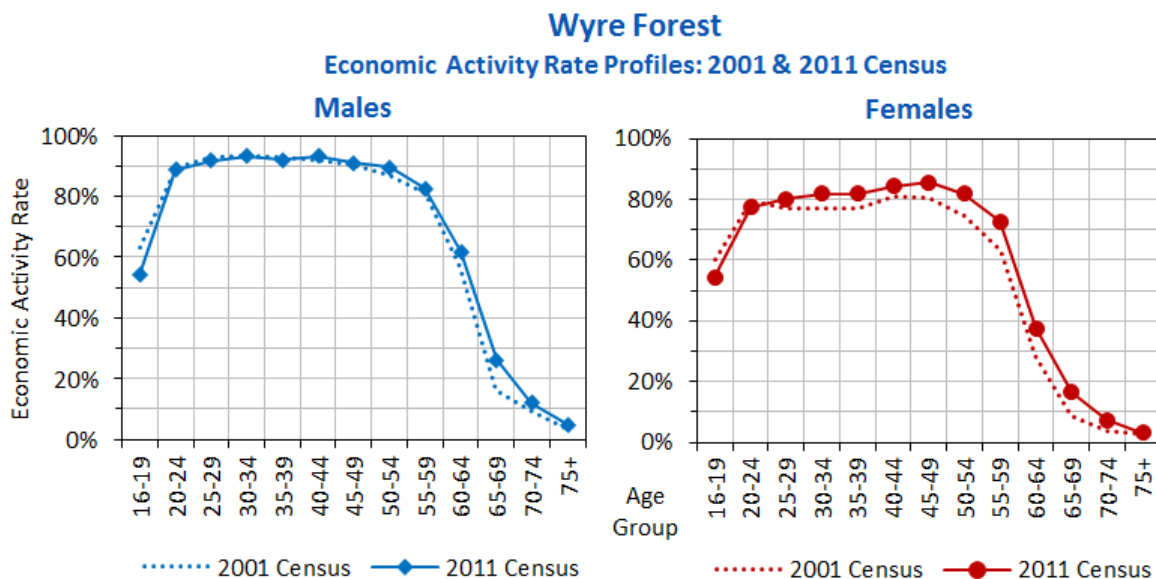
Figure 33: Wyre Forest Economic activity rates: 2001 and 2011 Census comparison (source: ONS)

B.41   The Office for Budget Responsibility (OBR) has undertaken analysis of labour market trends in its 2015 Fiscal Sustainability Report[14]. Included within its analysis is a forecast of changing economic activity rates for males and females in the 16–75+ year-old age groups, extending to a long-term 2066 forecast horizon. These forecasts suggest that the economic activity rates of the younger age groups will remain relatively static over time, with some decreases seen amongst males aged 25– 54 and the youngest female age groups. Economic activity rates for the older age groups are projected to increase, most notably for females, reflecting changes to the State Pension Age.

B.42   In the scenario analysis presented here, the 2011 Census economic activity rates for Wyre Forest have been adjusted in line with the OBR forecasts. Two alternative economic activity rate profiles have been applied to each of the scenarios (Figure 34), in recognition of the uncertainties surrounding future participation rates, particularly in the younger age groups. Firstly, the OBR adjustments have been made only to ages 60–75+, with the economic activity rates for all other age groups fixed at their respective 2011 Census values (**OBR1**). In the second set of economic

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[14] http://budgetresponsibility.org.uk/docs/dlm_uploads/49753_OBR-Fiscal-Report-Web-Accessible.pdf

