Worcestershire Strategic Housing Market Assessment Monitoring 2012/13

Produced on behalf of the Worcestershire Local Councils

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1 Introduction

Redditch Borough Council on behalf of all six Worcestershire local authorities commissioned the Research and Intelligence Unit at Worcestershire County Council to monitor the Strategic Housing Market Assessment (SHMA), which was published in February 2012.

1.1 Purpose of the monitoring

The Worcestershire Strategic Housing Market Assessment Monitoring 2012/13 is an annual update to the Worcestershire Strategic Housing Market Assessment 2010/11. The monitoring uses the same methodology, definitions and data sources as that used by GVA in the 2010/11 Assessment and therefore produces revised outputs based on the latest data available.

In particular, the purpose of the monitoring is to provide, where possible, the following:

- Updates to all data tables and charts with most recently available data
- Inclusion of all relevant available Census 2011 data
- Updates to the Housing Needs Model and outputs
- Relevant national, regional or local policy is introduced, amended or replaced
- The 'Housing Requirements of Specific Groups' section where new or additional secondary information is available
- Policy recommendations suggesting how the assessed need for affordable housing might be met
- Analysis of under-occupation in social housing data
- Analysis of the implementation of the Affordable Rent Model and its impact on housing need, supply and affordability for the Worcestershire District Councils
- Analysis of other relevant data in relation to the impact of the Welfare Reform Bill and the Localism Act
- Ward level analysis in relation to demographic information

The document gives a strategic view of housing supply and demand in all housing sectors up to 2030 and also provides Local Authorities with a comprehensive understanding of the dynamics and segments of the functional housing markets operating within Worcestershire. Together with the Assessment, it forms part of the evidence base informing emerging planning and housing policies and strategies for those authorities bringing forward their Development Plan Documents for examination.

Where possible the report and its findings have been presented in the same format and context as the Assessment to allow for direct comparison. The monitoring continues to present data on both an individual Local Authority and county basis. However, the report does not include the six Overview Reports for each Local Authority as was included with the 2010/11 Assessment.

1.2 Overview of Methodology

The National Planning Policy Framework (NPPF) was published in March 2012 after a period of consultation in the summer of 2011. The framework is a key part of Government reforms to make the planning system less complex and more accessible, and to achieve sustainable development.

The NPPF states that each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals.

Furthermore the NPPF says that local planning authorities should have a clear understanding of housing needs in their area by preparing a Strategic Housing Market Assessment to assess their full housing needs. The Strategic Housing Market Assessment 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 which:

- meets household and population projections, taking account of migration and demographic change;

- addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and

- caters for housing demand and the scale of housing supply necessary to meet this demand;

Communities and Local Government released its final guidance 'Strategic Housing Market Assessments – Practice Guidance Version 2' in August 2007[1]. This Guidance sets out a framework that local authorities and regional bodies can follow to develop a good understanding of how housing markets operate and remains the most recent guidance for this research.

The approach taken within this monitoring report follows this guidance and provides an update where possible to each of the core outputs set out in Table 1.

[1] https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance

Table 1: Strategic Housing Market Assessment Core Outputs

	Core Outputs of SHMA Guidance	Chapter within Report
1	Estimates of current dwellings in terms of size, type, condition, tenure	Chapter 3
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market	Chapters 4 and 5
3	Estimate of total future number of households, broken down by age and type where possible	Chapter 6
4	Estimate of current number of households in housing need	Chapter 7
5	Estimate of future households that will require affordable housing	Chapter 7
6	Estimate of future households requiring market housing	Chapter 6 and 7
7	Estimate of the size of affordable housing required	Chapter 7
8	Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc.	Not in Monitoring

Source: Worcestershire County Council 2013

The economy in the UK continued to worsen throughout the first half of 2012 resulting in a flat and stagnant housing market where household confidence is low. The Assessment presented a detailed analysis of the local housing market and how it has evolved and adapted to the economic conditions of the past few years. This puts added emphasis on the annual monitoring to check projections and update data sources and key indicators where relevant.

The monitoring has utilised the same range of methodological approaches as those used in the Assessment drawing upon secondary data sources aligning with guidance from CLG. Where secondary data has become available from either new or existing sources a process of triangulation and data cleansing has been conducted to increase the credibility and validity of any updates.

However, it is noted that the Inspector currently examining the South Worcestershire Development Plan (SWDP) considered the Objectively Assessed Housing Need to be too low and identified shortcomings with the SHMA 2012 (http://www.swdevelopmentplan.org/wp-content/uploads/2013/02/EX-401.pdf). Therefore the Worcestershire Authorities commissioned further work by consultants to update the Objectively Assessed Housing Need, taking account of these concerns. The outcome of which is set out in two reports:

- South Worcestershire: http://www.swdevelopmentplan.org/wp-content/uploads/2013/02/Objective-Assessment-of-Housing-Need.pdf ; and
- North Worcestershire: http://www.bromsgrove.gov.uk/cms/PDF/North_Worcestershire_Housing_Need.pdf

For the South Worcestershire Authorities, the new scenarios and the related household and dwelling projections have been examined at a reconvening of the

SWDP Stage 1 hearings. The Inspector has issued Further Interim Conclusions that recommend a higher Objectively Assessed Housing Need of approx. 28,300 for South Worcestershire for 2006 to 2030. This new Objectively Assessed Housing Need does not form part of this current monitoring report.

The updated household and dwelling projections for Bromsgrove and Redditch Councils are being examined at their joint Local Plan hearings in June 2014.

1.3 Spatial Housing Geographies of the Research

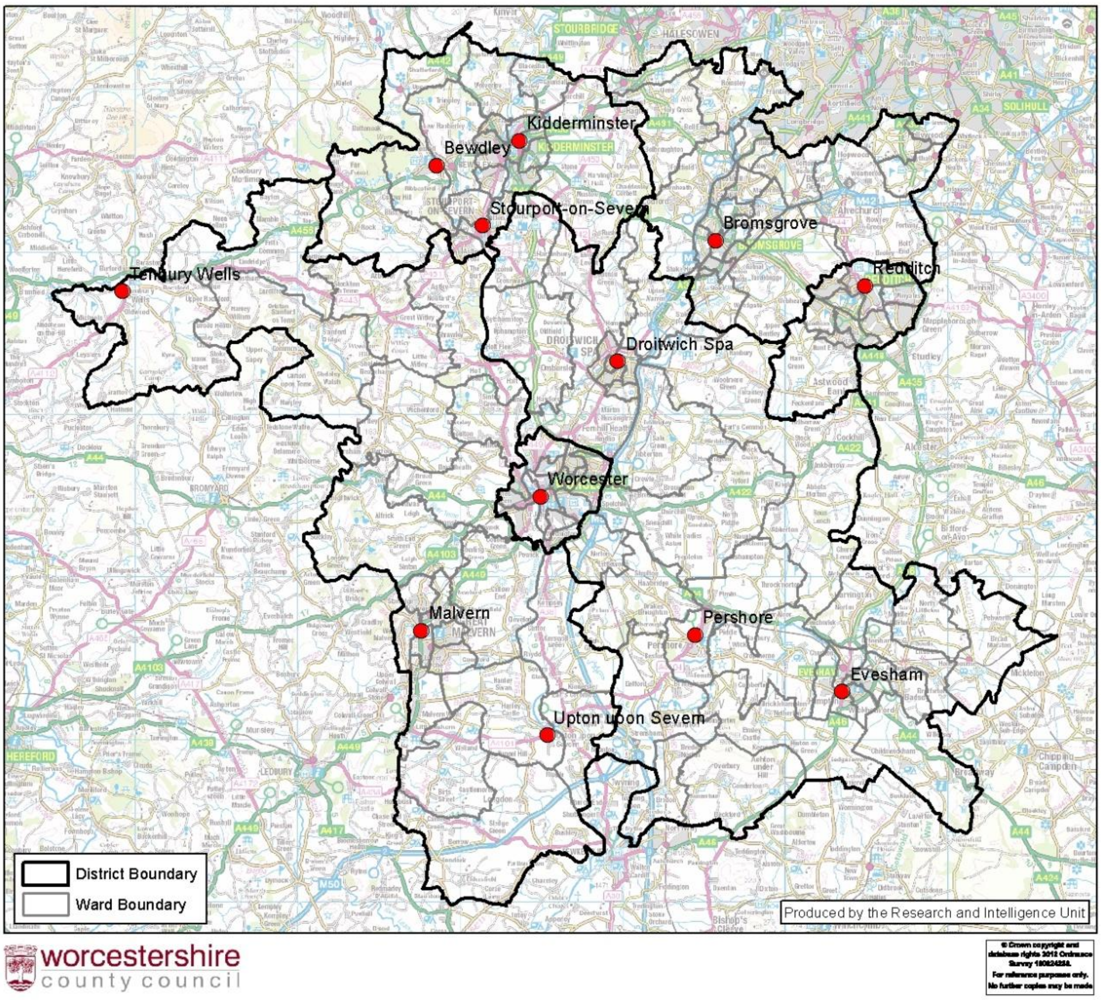
The monitoring uses the same spatial geographies as those defined in the Assessment, which recognises the importance of developing an evidence base which enables strategic analysis to be undertaken alongside local analysis. Differing levels of detail are available for the geographies listed below:

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

2. **Local Authorities** – this geography represents the fundamental building block of planning policy and is given precedence within the research.

Furthermore, where local level geographical data is available the research presents spatial analysis using a Geographical Information System (GIS).

Figure 1: Spatial Geographies



Source: Worcestershire County Council 2013

1.4 Report Structure

This second monitoring report is structured in the same way to that of the 2010/11 Assessment allowing comparisons to be made where new data or information has become available. It also, where appropriate, reflects the steps set out in the CLG Practice Guidance to assist in extracting key information from the report:

Chapter 2: Worcestershire and Its Context – This section builds on the policy research from the 2010/11 Assessment and presents updates and changes to current and emerging national, regional and local strategy and policy that is likely to have an impact on the future housing market;

1.4.1 Part 1: The Current Housing Market

Chapter 3: The Housing Stock – This section provides an assessment of the current profile of the housing stock across Worcestershire and each of the Local Authorities using the latest data from the 2011 Census. This includes estimates of the number of current dwellings broken down by size, type, condition and tenure;

Chapter 4: Demographic and Economic Drivers of the Market – The dynamics of the housing market are extremely complex, but demographic and economic drivers within the market represent a fundamental foundation upon which to understand supply and demand currently and in the future. This section presents an update of the key drivers concluding with a summary of the relationships which define the housing market across Worcestershire;

Chapter 5: The Active Market – The key relationship of the active market is between supply and demand. Therefore this chapter updates the important data within the housing market such as house prices, rental levels and key measures of demand including the number of households on waiting lists.

1.4.2 Part 2: Future Housing Market and Need

Chapter 6: Future Housing Market – Chapters 1 to 5 look at Worcestershire and its context, the current housing stock, the demographic, economic and active market drivers likely to influence the future housing market, and finally the active market. This chapter examines the scenarios developed within the 2010/11 Assessment and since the population and household projections have yet to be updated by the Office for National Statistics and Communities and Local Government respectively, the monitoring will use the same range of scenarios for future levels of housing growth;

Chapter 7: Meeting the Needs of Households – A calculation of the short-term level of housing need (next 5 years) for affordable housing has been updated from the 2010/11 Assessment following the same process as set out in the CLG Guidance. Data to populate the model has been drawn from the same range of secondary data sources and supplemented where necessary. Income and housing costs are considered in order to assess the role of different 'affordable' products in meeting need, including intermediate housing and affordable rents. The chapter concludes with an estimation of the breakdown by size of the affordable housing identified as being required over the next five years at local authority level;

Chapter 8: Drawing the Evidence Together – Conclusions – The monitoring report finishes with a chapter outlining the conclusions and in particular, significant changes over the past year. It presents the Core Outputs 1 to 7 as set out in Table 1.

2 Worcestershire and its Context

The 2011/12 Monitoring highlighted a significant amount of change in policy and strategy framework, as well as economic and financial market conditions. The following section aims to update this summary with any changes occurring over the past 12 months.

This follows the structure employed within the Assessment and therefore sets the context in relation to:

- **Influencing Policy and Strategy Objectives** – A review of key national, regional and local documents sets out the changing context for the development of housing policy and a summary of the county's strategies related to housing; and

- **Market Challenges** – With turbulent economic and uncertain housing market conditions, key market challenges are examined which need to be considered when using the outputs of the research to develop policy.

2.1 Changing Policy and Strategic Priorities

2.1.1 Current National Policy and Strategy

National planning policies are set out in the National Planning Policy Framework (NPPF), which replaces a large number of Planning Policy Statements and Guidance notes.

Previously Planning Policy Statement 3 (PPS3) underpinned the delivery of the Government's strategic housing policy objectives. The new NPPF has a housing specific section entitled 'Delivering a wide choice of high quality homes', and also includes new technical definitions of affordable housing including social rent, affordable rent and intermediate housing.

2.1.2 Emerging National Policy Context

The Localism Act, given Royal Assent on the 15th November 2011, includes measures aimed at shifting power from central Government back into the hands of individuals, communities and councils. It includes five key measures that underpin the Government's approach to decentralisation, of which two are linked to neighbourhood planning and housing.

Some of the key Government initiatives to implement localism related to housing are outlined below.

2.1.2.1 The New Homes Bonus

The New Homes Bonus is a scheme whereby the Government provides additional funding or a 'bonus' for new homes by match funding the additional council tax raised for new homes and empty properties brought back into use, with an additional amount for affordable homes, for the following six years.

Calculation of payments in the New Homes Bonus is based on past increases in housing supply. Therefore it could be a powerful incentive for housing growth, because it ensures that growing areas have the resources to meet the needs of their new residents and existing communities. However, it should also be noted that the New Home Bonus is not ring fenced for housing expenditure and therefore cuts to other sources of Local Authority funding may impinge on the size of the funding available.

The final New Homes Bonus allocations for 2013-14 (totalling £668.3 million) were announced on 1st February 2013 and are detailed in Table 2[2].

Table 2: New Homes Bonus Payments 2011/12 to 2013/14 by District

District	Year 1 Allocations	Year 2 Allocations	Year 3 Allocations	Total Payment in 2013/14 (Year 1 plus Year 2 plus Year 3)
Bromsgrove	£124,988	£240,599	£321,982	£687,570
Malvern Hills	£409,762	£341,768	£305,494	£1,057,023
Redditch	£164,263	£144,222	£105,003	£413,489
Worcester	£406,308	£270,007	£369,434	£1,045,749
Wychavon	£361,276	£437,941	£461,533	£1,260,750
Wyre Forest	£258,420	£233,932	£261,057	£753,409
Worcestershire	£431,254	£417,117	£456,126	£1,304,497
Total for the County	**£2,156,271**	**£2,085,586**	**£2,280,629**	**£6,522,487**

Source: Communities and Local Government 2012

The total New Homes Bonus received across the county since the New Homes Bonus was introduced in April 2011 is £6.5m. This accounts for about 0.5% of the total allocation across England (£1.3bn) over the past 3 years.

2.1.2.2 Affordable Homes Programme

Further to the Affordable Homes Programme 2011-15 (AHP), in February 2013, the Homes & Communities Agency published details of the Government's new Housing Guarantees Programme. The scheme will offer housing associations and other private registered providers a Government guarantee on debt they raise to build new affordable homes, reducing their borrowing costs and so increasing the amount of homes they can afford to provide. As part of the 2013 budget, the available funding for this scheme was doubled to £450 million, supporting the delivery of up to 30,000 affordable homes. The AHP runs to 2015, this new announcement means that from 2015 onwards, the Homes and Communities Agency and the Greater London Authority will work with housing providers to build 165,000 affordable homes over three years, building on the AHP which is on track to deliver 170,000 new homes by 2015.

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[2] https://www.gov.uk/government/policies/increasing-the-number-of-available-homes/supporting-pages/new-homes-bonus

The Government will also introduce a new Affordable Rent to buy Scheme, a £400 million programme to provide new build homes to rent to tenants at affordable rents for a fixed period of time allowing them to save for a deposit. At the end of the period, the sitting tenant will get the first option to buy the home.

2.1.2.3 Empty Homes

The Government is committed to helping local people bring empty homes back into use to increase local supply of housing and reduce the negative impact that neglected empty homes can have on communities. In June 2013, a further £91 million was announced to refurbish and bring back into use over 6,000 empty and derelict homes and commercial premises, particularly in the Midlands and North where the problem is most acute. This announcement builds on successes from the Empty Homes Programme which has already cut the number of long term empty homes by 40,000. The funding will focus on refurbishment in areas where empty properties have commonly led to problems, such as squatting, rat infestation and an adverse effect on local house prices.

The funding is being allocated under two programmes. The first involves £61 million from the second round of the Empty Homes Funding Programme, which will be provided to successful bidders from across the country, with £41 million allocated by the Homes and Communities Agency (HCA) to registered social landlords, and the remaining to community and voluntary groups, aiming to bring around 3,200 homes back into use. Secondly, the Clusters of Empty Homes programme will allocate £30 million for 20 partnerships in areas of acute problems, bringing around 3,500 homes back onto use.

As of October 2012, there are still 2,489 empty homes across Worcestershire.

2.1.2.4 Help to Buy: Home Ownership Schemes

In the 2013 Budget the Chancellor announced a £5.4 billion package of financial support to help tackle long term problems in the housing market, including the launch of Help to Buy – a package of measures that aim to increase the supply of low-deposit mortgages for credit-worthy households. There are two elements:

- **Help to Buy equity loan**[3] – replacing and building on the principles of FirstBuy, this scheme is open to all those who want to buy a new home (not just first time buyers) from 1st April 2013 for the next three years. Equity loans of up to 20% of the property value of a new build home will be available with the remaining cost being covered by as little as 5% deposit, and up to 75% mortgage. The Government estimate they will provide £3.5 billion of support to over 74,000 homebuyers with this scheme by 2016. Help to Buy equity loans seem to be popular with over 10,000 reservations and 3,000 sales completed in first four months[4] of the scheme.
- **Help to Buy mortgage guarantee** – from October 2013 (three months earlier than originally planned) mortgage guarantee will, subject to the final

[3] https://www.gov.uk/government/news/4-5-billion-budget-deal-to-help-homebuyers-and-boost-economy

[4] https://www.gov.uk/government/news/government-backed-help-leads-to-thousands-of-new-homeowners

design, make available up to £12 billion of Government guarantees, sufficient to support up to £130 billion of high loan-to-value mortgages

The NewBuy scheme has also been updated in the last 12 months:

- **NewBuy Guarantee** – in the 18 months since the launch of the NewBuy[5] scheme in March 2012, 3,749 people across England have been helped to buy their first home. The scheme has now been expanded with the launch of the NewBuy Guarantee scheme in March 2013 enabling all households, not just first time buyers, to buy a new build home with a 5% deposit. The second part of the scheme, making 95% mortgages available for the whole housing market, is scheduled to come into force in January 2014.
- **NewBuy Part Exchange** - on 25th January 2013, the Government announced the NewBuy part-exchange scheme[6] whereby builders will now offer to buy a customer's existing property in advance of selling them a newly built home, alongside their 5% deposit, allowing them to move up the housing ladder. The NewBuy part exchange scheme trial ran from 1 January to 31 December 2013. The NewBuy part exchange trial has now become business as usual, but continues to be closely monitored by lenders.

2.1.2.5 Right to Buy

The Right to Buy scheme has been in existence since 1980 and gives qualifying social tenants in England the right to buy their home at a discount. The Right to Buy discount increases with the length of tenancy up to a maximum limit, which was increased to £75,000 in 2012, alongside a national pledge that every additional property sold will be replaced with a new affordable home to rent.

Since the introduction of an increased discount limit, there has been a surge in applications to councils across England, with a total of 5,944 sales in 2012/13, more than double the total of 2,638 in the previous financial year[7].

It was announced in March 2013 that the Government intends to further boost the scheme by raising the discount cap to £100,000 in London from 25th March to recognise higher prices. There are also plans to lower the eligibility criteria so tenants can apply to buy their home after 3 years instead of 5 years. The Government are also currently looking at ways to simplify the application process for tenants.

2.1.2.6 Private Rented Sector

The private rented sector is a growing part of the housing market, offering a flexible form of tenure to meet a wide range of housing need. The Government wants to encourage a wider range of investors to build houses for private rent with

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5 https://www.gov.uk/affordable-home-ownership-schemes/overview

6 https://www.gov.uk/government/news/newbuy-part-exchange-will-free-up-more-homes-for-aspiring-buyers

7 https://www.gov.uk/government/publications/right-to-buy-sales-in-england-april-to-june-2013

examples including the **Build to Rent Fund**[8]. Since its launch in December 2012, this fund has been heavily oversubscribed. As a part of the 2013 budget, the Chancellor of the Exchequer announced the fund would increase from £800 million to £1 billion to help to meet this surge of interest.

2.1.2.7 Localism and Social Housing

There are a number of measures in the Localism Act which impact on social housing. Most of the new initiatives are about ensuring that the right people are provided with the right housing when they need it, and only for as long as they have that need, helping to increase the turnover of stock.

- **Social housing tenure reform** – with effect from April 2012, the Government has introduced new powers for housing providers to grant tenancies for a fixed term (of at least five years, or between 2 and 5 years in 'exceptional circumstances') as opposed to the lifetime tenancies granted under the previous system. This will enable circumstances to be reviewed periodically, ensuring homes are meeting the current needs of the household allowing for better management.
- **Allocations reform** – this reform allows local authorities to have greater control over who they admit to waiting lists, and introduces an opportunity to apply qualification criteria to decide who might be eligible to join the housing register, and apply local priorities to give some applicants additional priority for example, those who are contributing to their communities through work, voluntary work, training or caring. Authorities are still obliged to ensure that the majority of nominations for social housing go to those who are in 'reasonable preference'. There are exemptions, for example, there are certain groups who authorities must not disqualify on the grounds they do not have a local connection (e.g. members of the armed forces, those fleeing domestic abuse).
- **Reform of homelessness legislation** – Local Authorities have a duty to house homeless people who are eligible, in priority need and unintentionally homeless. The Localism Act also allows Local Authorities to make use of a range of tenures available to them by allowing them to discharge their homelessness duty with a suitable offer of private rented accommodation.

Allocation of accommodation: guidance for local housing authorities in England has been published, which strongly encourages all local authorities to adopt a two year residency test as part of their qualification criteria within their allocations policies.

2.1.2.8 Welfare Reform

The Welfare Reform Act 2012 is introducing major changes to the benefit system in England, including several key impacts on the housing sector.

Firstly, the introduction of Universal Credit, a new single payment for working age claimants which replaces a number of other benefits, including Housing Benefit.

[8] https://www.gov.uk/government/policies/improving-the-rented-housing-sector--2/supporting-pages/private-rented-sector

Housing costs within Universal Credit will be paid directly to individuals in the social rented sector, rather than the current system of payments direct to landlords. The aim of this radical reform of six types of benefit payments is to encourage more people to make the transition into work and to manage a monthly budget rather than relying on a weekly drip feed of a variety of benefits.

The Welfare Reform Act also introduces new measures with a focus on making sure housing benefits are aligned with bedroom requirements. From April 2013, there are new rules for the size of accommodation that Housing Benefit, and then Universal Credit, will cover for working age tenants renting in the social sector, making rules consistent with those in the private rented sector.

The main change is that tenants renting from a local authority, housing association or other registered social land lord will no longer receive help towards the costs of spare bedrooms, instead receiving help based on the assumed need of their household.