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activity rates (**OBR2**), the economic activity rates for <u>all ages</u> 16–75+ have been adjusted in line with the OBR forecasts. The adjustments applied are summarised in Table 17.
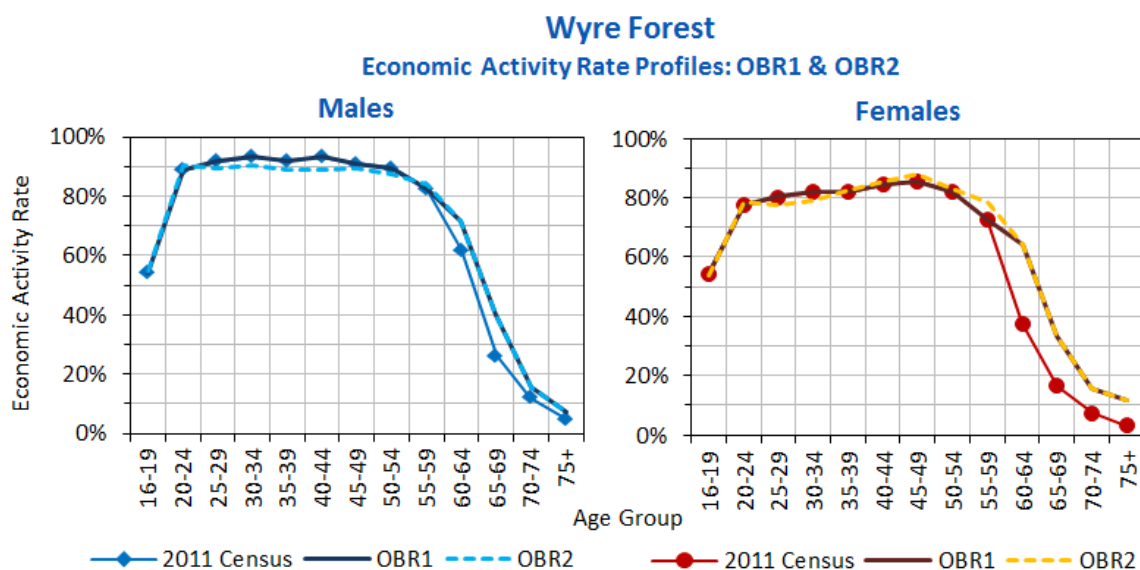
Figure 34: OBR1 & OBR2 economic activity rate profiles for Wyre Forest

Table 17:**OBR1** and **OBR2** Economic Activity Rate adjustments (source: 2011 Census & OBR)

OBR1 Economic Activity Rates Change 2011–2034				OBR2 Economic Activity Rates Change 2011–2034			
Males		Females		Males		Females	
16–19	0%	16–19	0%	16–19	1%	16–19	-2%
20–24	0%	20–24	0%	20–24	2%	20–24	1%
25–29	0%	25–29	0%	25–29	-2%	25–29	-3%
30–34	0%	30–34	0%	30–34	-3%	30–34	-4%
35–39	0%	35–39	0%	35–39	-3%	35–39	1%
40–44	0%	40–44	0%	40–44	-5%	40–44	1%
45–49	0%	45–49	0%	45–49	-2%	45–49	3%
50–54	0%	50–54	0%	50–54	-2%	50–54	1%
55–59	0%	55–59	0%	55–59	2%	55–59	8%
60–64	16%	60–64	71%	60–64	16%	60–64	71%
65–69	53%	65–69	103%	65–69	53%	65–69	103%
70–74	31%	70–74	109%	70–74	31%	70–74	109%
75+	53%	75+	281%	75+	53%	75+	281%

Commuting Ratio

B.43   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.

B.44   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.45   From the 2011 Census 'Travel to Work' statistics, published by ONS in July 2014, a commuting ratio of **1.24** has been derived for Wyre Forest, indicating a net out-commute (Table 18).

Table 18: Wyre Forest commuting ratio calculation

Number of workers	46,672
Number of jobs	37,692
2011 Census Commuting Ratio	**1.24**

Note: 2011 data from Census Table WU02UK - Location of usual residence and place of work by age.

Unemployment Rate

B.46   The unemployment rate, together with the commuting ratio, controls the balance between the size of the labour force and the number of jobs available within an area. In all scenarios, historical unemployment rates are defined up to 2015. From 2015, the unemployment rate reduces to a pre-recession (2004–2007) average of 4.0% by 2020 (Table 19). Between 2020 and 2034, the unemployment rate is fixed.

Table 19: Historical unemployment rates 2004–2014

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
4.0%	3.7%	4.0%	4.4%	5.4%	8.5%	7.1%	6.9%	6.7%	7.1%	5.4%	4.6%

Source: ONS model-based estimates of unemployment, from NOMIS

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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 2003 to 2034. The forecasts reviewed have been obtained from:

- Experian (December 2016);

- Oxford Economics (October 2016); and

- Cambridge Econometrics (November 2016).

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' (November 2016). This identifies, using the average across all forecasts, an average UK Gross Domestic Product (GDP) growth of 2.0% in 2016, falling to 1.3% in 2017, 1.5% in 2018, before rising to 1.8% in 2019 and 2.1% in 2020. Over the period 2016 to 2020, claimant count unemployment is forecast to rise from 1.17 million to 1.48 million.