The new rules allow 1 bedroom for each person or couple living as part of the household with the following exceptions:

- children aged under 16 of the same gender are expected to share
- children aged under 10 are expected to share regardless of gender
- a disabled tenant or partner who needs a non-resident overnight carer is allowed an extra room

The new rules, also referred to as spare room subsidy, mean that those tenants whose accommodation is larger than they need may lose part of the money they get towards their housing through Housing Benefit or Universal Credit. Their eligible rent will be reduced by:

- 14% for those with 1 spare bedroom
- 25% for those with 2 or more spare bedrooms

This is likely to impact on lettings and waiting list data as people who have spare rooms request to be transferred into smaller properties, thus increasing the number of larger properties available, which can be used to accommodate overcrowded households. However, this can only work if there are sufficient smaller properties available in the social housing sector for under occupied households to "downsize" to.

Further information on the level of under-occupation in Worcestershire may provide some indication of the impact of these reforms on social tenants in the county, and is looked at in Section 3.3 Overcrowding and Under-Occupation.

2.1.3 Regional Policy and Strategy

The West Midlands Regional Spatial Strategy was revoked on 20th May 2013 and is no longer part of the Development Plan. However, some of the evidence behind the West Midlands Regional Spatial Strategy Phase 2 Revision Draft

(Sept 2009) can be a material consideration in the determination of planning applications and the preparation of new planning policy.

2.1.4 Worcestershire Sub-Region

Worcestershire's Sustainable Community Strategy (SCS) Partnership Towards Excellence sets the overarching strategic vision for Worcestershire and identifies the activity that partners will need to carry out to achieve it between 2008 and 2013. The SCS plays a key part in setting the framework for the Local Investment Plan (LIP), since its key purpose is to improve the quality of life for all Worcestershire's communities and to make the county a great place to live, work and visit. The SCS vision is of "a county with safe, cohesive, healthy and inclusive communities, a strong and diverse economy and a valued and cherished environment."

The Worcestershire Housing Strategy 2011-2016 was published in June 2011. The driving vision for the future and what the strategy will deliver is: "The right home, at the right time, in the right place".

The countywide strategy will be used to complement the new localism agenda, enabling a consistent and cost effective service offer to be provided whilst retaining the ability to be flexible in meeting needs at a local level. Previously housing strategies were produced on an individual local authority basis, but this new strategy takes the next step; a concerted and more integrated countywide approach for the development and delivery of our housing services.

The primary goals of the Worcestershire Housing Strategy 2011-2016 are:

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

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

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

Each of the three overarching objectives is underpinned by strategic priorities, consistent with those contained within the Worcestershire Housing Strategy 2011-2016.

2.1.5 Local Policy Context

Bromsgrove

The Proposed Submission version of the Bromsgrove District Plan (BDP) was published on September 30th 2013 for a six-week formal representation period that closed on 11th November 2013. The Plan is likely to be submitted to the Planning Inspectorate in early 2014 with an independent examination due to be held in summer 2014.

The BDP sets out the visions and objectives for the future growth and development of the District until 2030.

The BDP proposes development of approximately 7,000 dwellings to be completed in the District between 2011 and 2030. The BDP identifies the sites that will deliver 4,600 of the required total and highlights that a full Green Belt Review will need to be undertaken following the adoption of the Plan. This will identify the land to accommodate the remaining 2,400 homes in the period 2023-2030.

Redditch

Draft Local Plan No.4 was placed on consultation between 1 April and 15 May 2013. The Plan requires collaboration from neighbouring authorities to accommodate some of Redditch's growth needs. Therefore, alongside Local Plan No.4 consultation, Redditch Borough Council carried out joint consultation with Bromsgrove District Council regarding the locations for cross boundary growth in Bromsgrove District to meet these needs. Local Plan No.4, including reference to a cross boundary growth policy in the Bromsgrove District Plan, was placed on Proposed Submission consultation between 30 September and 11 November. Local Plan No.4 was formally submitted to the Secretary of State on 31 December 2013. The Independent Examination is scheduled for April 2014 and adoption is scheduled for September 2014.

Due to the reliance on cross boundary co-operation, Redditch Borough Council and Bromsgrove District Council have aligned their Plan timetables to ensure effective scrutiny of Plan preparation.

Malvern Hills, Worcester and Wychavon (South Worcestershire)

On 10th December 2012 (18th December Wychavon) the three South Worcestershire Councils voted to proceed to the submission stage of the draft South Worcestershire Development Plan (SWDP). The proposed submission version of the SWDP was subject to a Legal Compliance and Test of Soundness consultation representation period from 11th January to 22nd February 2013. The SWDP was formally submitted to the Secretary of State on 28th May 2013 with adoption intended by end of 2013. Once adopted, it will form the basis for planning decisions across South Worcestershire until 2030.

The Inspector held the first phase "Stage 1" of the Hearings in October 2013 and considered strategic issues - housing numbers, employment and retail provision plus Duty to co-operate. On the 30th October 2013 the Inspector issued his interim report on these matters. The Inspector was satisfied with the level of employment provision and Duty to Co-operate but has requested that more work be undertaken to inform the housing numbers and level of retail provision. His main concern was with the SHMA in terms of some of the assumptions behind the projected housing numbers – in particular the household representation rates, employment forecasts and older peoples' economic participation rates. The Inspector has therefore asked the Councils to undertake some further analysis in order to derive an objective assessment of housing need over the plan period.

Wyre Forest

The Wyre Forest Core Strategy was adopted on 9th December 2010. It is a key strategic level document within the LDF and sets out the broad strategy and vision for development within the District up until 2026. The document indicates that the district will accommodate 4,000 net additional dwellings between 2006 and 2026.

The Site Allocations and Policies Local Plan and the Kidderminster Central Area Action Plan were both adopted in July 2013. These plans allocate and designate areas of land for particular uses, most notably land to deliver housing. Additionally, these plans set out important development management policies which will be used for determining planning applications.

2.2 Housing Market Challenges

The Government is trying to get a stalled housing market moving through a number of proposals, building on existing policy. It wants to achieve the following:

- Increase the number of homes available to rent, including affordable homes, and the opportunities for people to own their home, whether through access to mortgage finance or by reinvigorating Right to Buy
- Improve the flexibility of social housing (increasing mobility and choice)
- Protect the vulnerable and disadvantaged by tackling homelessness and support people to stay in their homes
- Make sure that homes are of high quality, sustainable, and well designed

Worcestershire has a similar vision, "THE RIGHT HOME, AT THE RIGHT TIME, IN THE RIGHT PLACE", and this is the backbone of the Worcestershire Housing Strategy [9]. The document contains four aims for delivering sustainable communities:

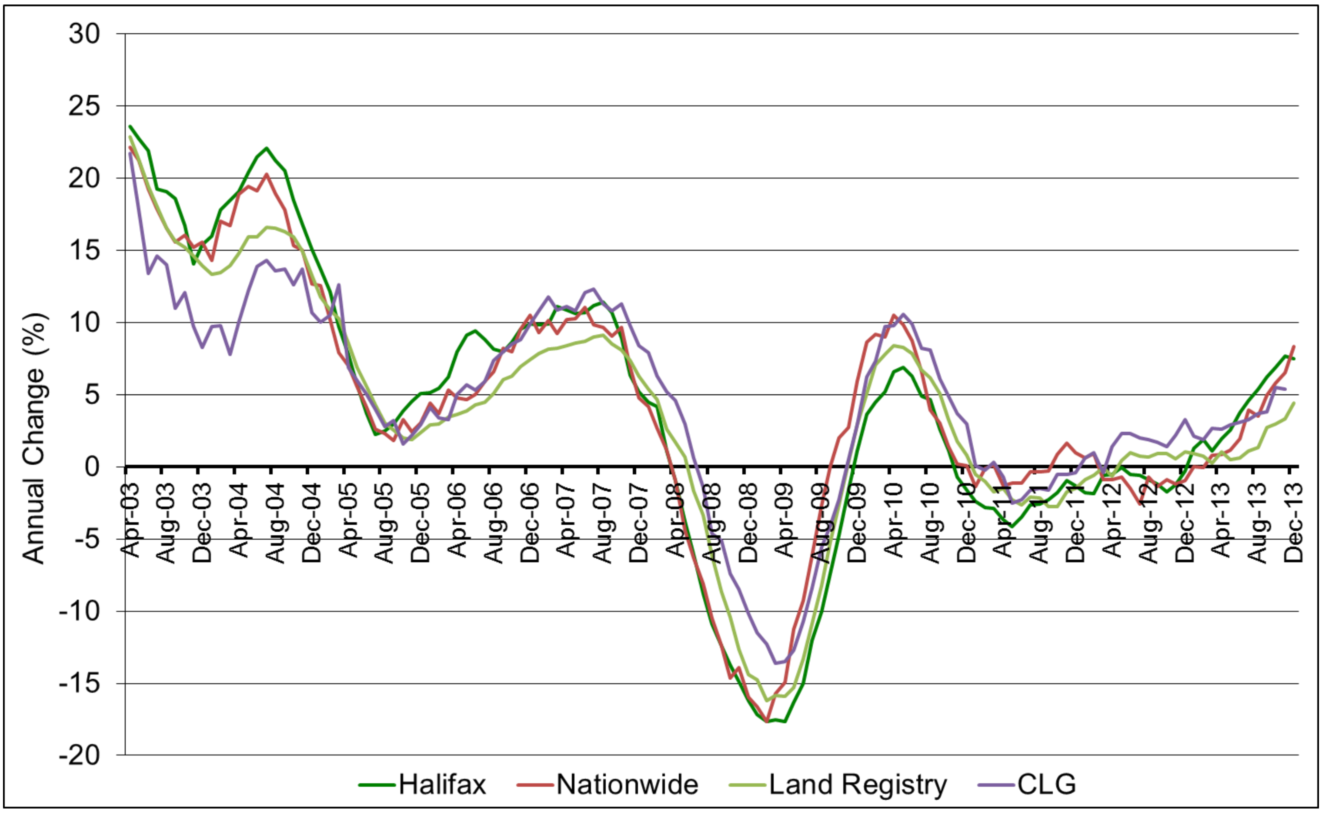
- Better use of existing homes
- Delivering new homes
- Improving condition of existing homes
- Providing housing related support

One of the main indicators of the housing market is prices, which have fluctuated since the autumn of 2007 after a period of steady growth. The market remained

[9] http://redditch.whub.org.uk/cms/housing/housing-policy/housing-policy/worcestershirehousing-strategy.aspx

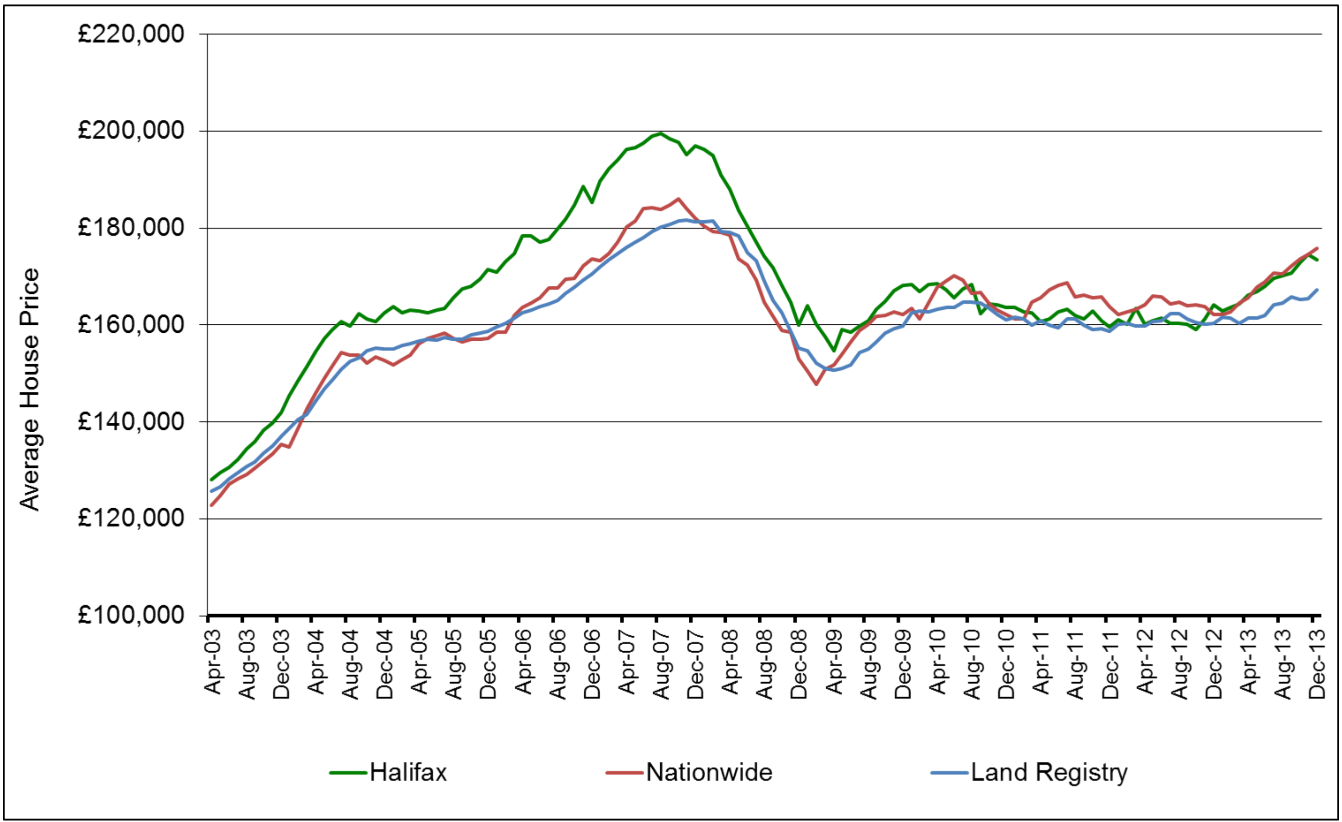
fairly stagnant with some small decreases through 2011 and 2012 as a result of a depressed economic situation and difficulty in accessing finance to support house purchases. However, there are some signs of improvement. Figure 2 shows how four different house price indices have fluctuated since April 2003, but generally have followed a very similar pattern to one another. The last two years show a clear stagnation, although signs of improvement are starting to show with steady increases in the last 6 months. Actual average house prices are also shown in Figure 3

Figure 2: House Price Indexes, Annual % Change in Prices, April 2003 to December 2013, UK



Source: Halifax, Nationwide, Land Registry and CLG (ONS), 2013

Figure 3: Average House Price, April 2003 to December 2013, UK



Source: Halifax, Nationwide, Land Registry and CLG (ONS), 2013

2.2.1 Earnings and Household Income

Mean gross annual earnings[10] (residence based) of all employees for 2012 increased in Bromsgrove, Redditch and Worcester City but decreased in all other districts compared with 2011 figures. Bromsgrove has the highest annual gross mean earnings of £28,178 and Redditch has the lowest at £20,624.

Table 3: Annual Gross Mean Earnings for All Employees by District, 2012

District	Residence based Earnings	Workplace based Earnings
Bromsgrove	£28,178	£21,499
Malvern Hills	£22,473	£21,090
Redditch	£20,624	£21,680
Worcester	£25,927	£21,783
Wychavon	£25,359	£20,864
Wyre Forest	£20,828	£17,357
Worcestershire	**£24,215**	**£20,920**

Note: The quality of an estimate is measured by its coefficient of variation (CV), which is the ratio of the standard error of an estimate to the estimate. The CV for the figures above is typically between 5% and 11%.
Source: Annual Surveys of Hours and Earnings 2012 (provisional), ONS

[10] Annual Survey of Hours and Earnings (ASHE), ONS, 2013

Workplace earnings are lower in general than residence-based earnings, with the exception of only Redditch. This is a significant imbalance as people who are employed within the county are earning less than those commuting outside the county to work, which in turn has an effect on house prices.

The biggest differential can be seen in Bromsgrove where residential based earnings are over £6,500 per annum higher than workplace based earnings, due to the fact that many residents of Bromsgrove commute to jobs in the urban conurbation to the north and in particular Birmingham.

Mean household incomes[11] have remained largely static in the last year with a 0.1% increase in 2013 compared to 2012. Regionally household incomes have increased by 0.5%, whereas nationally they have remained unchanged. Bromsgrove has the highest mean household income in Worcestershire at £41,540, a small increase on the previous year. Bromsgrove, Malvern Hills and Wychavon saw an increase in household income, with 0.4%, 1.8% and 0.2% rises respectively. Wyre Forest has the lowest mean household income at £33,482, decreasing by 1.3% in the last year.

2.2.2 Economy and Employment

The economy is still weak and facing a slower and more prolonged recovery, as indicated by the downgrading of growth forecasts in the Chancellor of the Exchequer's Budget speech delivered in March 2013. Growth in 2013 is now forecast to be 0.6%, rather than 1.2% as previously expected. In Worcestershire there have been some signs of improvement, with the number of people claiming Jobseekers Allowance falling to its lowest level since November 2008.

2.3 Previous SHMA Research

The South Housing Market Area Partnership commissioned a full Strategic Housing Market Assessment (SHMA) in 2006. The purpose of which was to facilitate an informed and co-ordinated sub-regional engagement with the RSS review process and to provide the required technical evidence base to inform emerging LDF documents. The sub-region included the 8 authorities in the partnership, which included the six authorities in Worcestershire, as well as Stratford-on-Avon District Council and Warwick District Council in South Warwickshire.

The full report was published in 2007 and monitoring reports were produced annually over a 4-year period. However, when regional government organisations were disbanded in 2009, the monitoring reports just focused on Worcestershire rather than a sub-region of the West Midlands.

In March 2011, the six Worcestershire Local Authorities commissioned GVA and Edge Analytics to prepare a new SHMA, to replace the report produced in 2007

[11] PayCheck 2013, CACI

and subsequent monitoring reports. The final report was published in February 2012 entitled Worcestershire Strategic Housing Market Assessment - Main Report (February 2012)[12]. The Research and Intelligence Unit at Worcestershire County Council have been commissioned again to undertake subsequent annual monitoring reports of this Assessment, with this being the second of those reports.

[12] http://www.bromsgrove.gov.uk/cms/pdf/Main%20SHMA%20Report%20February%202012.pdf

3 The Housing Stock

The following chapter presents an overview of housing stock data that has been updated since the 2011/12 Monitoring was published in June 2013.

3.1 Current Dwellings and Vacancy Rates

The most recent estimates, as of October 2012, show that Worcestershire has 249,730 dwellings, of which 6,960 are classified as vacant across all tenures. This equates to a vacancy rate of 2.8% across the county, lower than that of the West Midlands region (3.0%) and England (3.1%). Table 4 presents this assessment of vacancy, showing the different levels across each of the districts.

Table 4: Vacancy Rates for All Tenures by District, 2012

District	Total Dwellings[1]	Vacancies[2]	Vacancy Rate
Bromsgrove	39,550	1,018	2.6%
Malvern Hills	33,960	1,158	3.4%
Redditch	35,320	762	2.2%
Worcester	43,740	1,369	3.1%
Wychavon	52,120	1,346	2.6%
Wyre Forest	45,040	1,307	2.9%
Worcestershire	**249,730**	**6,960**	**2.8%**

Source: Council Tax Base (CTB), CLG Live Tables, 2013
[1] Number of dwellings as at 30 September 2012, figures rounded to the nearest 10
[2] Number of vacancies as at 31 October 2012

Malvern Hills and Worcester City both have a vacancy rate above 3%, whilst Redditch has the lowest rate in the county, 2.2%. The number of vacancies in Worcestershire has been falling slowly year-on-year since a peak of 7,439 in 2007, but increased in 2011 due to a large increase in Wyre Forest of 336 vacancies. The decreasing trend seems to have been re-established in 2012 with 23 fewer vacant properties across the county than in 2011. The emphasis on bringing vacant dwellings back into the housing stock is getting stronger and is a top Government priority, to ensure these are available for people in need of a new home.

3.2 Property Type and Size

In understanding the relationship between the supply of housing and demand it is important to understand the mix of the housing offer by both type and size. The 2011 Census[13] has provided an opportunity to update in detail the type and size profile of dwelling stock within Worcestershire.

[13] 2011 Census took place on 23rd March 2011

The 2011 Census shows that the largest proportions of dwellings in the county are either detached (33.7%) or semi-detached (33.5%). However, both have decreased proportionally over the past 10 years as more terraced houses and flats have been built.

Terraced housing accounts for a significant proportion of the total stock in Redditch and Worcester, reflecting Redditch's new town development and the urban nature of much of Worcester and its industrial development. This industrial growth also served to alter the stock profile of other industrial areas such as Bromsgrove and Kidderminster.

Worcester has seen significant growth in flats, which accounted for just under 9% of the total stock in 2001 and now accounts for almost 20%, due to major redevelopment schemes in the Diglis area of the city.

Table 5: Housing Stock Type by District, 2011

Tenure	Type of Dwelling	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
Total	Detached	37.5%	44.2%	26.9%	22.2%	41.5%	29.9%	**33.7%**
	Semi-detached	36.5%	31.2%	30.1%	35.1%	30.1%	37.5%	**33.5%**
	Terraced	14.6%	11.0%	27.2%	23.1%	16.9%	18.8%	**18.7%**
	Flats / Other	11.4%	13.6%	15.7%	19.6%	11.4%	13.8%	**14.2%**
Private	Detached	41.3%	50.7%	33.4%	25.6%	47.9%	34.4%	**38.9%**
	Semi-detached	36.9%	29.7%	32.8%	35.2%	28.2%	37.2%	**33.3%**
	Terraced	14.1%	9.7%	24.6%	24.8%	15.4%	18.2%	**17.8%**
	Flats / Other	7.7%	9.9%	9.1%	14.4%	8.5%	10.2%	**10.0%**
Social	Detached	3.0%	4.5%	2.8%	3.1%	4.0%	3.2%	**3.4%**
	Semi-detached	32.6%	39.8%	19.8%	34.4%	41.6%	39.4%	**34.2%**
	Terraced	19.2%	19.4%	37.0%	14.3%	25.8%	21.9%	**23.8%**
	Flats / Other	45.2%	36.2%	40.4%	48.2%	28.5%	35.5%	**38.5%**

Source: 2011 Census, ONS

The profile of dwelling types is quite different when comparing private to social households. The key differences are that there are far more flats in social properties (38.5% of total households compared to 10% of private), whereas detached homes make up a much smaller proportion of the total (3.4% of social houses are detached, compared to 38.9% of private dwellings).

The release of 2011 Census data has also allowed us to analyse the breakdown of properties by size; number of bedrooms and rooms. Previously, the 2001 Census had only asked a question on the number of rooms.

Table 6: Percentage of Bedrooms by District, 2011

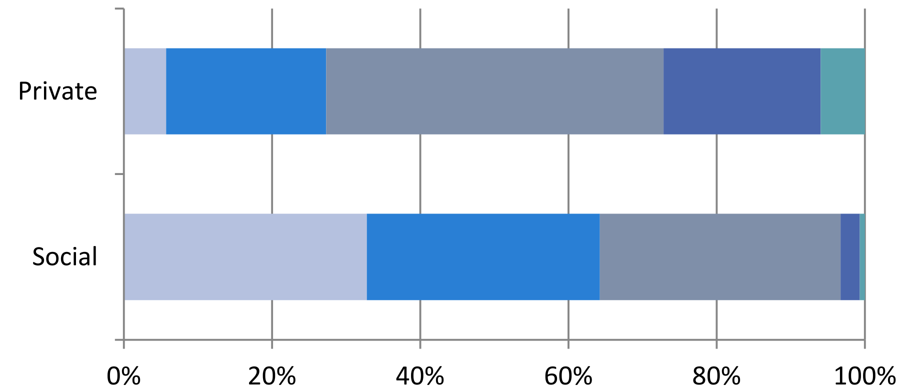
District	All Households	No bedrooms	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
Bromsgrove	38,290	0.1%	7.1%	19.0%	45.4%	21.8%	6.6%
Malvern Hills	32,212	0.1%	8.4%	24.8%	39.1%	20.2%	7.4%
Redditch	34,722	0.3%	12.4%	20.3%	46.7%	17.0%	3.3%
Worcester	42,042	0.2%	12.0%	25.2%	44.4%	14.6%	3.6%
Wychavon	49,466	0.2%	8.3%	23.2%	39.5%	22.2%	6.5%
Wyre Forest	42,985	0.1%	9.3%	25.4%	46.9%	14.6%	3.6%
Worcestershire	**239,717**	**0.2%**	**9.5%**	**23.1%**	**43.6%**	**18.4%**	**5.2%**

Source: 2011 Census, ONS

There are more one bedroom properties and fewer properties with four or more bedrooms in the more urban districts of Redditch, Worcester City and (to a lesser extent) Wyre Forest.