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 2003-2034.

Table F3.1: Overall forecasts for employment change for Wyre Forest (2003 to 2034)				
Experian	**2003**	**2016**	**2017**	**2034**
Total employment (thousand)	40.1	37.8	37.8	38.8
Total employment growth to 2034 (thousand)[a]	-1.3	1.0	1.0	N/A
Total percentage growth to 2034[a]	-3.2%	2.6%	2.6%	N/A
Oxford Economics	**2003**	**2016**	**2017**	**2034**
Total employment (thousand)	40.5	38.3	38.0	39.0
Total employment growth to 2034 (thousand)[a]	-1.6	0.7	1.0	N/A
Total percentage growth to 2034[a]	-3.9%	1.9%	2.5%	N/A
Cambridge Econometrics	**2003**	**2016**	**2017**	**2034**
Total employment (thousand)[a]	39.1	39.7	39.9	41.1
Total employment growth to 2034 (thousand)[a]	2.0	1.4	1.2	N/A
Total percentage growth to 2034	5.1%	3.4%	2.9%	N/A

Source: Experian (December 2016), Oxford Economics (October 2016), Cambridge Econometrics (November 2016)
[a]Note: Change from column year to 2034

F3.2   While the Experian forecast and the Oxford Economics forecast project declines in total employment of 3.2% and 3.9% respectively over the 2003-2034 period, the Cambridge Econometrics forecast projects an increase of 5.1% over the same period. However, all three forecasts show a rise in employment during the 2016-2034 and 2017-2034 periods, as shown in Figure F3.1.

Figure F3.1: Comparison of employment forecasts (2003-2034)
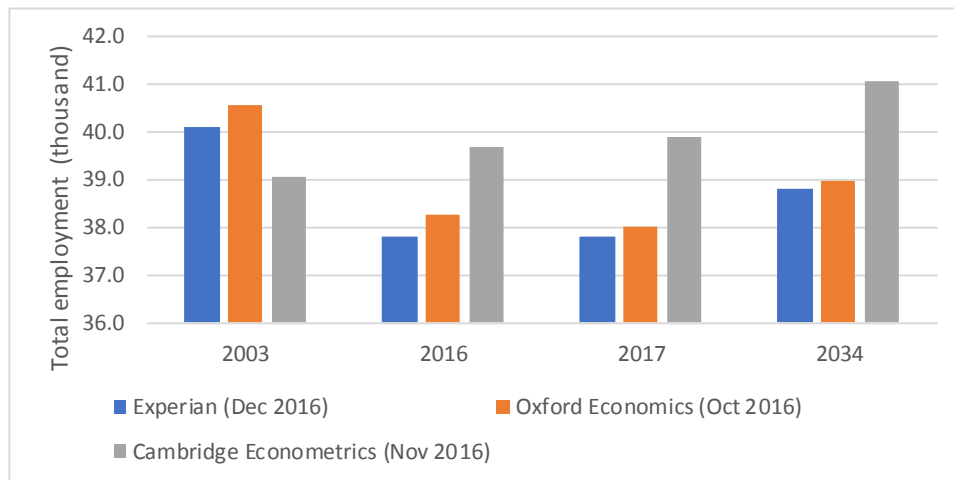
F3.3   Table F3.2 shows the sectoral changes in employment between 2017 and 2034 projected by the three forecasts. The only sector where a decrease is observed across all three forecasts is in manufacturing. With regard to the projected decline in manufacturing employment, this ranges from a decrease of 6.5% (300) projected by Experian to a decrease of 20.9% (900) projected by Oxford Economics. A number service sector activities across all forecasts are predicted to increase employment between 2016 and 2032, while significant increases in employment are projected across all three forecasts in the following sectors:

- Real estate activities – employment projected to increase by between 8.3% (Experian) and 34.3% (Cambridge);

- Human health and social work activities – employment projected to increase by between 7.2% (Oxford) and 24.4% (Experian); and

- Accommodation and food service activities - employment projected to increase by between 6.3% (Oxford) and 18.5% (Experian).