The profile of the number of bedrooms per household is again very different when looking at the split between social and private dwellings. Again, the differences are most pronounced at the lower and upper end of property size. One bedroom properties account for almost a third of all social dwellings across the county, compared to just 5.7% of private homes, whereas four or more bedroom properties make up just 3.2% of social homes compared to 27.1% in the private sector.

Figure 4: Number of Bedrooms by Tenure (Social or Private), Worcestershire



	Social	Private
1 bedroom	32.8%	5.7%
2 bedrooms	31.5%	21.6%
3 bedrooms	32.5%	45.5%
4 bedrooms	2.6%	21.2%
5 or more bedrooms	0.7%	5.9%

Source: 2011 Census, ONS

Table 7: Number of Bedrooms by Tenure (Social or Private) by District

District	Tenure	Number of Bedrooms				
		1	2	3	4	5 or more
Bromsgrove	Social	35.3%	28.9%	33.0%	2.3%	0.5%
	Private	4.1%	17.9%	46.8%	23.9%	7.3%
Malvern Hills	Social	31.0%	35.6%	30.1%	2.7%	0.6%
	Private	4.8%	23.0%	40.5%	23.1%	8.6%
Redditch	Social	37.8%	28.4%	30.3%	2.8%	0.7%
	Private	6.0%	18.2%	51.1%	20.8%	4.0%
Worcester	Social	31.7%	29.7%	35.3%	2.5%	0.9%
	Private	8.7%	24.3%	46.0%	16.8%	4.1%
Wychavon	Social	29.5%	33.9%	33.3%	2.8%	0.5%
	Private	5.0%	21.4%	40.6%	25.5%	7.5%
Wyre Forest	Social	31.6%	32.7%	32.8%	2.2%	0.7%
	Private	5.7%	24.2%	49.2%	16.7%	4.1%

Source: 2011 Census, ONS

Table 8 shows the average number of people, rooms and bedrooms by authority across Worcestershire.

Table 8: Average Number of People, Rooms and Bedrooms by District, 2011

District	Average number of people per household	Average number of rooms per household	Average number of bedrooms per household
Bromsgrove	2.4	6.2	3.0
Malvern Hills	2.2	6.2	3.0
Redditch	2.4	5.5	2.8
Worcester	2.3	5.4	2.7
Wychavon	2.3	6.1	3.0
Wyre Forest	2.3	5.6	2.8
Worcestershire	**2.3**	**5.8**	**2.9**

Source: 2011 Census, ONS

There isn't a large variation in the average numbers of people, rooms and bedrooms across authorities, though again the rural / urban split of the county seems to be apparent with slightly fewer rooms and bedrooms per household on average in Worcester, Redditch and Wyre Forest. In Worcestershire overall, there is an average of 2.3 people per household, living in a property with an average of 5.8 rooms and 2.9 bedrooms.

This data is the best source of understanding overcrowding and under-occupation issues, which are discussed in the next section.

3.3 Overcrowding and Under-Occupation

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

The Census is the best source for this information and therefore Table 9 shows a comparison between 2001 and 2011 Census data.

Table 9: Overcrowding and Under-Occupation by District, 2001 and 2011

District	2001			2011		
	Total Households	Overcrowding	Under-Occupation	Total Households	Overcrowding	Under-Occupation
Bromsgrove	35,168	2.7%	85.2%	38,290	3.0%	85.4%
Malvern Hills	30,069	3.3%	84.4%	32,212	3.4%	84.0%
Redditch	31,652	6.2%	75.0%	34,722	7.4%	73.6%
Worcester	39,060	5.4%	77.8%	42,042	6.9%	74.9%
Wychavon	46,819	3.4%	83.8%	49,466	4.0%	83.1%
Wyre Forest	40,281	4.1%	81.0%	42,985	4.5%	80.3%
Worcestershire	**223,049**	**4.1%**	**81.3%**	**239,717**	**4.8%**	**80.3%**

Source: 2001 and 2011 Census, ONS

In 2001, 81.3% of households in Worcestershire were under-occupied and only 4.1% were overcrowded. However, in 2011, the proportion of households that are under-occupied is 80.3% and 4.8% were overcrowded. Overcrowding has increased in all local authorities and under-occupation has decreased in all with the exception of Bromsgrove, which has seen a small proportional increase.

Table 10: Overcrowding and Under-Occupation by District and Tenure

District	Private			Social		
	Total Households	Overcrowding	Under-Occupation	Total Households	Overcrowding	Under-Occupation
Bromsgrove	34,471	2.1%	90.3%	3,819	10.9%	41.4%
Malvern Hills	27,665	2.3%	90.4%	4,547	10.0%	45.5%
Redditch	27,371	4.7%	83.4%	7,351	17.2%	37.2%
Worcester	35,604	5.9%	81.0%	6,438	12.6%	40.9%
Wychavon	42,300	2.9%	89.1%	7,166	11.0%	48.0%
Wyre Forest	36,780	3.6%	86.0%	6,205	9.7%	46.2%
Worcestershire	**204,191**	**3.6%**	**86.7%**	**35,526**	**12.2%**	**43.1%**

Source: 2011 Census, ONS

When splitting the 2011 census data by tenure, it is clear that overcrowding is more of an issue in social housing than in private dwellings with 12.2% of social rented houses classed as overcrowded, compared to just 3.6% of private owned and rented. Similarly, under-occupation is less apparent in social houses at

43.1% compared to 86.7% of private dwellings. Overcrowding in Worcestershire does compare favourably to regional and national proportions - 12.2% of social rented households in Worcestershire compared to 13.8% in the West Midlands region and 16.6% in England and Wales.

Overcrowding presents a challenge to households and clearly it is an indication of a mismatch between supply and demand. Levels of under-occupation on the other hand, while not representing a necessary issue for households provides an indication of the additional underused capacity which exists within the existing housing stock.

The above information is based on the 2011 Census Occupancy Rating[14] data derived from the total number of rooms in a dwelling and the household composition. The Census also provides information on occupancy rating based on the number of *bedrooms* in a property. This occupancy rating (bedrooms) may be an indicator of the extent to which homes are likely to be affected by the welfare reforms (spare room subsidy) as outlined in section 2.1.2. Table 11 shows the number and proportion of social rented homes in each district that have a bedroom occupancy rating of +1 or +2, indicating that they have one or two more bedrooms than the standard requirement.

Table 11: Social Rented Households by Occupancy Rating Bedrooms by District

District	Total Households	% with an Occupancy Rating (Bedrooms) of			
		+2 or more	+1	0	-1 or less
Bromsgrove	3,819	12.1%	24.9%	57.4%	5.7%
Malvern Hills	4,547	10.2%	29.7%	54.8%	5.3%
Redditch	7,351	11.0%	22.2%	56.8%	10.0%
Worcester	6,438	11.2%	26.5%	56.0%	6.3%
Wychavon	7,166	11.5%	30.6%	51.7%	6.3%
Wyre Forest	6,205	11.1%	29.7%	53.5%	5.7%
Worcestershire	**35,526**	**11.2%**	**27.2%**	**54.9%**	**6.8%**

Source: 2011 Census, ONS

It is not possible from the Census data to estimate how many households might qualify as an exception to the spare room subsidy, for example if there is a disabled tenant who needs an overnight carer. However, Table 11 seems to indicate that almost two in five social rented households have one or two more bedrooms than needed. Therefore, almost 40% of households may be affected by the welfare reforms.

[14] Occupancy rating provides a measure of whether a household's accommodation is overcrowded or under occupied. There are two measures of occupancy rating, one based on the number of rooms in a household's accommodation, and one based on the number of bedrooms. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement. Source: www.nomisweb.co.uk

An examination of waiting list data held by the Local Authorities provides an indication of the level of overcrowding experienced by those households nominating themselves as requiring social rented stock. Table 12 illustrates the proportion of all households on the waiting list as of October 2013 who are classified as overcrowded.

Table 12: Households on the Waiting List who are Overcrowded, October 2013

District	Overcrowded Households	Proportion of Total Waiting List	Proportion of All Households
Bromsgrove	94	6.3%	0.2%
Malvern Hills	202	15.2%	0.6%
Redditch	516	24.3%	1.5%
Worcester	333	12.5%	0.8%
Wychavon	219	8.8%	0.4%
Wyre Forest	78	2.8%	0.2%
Worcestershire	**1,442**	**11.2%**	**0.6%**

Source: Local Authority Waiting List Data, 2013

The table clearly shows that overcrowding represents an important issue within the current social housing stock. The proportion of homes on the waiting list that are overcrowded has increased in all districts since last year. This is likely to be due to the Waiting List Review undertaken by all districts in response to a change in policy in April 2013, which resulted in the overall size of waiting lists reducing significantly.

3.4 Tenure

The 2011 Census also provides the opportunity to update the tenure profile for Worcestershire and examine how it has changed over the past 10 years.

Table 13: Tenure by District, Census 2001 and 2011

Tenure	Census	Bromsgrove	Malvern Hills	Redditch	Worcester City	Wychavon	Wyre Forest	Worcestershire
Owner Occupier	2001	83.0%	74.8%	70.6%	72.6%	76.0%	75.7%	**75.5%**
	2011	79.5%	71.9%	65.7%	64.4%	72.7%	70.6%	**70.8%**
Shared Ownership	2001	0.4%	0.7%	0.3%	0.9%	0.4%	0.5%	**0.5%**
	2011	0.6%	0.8%	0.4%	1.0%	0.5%	0.6%	**0.7%**
Social Rent	2001	10.6%	13.8%	22.7%	15.4%	14.9%	14.8%	**15.2%**
	2011	10.0%	14.1%	21.2%	15.3%	14.5%	14.4%	**14.8%**
Private Rent	2001	4.3%	8.6%	4.3%	9.3%	6.5%	6.8%	**6.7%**
	2011	8.8%	11.5%	11.7%	18.2%	11.0%	13.2%	**12.5%**

Source: 2001 Census and 2011 Census, ONS

The single largest change in tenure since 2001 is the huge growth in the private rented sector. Private rent currently accounts for 12.5% of the tenure profile compared to 6.7% in 2001, which represents almost a doubling of this tenure in just 10 years in proportional terms. The numbers of properties rented privately has more than doubled in numerical terms.

As a result of this private rented growth, the proportion of all other tenures has decreased proportional to the overall number of households. In particular owner occupation now stands at 71.5% (including shared ownership) compared to 76.0% of all households in 2001.

3.4.1 Affordable Housing Stock

In 2001, affordable housing accounted for 15.3% of the total housing stock within Worcestershire. Over the past 10 years, the amount of affordable housing stock has increased from 33,978 to 35,526, but at a slower rate than relative to the increase in private housing stock fuelled by the growth in private rented accommodation. Affordable housing now accounts for 14.8% of the total housing stock. This same pattern is seen in all districts apart from Malvern Hills where affordable housing accounts for 14.1% of total housing stock based on the 2011 Census, a slight increase from 13.8% in 2001.