Table F3.2: Sectoral forecasts (Employment) – Wyre Forest (2017-2034)				
Experian	**2017 (thousand)**	**2034 (thousand)**	**Change**	**% Change**
Agriculture, forestry and fishing	0.30	0.00	-0.30	-100.0%
Mining and quarrying	0.00	0.00	0.00	0.0%
Manufacturing	4.60	4.30	-0.30	-6.5%
Utilities	0.40	0.40	0.00	0.0%
Construction	2.20	2.00	-0.20	-9.1%
Wholesale and retail trade; repair of motor vehicles and motorcycles	8.30	8.00	-0.30	-3.6%
Transportation and storage	1.30	1.40	0.10	7.7%
Accommodation and food service activities	2.70	3.20	0.50	18.5%
Information and communication	0.40	0.50	0.10	25.0%
Financial and insurance activities	0.40	0.50	0.10	25.0%
Real estate activities	1.20	1.30	0.10	8.3%

Table F3.2: Sectoral forecasts (Employment) – Wyre Forest (2017-2034)				
Professional, scientific and technical activities	1.80	1.90	0.10	5.6%
Administrative and support service activities	2.30	2.40	0.10	4.3%
Public administration and defence; compulsory social security	0.90	0.90	0.00	0.0%
Education	3.80	3.80	0.00	0.0%
Human health and social work activities	4.10	5.10	1.00	24.4%
Arts, entertainment and recreation	1.60	1.70	0.10	6.2%
Other service activities	0.90	0.90	0.00	0.0%
Total (Experian)	*37.20*	*38.30*	*1.10*	*3.0%*
Oxford Economics	**2017**	**2034**	**Change**	**% Change**
Agriculture, forestry and fishing	0.55	0.46	-0.09	-16.2%
Mining and quarrying	0.00	0.00	0.00	0.0%
Manufacturing	4.31	3.41	-0.90	-20.9%
Utilities	0.32	0.28	-0.05	-14.4%
Construction	3.48	3.90	0.42	12.2%
Wholesale and retail trade; repair of motor vehicles and motorcycles	7.70	7.86	0.16	2.1%
Transportation and storage	1.75	1.80	0.05	3.1%
Accommodation and food service activities	2.49	2.65	0.16	6.3%
Information and communication	0.65	0.69	0.05	7.0%
Financial and insurance activities	0.50	0.47	-0.03	-6.0%
Real estate activities	0.81	0.89	0.08	9.6%
Professional, scientific and technical activities	1.62	1.87	0.25	15.5%
Administrative and support service activities	2.35	2.68	0.33	14.3%
Public administration and defence; compulsory social security	0.95	0.84	-0.10	-10.7%
Education	3.49	3.47	-0.01	-0.4%
Human health and social work activities	4.01	4.30	0.29	7.2%
Arts, entertainment and recreation	2.18	2.49	0.31	14.4%
Other service activities	0.87	0.90	0.02	2.8%
Total (Oxford Economics)	*38.02*	*38.98*	*0.95*	*2.5%*
Cambridge Econometrics	**2017**	**2034**	**Change**	**% Change**
Agriculture, forestry and fishing	1.10	1.17	0.07	6.1%
Mining and quarrying	0.02	0.01	-0.01	-60.0%
Manufacturing	4.20	3.32	-0.88	-20.9%
Utilities	0.47	0.48	0.01	3.0%
Construction	3.07	3.37	0.30	9.8%
Wholesale and retail trade; repair of motor vehicles and motorcycles	8.67	9.03	0.36	4.1%

Table F3.2: Sectoral forecasts (Employment) – Wyre Forest (2017-2034)				
Transportation and storage	1.70	1.69	-0.02	-1.1%
Accommodation and food service activities	2.34	2.55	0.21	8.9%
Information and communication	0.82	0.80	-0.02	-2.7%
Financial and insurance activities	0.54	0.43	-0.11	-20.1%
Real estate activities	0.87	1.17	0.30	34.3%
Professional, scientific and technical activities	2.02	2.20	0.18	9.0%
Administrative and support service activities	2.11	2.12	0.00	0.2%
Public administration and defence; compulsory social security	1.08	1.05	-0.02	-2.3%
Education	3.76	3.96	0.20	5.3%
Human health and social work activities	3.83	4.25	0.42	11.0%
Arts, entertainment and recreation	2.14	2.36	0.22	10.2%
Other service activities	1.14	1.11	-0.03	-3.0%
Total (Cambridge Econometrics)	*39.89*	*41.07*	*1.17*	*2.9%*

Source: Experian (December 2016), Oxford Economics (October 2016), Cambridge Econometrics (November 2016)

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 2015) 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	December 2016	October 2016	November 2016
Is this the most recent? (when commissioned)	Yes	Yes	Yes
If not, why is it not used?	N/A	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) 2003 2016	40.1 37.8	40.5 38.3	39.1 39.7
Total employment growth 2017-2034 (thousand)	1.0	1.0	1.2
Growth rate (2017 to 2034) CAGR (%)	2.65% 0.15	2.51% 0.15	2.93% 0.17

F4.5   Each of the forecasts anticipates that employment in Wyre Forest will grow over the period 2017 to 2034. Total employment is forecast to grow by between 1,000 and 1,200 jobs.

F4.6   At the national level, the HM Treasury comparison of independent forecasts' (November 2016) indicates that GDP is forecast to grow by 2.0% in 2016, falling to 1.3% in 2017, 1.5% in 2018, before rising to 1.8% in 2019 and 2.1% in 2020. Table F4.3 provides a comparison of the GDP forecasts produced by Experian and Oxford Economics[50] with the average across both forecast providers.

Table F4.3: GDP national forecasts					
	2016	2017	2018	2019	2020
Experian	2	1.1	1.4	1.8	2.2
Oxford Economics	2.1	1.4	1.2	1.5	2.1
Average across both forecasts	2.1	1.3	1.3	1.7	2.2

F4.7   Although there is some variation between the forecasts and the average across both forecasts, they are considered to be credible.

F4.8   The forecasts vary significantly in terms of the estimated actual employment levels in 2009 and 2015. 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 2015, 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				2015			
BRES[51]	Exp	OE	CE	BRES	Exp	OE	CE
33,200	15.4%	13.3%	15.6%	32,200	17.7%	17.8%	22.3%

F4.9   Each forecast is considered to be:

- **up-to-date** because each of the forecasts were the latest available at the time of generating the employment led scenarios.

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[50]   Cambridge Econometrics did not provide a medium-term GDP growth rate forecast within the November 2016 HM Treasury comparison of independent forecasts'

[51]   BRES employment figures have been rounded to the nearest 100

- **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 Cambridge Econometrics forecast for the 2017-2034 period (CAGR 0.17%) is higher than both that forecast by Experian (CAGR 0.15%) and Oxford Economics (CAGR 0.15%), 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.

Appendix G: Affordable Housing Need Calculations

G1.0   Introduction

G1.1   A working definition of affordable 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.

G1.2   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

G1.3   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.

G1.4   It should also be noted that the housing register (as at March 2017) contains a total of 3,308 households. Detailed information from 1,305 households on the register provides the following breakdown of household circumstances:

- 489 currently living outside of the District (14.8%);

- 1,011 are existing households living in social rented/affordable housing (30.6%);

- 1,201 are existing households living in other tenures (36.3%);

- 574 are newly forming households (17.4%); and

- 33 are households currently in specialist/supported accommodation.

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	2,245
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) (76.9%)**	**Total**	**1,726**

Stage 2: FUTURE NEED			
2.1	New household formation (Gross per year)	Based on housing register	**574**
2.2	% of new households requiring affordable housing	Based on number on housing register	**83.7%**
2.2	Number of new households requiring affordable housing	Number cannot afford	**481**
2.3	Existing households falling into need	Annual requirement	**Included in 1.4**
2.4	**TOTAL newly-arising housing need (gross each year)**	**2.2 + 2.3**	**481**
Stage 3: AFFORDABLE HOUSING SUPPLY			
3.1	Affordable dwellings occupied by households in need	(based on 1.4)	**1,192**
3.2	Surplus stock	Vacancy rate <2% so no surplus stock assumed	**0**
3.3	Committed supply of new affordable units	Annual	**See para G4.5**
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	**1,192**
3.6	Annual supply of social re-lets (net)	Annual Supply (3yr ave)	**261**
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Annual Supply (3yr ave)	**24**
3.8	**Annual supply of affordable housing**	**3.6+3.7**	**285**
Stage 4: ESTIMATE OF ANNUAL HOUSING NEED			
4.1	Total backlog need	1.4A-3.5	**534**
4.2	Quota to reduce over plan period		**6.25%**
4.3	Annual backlog reduction	Annual requirement	**33**
4.4	Newly-arising need	2.4	**481**
4.5	Total annual affordable need	4.3+4.4	**514**
4.6	Annual social rented capaDistrict	3.8	**285**
4.7	**NET ANNUAL SHORTFALL (4.5-4.6)**	**NET**	**229**

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.**

G2.0 Stage 1: Current need

G.2.1 A working definition of housing need is *'the quantity of housing required for households who are unable to access suitable housing without financial assistance'*. 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)	**2,245**
Total Households	43,086
% households in need	**5.2%**

Note: A household may have more than one housing need.
Source: 2015 Housing Register

Step 1.1   Homeless households and those in temporary accommodation

G2.2   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.