Table 14: Private and Affordable Housing Split by District, 2001 and 2011

District	2001 Census				2011 Census			
	Private		Affordable (RSL and LA)		Private		Affordable (RSL and LA)	
	Number	%	Number	%	Number	%	Number	%
Bromsgrove	31,452	89.4	3,716	10.6	34,471	90.0	3,819	10.0
Malvern Hills	25,929	86.2	4,140	13.8	27,665	85.9	4,547	14.1
Redditch	24,479	77.3	7,173	22.7	27,371	78.8	7,351	21.2
Worcester	33,058	84.6	6,002	15.4	35,604	84.7	6,438	15.3
Wychavon	39,847	85.1	6,972	14.9	42,300	85.5	7,166	14.5
Wyre Forest	34,306	85.2	5,975	14.8	36,780	85.6	6,205	14.4
Worcestershire	**189,071**	**84.8**	**33,978**	**15.2**	**204,191**	**85.2**	**35,526**	**14.8**

Source: 2001 Census and 2011 Census, ONS

3.4.2 Private Rented Sector

The 2011 Census showed the private rented sector representing 12.5% of households across Worcestershire. The introduction of buy-to-let mortgages and affordability are the key issues that have led to a more than doubling of the number of properties classified in this tenure across all of the authorities, particularly prior to the economic downturn. The Census shows 29,873 privately rented properties across the county in 2011 compared to 14,908 (6.7%) in 2001.

The private rented sector in Worcestershire is proportionally smaller than both regional (14.0%) and national (16.8%) rates for 2011.

The sector across Worcestershire is complex and differs significantly between local authorities. Worcester, for example, has seen a large growth in the number of apartments built in the city centre since 2001, which has created a new private rental market attracting a range of different occupiers. In addition to the city centre, demand in the St. Johns area is driven by student households. The private rented market accounts for almost 20% of the total housing stock, compared to 9.3% in 2001.

By contrast, Bromsgrove has a much smaller private rented sector with just 8.8% properties rented privately in 2011, but has still seen a huge increase from just 3.7% in 2001. The operation of the private rented sector is explored in greater detail in market terms in Chapter 5.

3.5 Property Condition and Quality

The condition and quality of the housing stock is another important consideration in understanding the supply of housing in the county and how it can match the demand.

Across the authorities, social rented stock has been improved through the delivery of Decent Homes investment and this has led to significant improvements in the quality of the stock. Data available through Energy Performance Certificates (EPCs) allows us to assess the quality of privately owned or rented stock.

Table 15: Energy Efficiency and Housing Health 2012, and Safety Rating System (HHSRS) 2013, by District

District	Average EPC/SAP Rating of Private Sector Dwellings (A-G)	Percentage of Private Sector Dwellings with an EPC Rating Below 'E'	Private sector dwellings with Category 1 Hazards (HHSRS)	Private Sector Dwellings made free of Category 1 Hazards	Dwellings Improved using Private Sector Housing Repairs Assistance
Bromsgrove	60.7 (D)	8.8%	7,000	64	6
Malvern Hills	56.0 (D)	17.2%	9204	1	15
Redditch	62.9 (D)	4.6%	1,100	71	18
Worcester	60.8 (D)	8.1%	7,356	113	77
Wychavon	58.3 (D)	12.9%	1,833	11	15
Wyre Forest	58.1 (D)	11.3%	8,900	207	214
Worcestershire	**59.3 (D)**	**10.6%**	**35,393**	**467**	**345**

Source: EPC Register Data 2012 and LAHS 2013

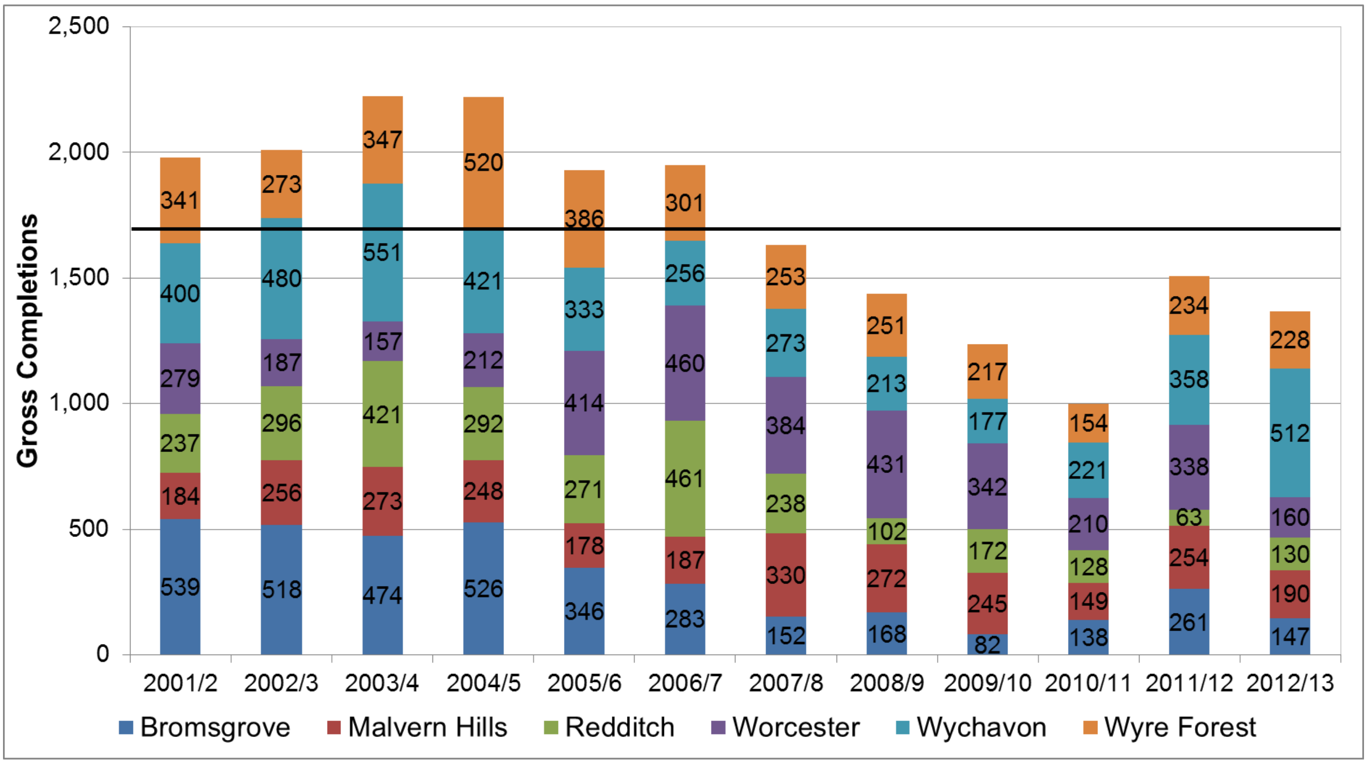
The average EPC rating across Worcestershire is 59.3 compared to 60.0 for England and Wales (out of 100). The range across all six districts is small but it is clear that Malvern Hills has the lowest average rating and the highest proportion of private sector dwellings rated below an 'E' (38 or lower).

According to the Local Authority Housing Statistics (LAHS), there are a large number of private sector dwellings with Category 1 Hazards in Worcestershire (35,393). New Government policies including the Energy Company Obligation (ECO) and Green Deal will particularly support those householders (e.g. the poorest and most vulnerable) and those types of property (e.g. hard to treat) which cannot achieve financial savings without an additional or different measure of support.

3.6 Housing Completions

Planning monitoring data provided by the Worcestershire local authorities illustrates that gross housing completion rates per have declined considerably within the authorities between April 2001 and March 2013. Over this period, a peak of 2,223 units were completed within the county in 2003/04. Gross annual housing completions have since been declining and dropped to just 1,000 units in 2010/11, a fall of around 55% and due to the slump in house building as a result of the economic recession. Despite gross completions increasing significantly across the county in 2011/13 (up to 1,508), the 2012/13 figures show a recurrence of the declining trend with a total of 1,367 completions, though it must be noted that this is still higher than the low point of 2010/11.

Figure 5: Gross Housing Completions in Worcestershire (April 2001 – March 2013)



Source: Worcestershire Local Authorities, 2013

Housing completions seem to have been highest from 2001/2 to 2006/7 with over 2,000 units delivered per annum (gross) across Worcestershire. Since 2006/7, the rate of housing development has dropped significantly year-on-year across the county with large fluctuations across individual local authorities. 2011/12 saw a rise in gross completions of just over 500 compared to 2010/11. Over the past 12 years, there has been an average of 1,707 gross completions per annum.

The distribution of new completions by local authorities is shown in Table 16.

Table 16: Gross Housing Completions by District (2001 – 2013)

District	Gross Completions	Average Annual Completions	Proportion of County Total
Bromsgrove	3,634	303	17.7%
Malvern Hills	2,766	231	13.5%
Redditch	2,811	234	13.7%
Worcester	3,574	298	17.4%
Wychavon	4,195	350	20.5%
Wyre Forest	3,505	292	17.1%
Worcestershire	**20,485**	**1707**	**100.0%**

Source: Worcestershire Local Authorities, 2013

Bromsgrove and Wychavon have had the greatest proportion of new development since 2001, whereas Malvern Hills and Redditch have experienced the least amount.

Local Authority Housing Statistics (LAHS) and the Housing Strategy Statistical Appendix (HSSA) data provide an indication of the numbers of affordable housing units delivered within local authorities over recent years. Table 17 presents the cumulative levels of affordable housing, completed between 2001/02 and 2012/13.

Table 17: Affordable Housing Completions by District (2001 – 2013)

District	Gross Affordable Completions	Average Annual Completions	Proportion of Total Completions
Bromsgrove	833	69	22.9%
Malvern Hills	631	53	22.8%
Redditch	707	59	25.2%
Worcester City	1,025	85	28.7%
Wychavon	821	68	19.8%
Wyre Forest	708	59	20.2%
Worcestershire	**4,725**	**394**	**23.1%**

Source: HSSA/ELASH, Worcestershire Local Authorities, 2013

The two most urban districts, Redditch and Worcester City have had the highest proportion of affordable housing completions over the past 12 years. Across the county, 23.1% of gross housing completions have been affordable, either social rented or intermediate.

3.7 Future Supply Capacity

The latest Strategic Housing Land Availability Assessments (SHLAA) have been re-analysed using the latest updates produced by each of the Worcestershire authorities in order to calculate the potential capacity within each authority. Only sites that were considered available by the local authority panel deliberations and, where possible, these housing delivery figures have been aligned to one of the following timescales:

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

A summary of the theoretical capacity of SHLAA sites across Worcestershire is shown in Table 18.

Table 18: Current and Future Projected Housing Supply by District

District	Available Now	0-5 years	5-10 years	More than 10 years	Total
Bromsgrove	1,052	1,212	1,320	174	3,758
Malvern Hills	144	1,343	1,007	948	3,442
Redditch	130	2,285	1,892	2,152	6,459
Wider Worcester Area	268	2,696	2,422	2,043	7,429
Worcester City	268	1,781	902	585	3,536
Wychavon	506	3,496	2,170	1,472	7,643
Wyre Forest	300	1,400	900	275	2875
Worcestershire	**2,667**	**14,213**	**10,613**	**7,649**	**32,267**

Source: Local Authority SHLAA Datasets, 2013

The revised analysis presented in Table 18 shows a theoretical capacity for housing growth across the county of approximately 32,300 units, with over half of these being deliverable in the first five years. Further to the sites identified here, it is likely that additional windfall sites will come forward during the various plan periods, in particular once the economic conditions and housing market improves.