G2.3   Homelessness statistics for 2014/15[52] 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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[52]   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

G2.4   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.

G2.5   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

G2.6   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

G2.7   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 2,245. Evidence of household income is available from the housing register. Comparing this with prevailing lower quartile house prices and rents would indicate that 76.9% of households in need could not afford open market prices or rents. The total current housing need is therefore 1,726 households which represents around 4% of all households in the District.

G3.0   Stage 2: Future need

Step 2.1: New household formation (gross per year)

G3.1   The National Household Formation rate is 1.69% which applied to Wyre Forest would be 728 each year. This is based on the latest three-year average national rate reported in the English Housing Survey over the period 2011/12 to 2013/14. It should be noted that this number is an estimate

and the actual scale of new housing formation and need for affordable housing is considered using housing register data.

Step 2.2: New households unable to buy or rent in the open market

G3.2 The housing register reports a total of 574 newly-forming households. Further analysis of their income profile would suggest that 83.7% 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 481 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

G3.3 An estimate of the number of existing households falling into need each year has been derived from the housing register. It is assumed that some of the households on the register have fallen into need in the preceding year and these are included at Step 1.4 as it is not possible to specifically identify these households from the housing register.

Step 2.4: Total newly arising housing need (gross per year)

G3.4 Total newly arising need is calculated to be 481 households each year across Wyre Forest District.

G4.0 Stage 3: Affordable housing supply

G4.1 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

G4.2 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[53].

G4.3 A total of 1,192 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

G4.4 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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[53] Housing Need Assessment Guidance (CLG, August 2007)

Step 3.3: Committed supply of new affordable units

G4.5   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

G4.6   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

G4.7   It is assumed that there are 1,192 (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

G4.8   The CLG model considers the annual supply of social re-lets. District-level data on lettings is available from CLG and this has been analysed for the three-year period 2013/14 to 2015/16. Analysis suggests that there is an annual average of 405 social/affordable rented dwellings let of which 261 are to new tenants.

G4.9   Modelling therefore assumes an annual capacity of 261 dwellings for new tenants across Wyre Forest District.

Step 3.7: Annual supply of intermediate re-lets/sales

G4.10   Data on the average supply of intermediate tenure dwellings which have either been sold or re-let suggests 24 sales per annum. This is assumed to be the annual number of intermediate tenure sales in the model.

Summary of Stage 3

G4.11   Overall, the model assumes an existing affordable supply of 1,192, an annual supply of 261 social (affordable) lettings and an annual supply of 24 intermediate tenure lettings/sales.

Stage 4: Estimate of annual housing need

Overview

G4.12   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.

G4.13   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 514 affordable dwellings, but once affordable capacity (lettings and sales) are taken into account, the net imbalance is 229 affordable

dwellings each year. If there is a delivery of 480 affordable dwellings over the next five years this would reduce the annual imbalance to 199 each year.

G4.14 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.

G4.15 Stage 4 brings together the individual components of the needs assessment to establish the total net annual shortfall.

Step 4.1: Total backlog need

G4.16 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 534.

Steps 4.2 to 4.6

G4.17 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.

G4.18 Step 4.3 is the annual backlog reduction based on Step 4.2 (33 each year).

G4.19 Step 4.4 is a summary of newly-arising need from both newly forming households and existing households falling into need (481 each year).

G4.20 Step 4.5 is the total annual affordable need based on Steps 4.3 and 4.4 (514 each year).

G4.21 Step 4.6 is the annual social rented/intermediate tenure capacity based on Step 3.8 (285 each year).

Total imbalance

G4.22 The total gross affordable imbalance (which excludes affordable capacity) is 514 and the net affordable imbalance is 229 dwellings each year.

G5.0 Affordable housing tenure split

G5.1 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.

G5.2 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.

G5.3   For Wyre Forest, Local Authority Housing Statistics (Table G4) 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 G4: 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