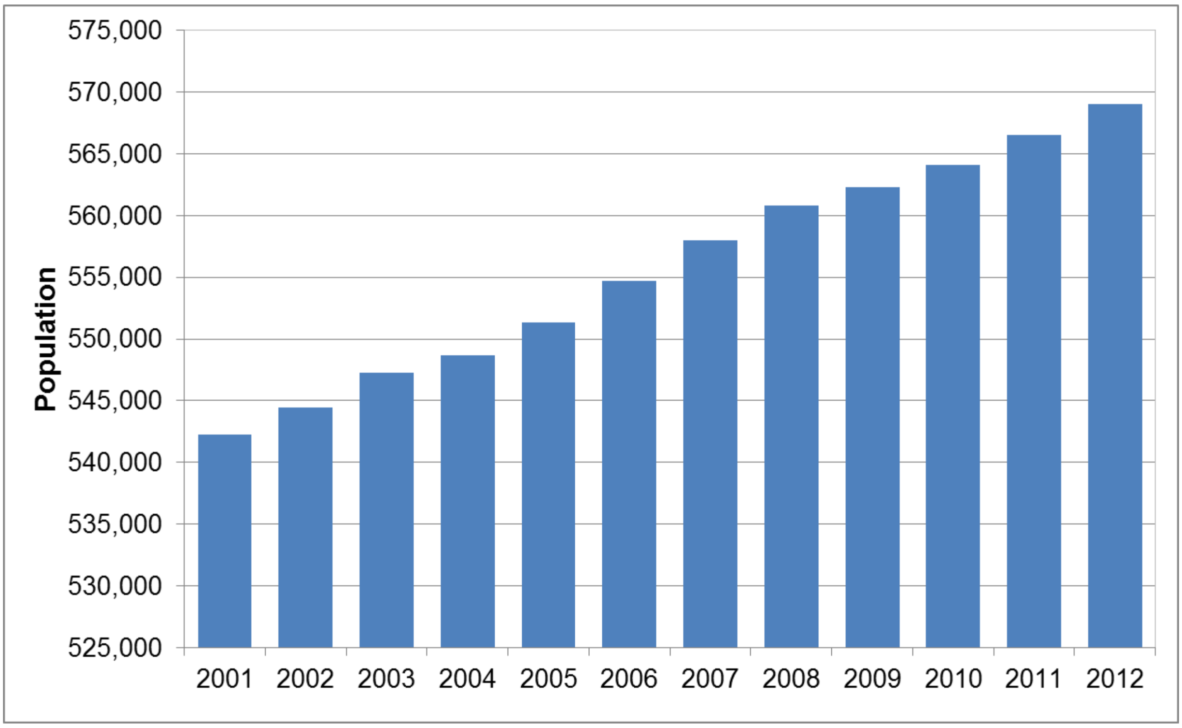
4 Demographic and Economic Drivers of the Market

This chapter looks at demographic and economic drivers of the housing market and updates data and information from the 2011/12 Monitoring where appropriate. The analysis continues to consider past trends and factors that have led to the current position, but also how these drivers will change in the future.

4.1 Current Demography and Components of Change

The 2011 Census provided the most recent and accurate count of the resident population of Worcestershire. Each year, the Office for National Statistics (ONS) produces official mid-year estimates, building on the most recent Census data to update the figures to account for population change. The latest mid-2012 population estimates, released in June 2013, show that the county has a total population of 569,032 people.

Figure 6: Worcestershire Population, 2001 to 2012



Source: Mid-year Population Estimates, ONS

Figure 6 shows the mid-year population estimates (revised in 2012 to account for the findings of the 2011 Census) for the last 12 years, and indicates that the population of Worcestershire has steadily increased since 2001.

Population growth across Worcestershire has been driven by varying levels of population change across each of the individual authorities. Using the latest mid-2012 population estimates released by ONS Table 19 shows the increase in population with each authority between 2001 and 2012.

Table 19: Population Change, 2001 to 2012 by District

District	2001	2012	Change in Population	% Change in Population	Annual Growth
Bromsgrove	87,904	94,285	6,381	7.3%	580
Malvern Hills	72,171	74,980	2,809	3.9%	255
Redditch	78,779	84,419	5,640	7.2%	513
Worcester	93,369	99,604	6,235	6.7%	567
Wychavon	113,081	117,670	4,589	4.1%	417
Wyre Forest	96,929	98,074	1,145	1.2%	104
Worcestershire	**542,233**	**569,032**	**26,799**	**4.9%**	**2,436**

Source: Mid-2001 and Mid-2012 Population Estimates, ONS

Generally, the population growth in Worcestershire has come from the more urban districts - though it must be noted that there has been a 7.3% increase in the population of the more rural Bromsgrove district. Worcestershire's population has increased by 4.9% in the last 11 years. This compares to increases of 6.9% regionally and 8.0% nationally.

The population in the county has increased by 26,799 since 2001, with the 65-plus age group increasing by 25,229 in the same time frame, representing an increase of 28% on 11 years ago and the majority of the population growth seen. This is almost twice the national average of 16%. The fastest-growing age group is the 85-plus population, which has increased by over two-fifths (42%) since 2001.

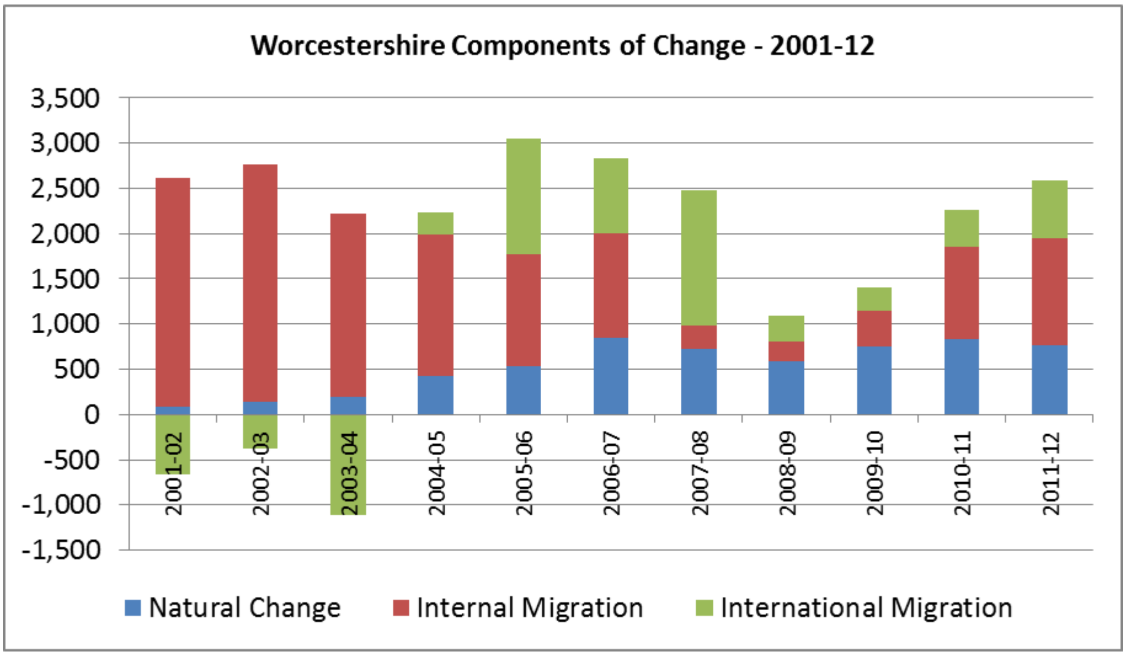
The 0-19 population has declined by about 2,693 persons (2%) since 2001. Decreases have been particularly prevalent in the 5-9 (7%) and 10-14 (almost 11%) age ranges.

Examining Worcestershire's population change using the individual components of change shows the relative difference between natural change, net internal migration and net international migration[15]. Net internal UK migration contributed the majority of growth in Worcestershire between 2001 and 2012, providing a positive contribution to population change each year, and accounting for 61% of total growth. Natural change also provided a positive contribution throughout, contributing 25% of total growth over the time period as a whole. The pattern in terms of international migration differs slightly with losses each year between 2001/02 and 2003/04, followed by positive contributions between 2004/05 and 2011/12, providing a net gain in population (14% of total growth) over the entire 11 year period.

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

The components of change between 2001/02 and 2011/12 are displayed in Figure 7.

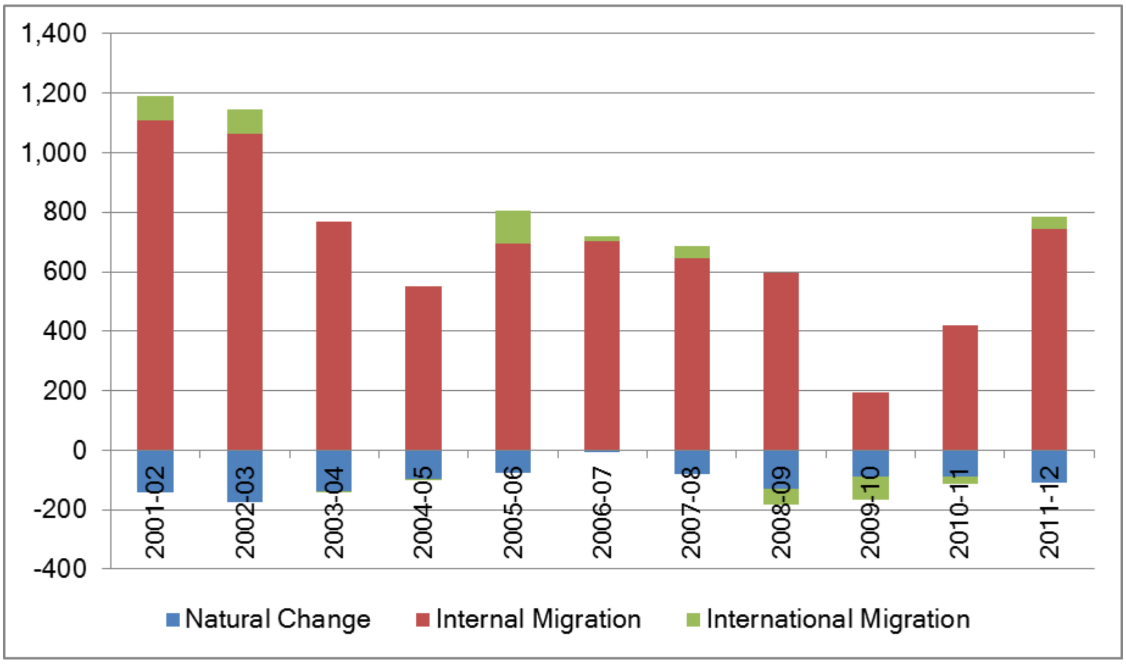
Figure 7: Worcestershire Components of Change Estimates, 2001 to 2012



Source: ONS Mid-Year Population Estimates

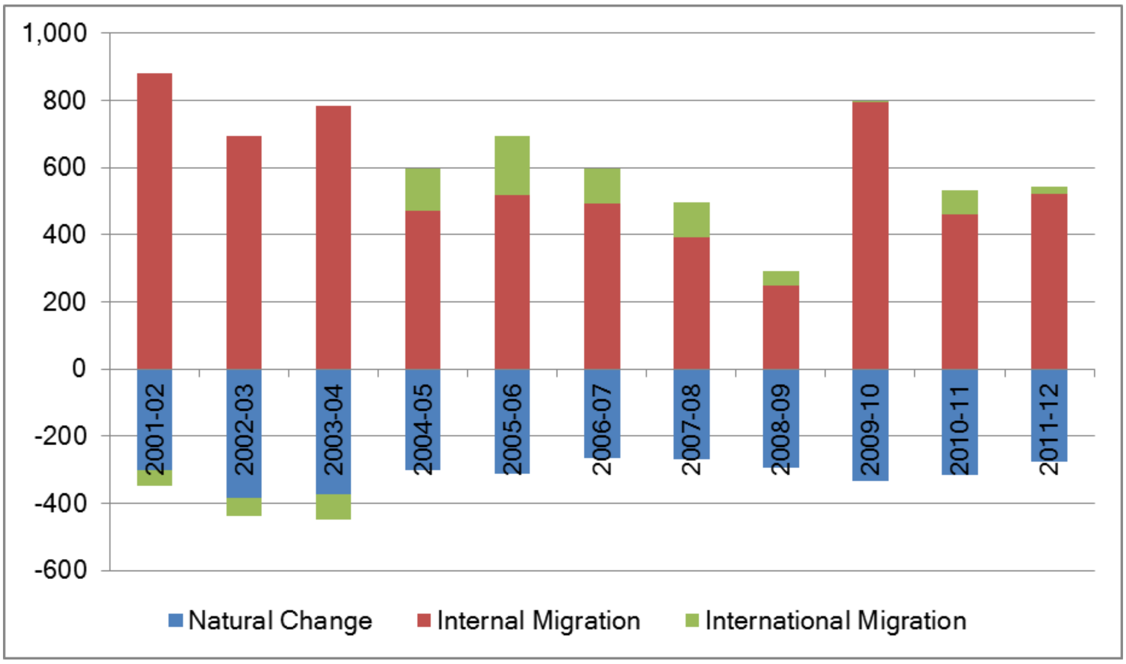
The disaggregation of the components of change for the districts within Worcestershire is important as there are considerable differences in each local authority. The following charts show the individual analysis of the mid-year estimates released by ONS and the role of the different components of change in driving growth or decline. It is noted that elements of these components of change, particularly internal and international migration, have been updated in light of the 2011 Census results, and so may differ to those presented in the 2010/11 Assessment.

Figure 8: Bromsgrove District Components of Change Estimates, 2001 to 2012



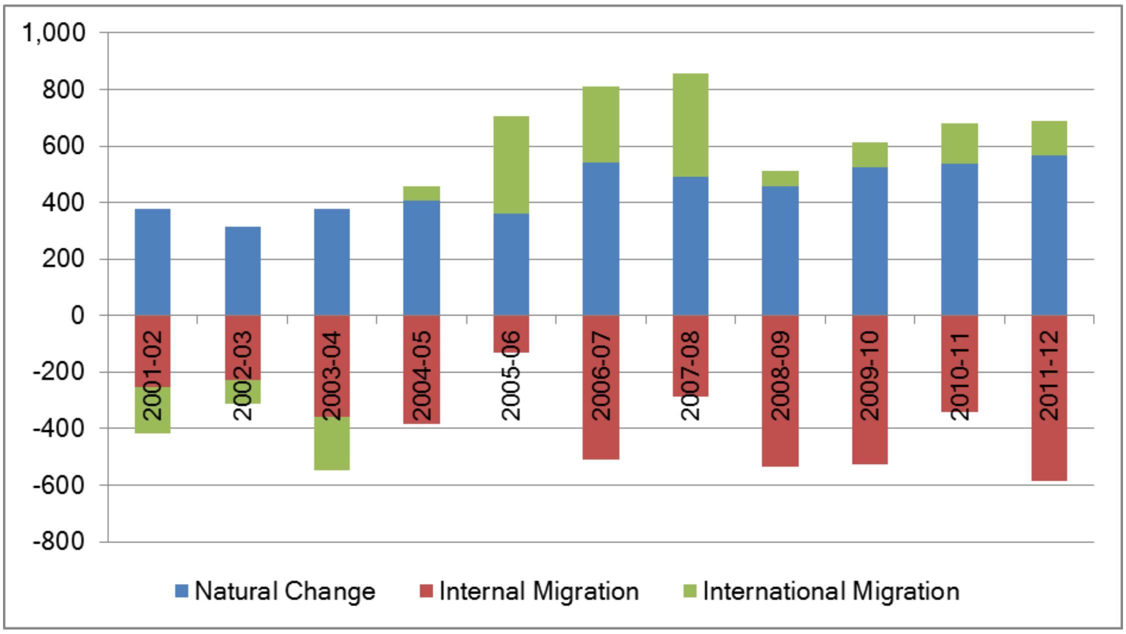
Source: ONS Mid-Year Population Estimates

Figure 9: Malvern Hills District Components of Change Estimates, 2001 to 2011



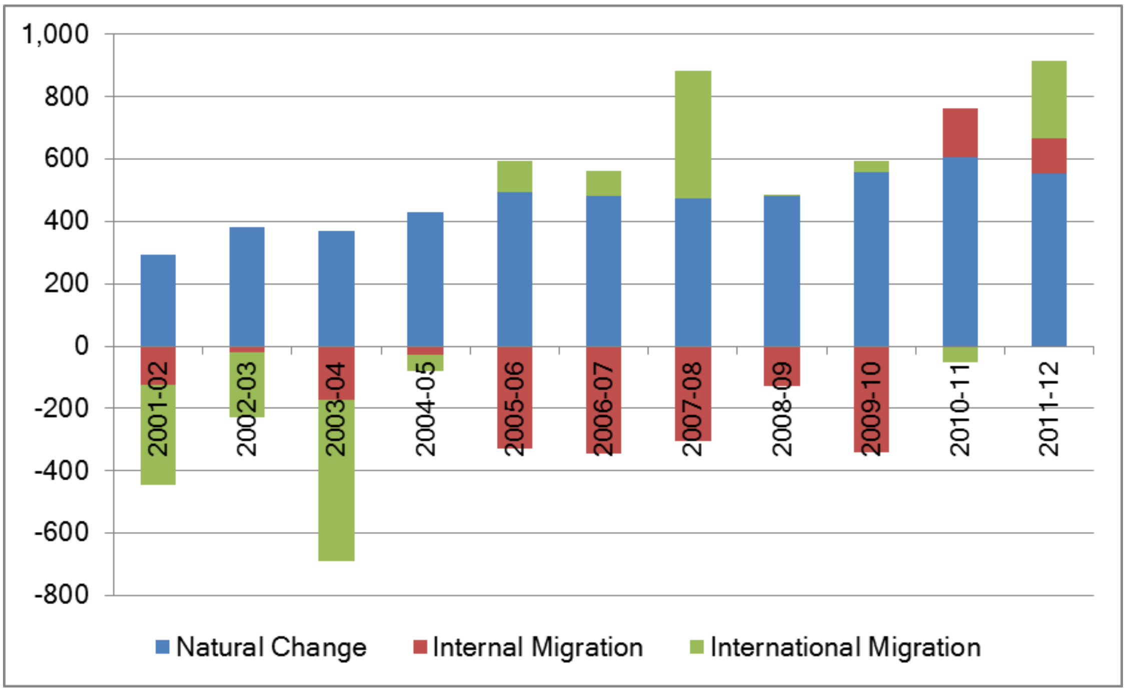
Source: ONS Mid-Year Population Estimates

Figure 10: Redditch Borough Components of Change Estimates, 2001 to 2011



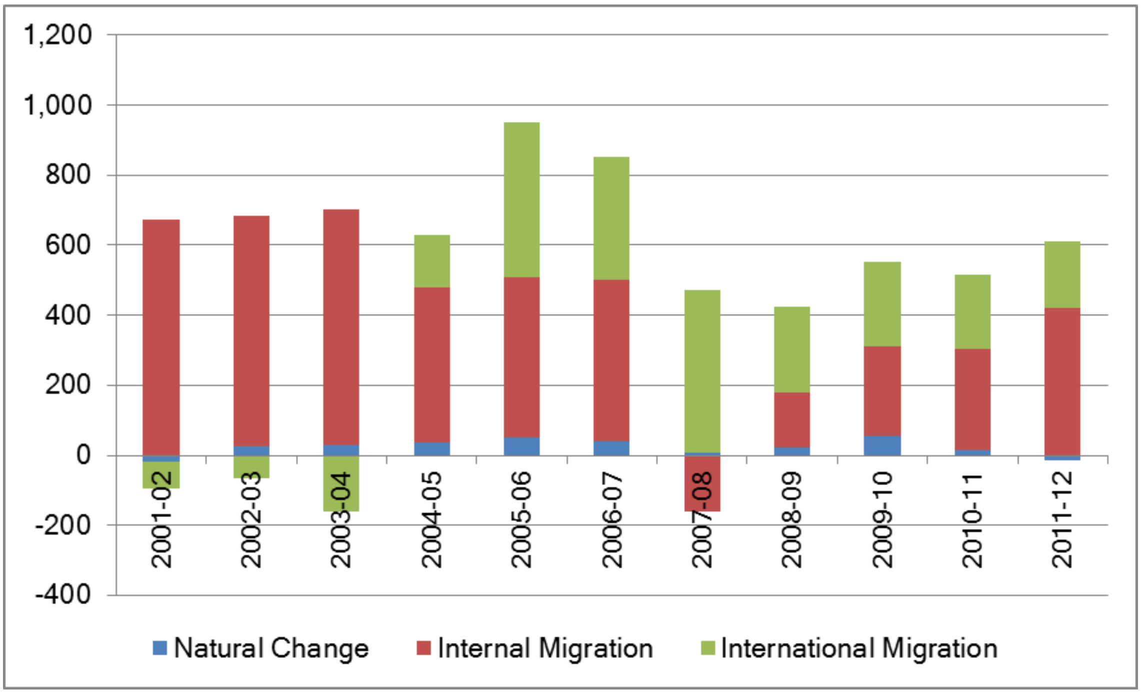
Source: ONS Mid-Year Population Estimates

Figure 11: Worcester City District Components of Change Estimates, 2001 to 2011



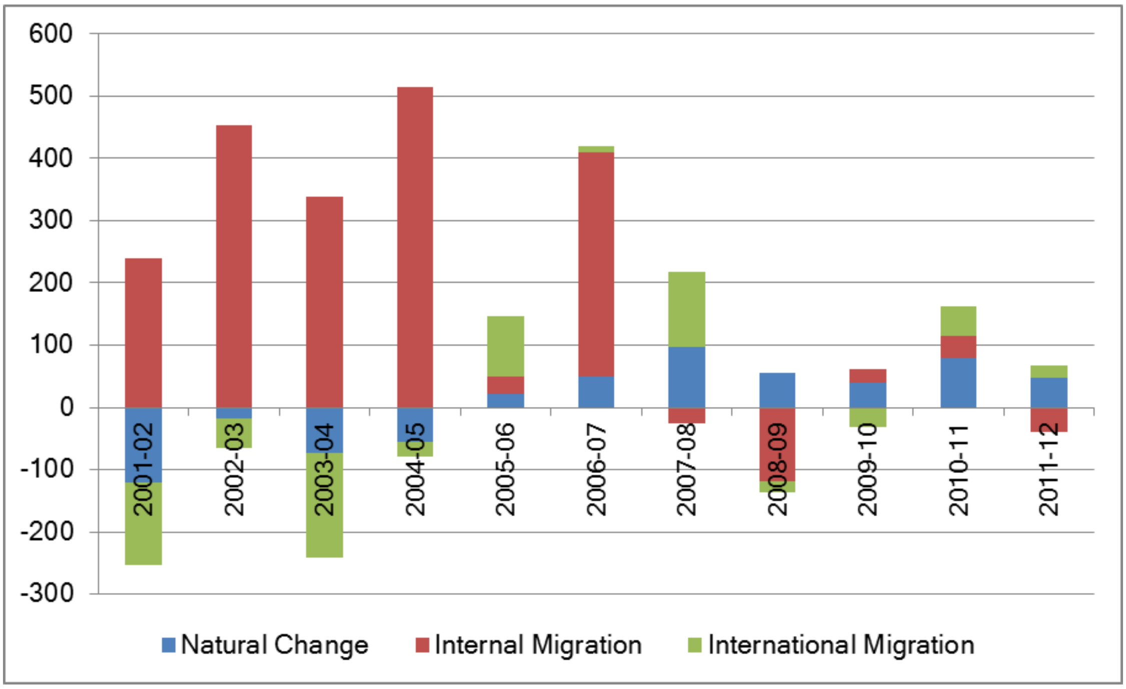
Source: ONS Mid-Year Population Estimates

Figure 12: Wychavon District Components of Change Estimates, 2001 to 2011



Source: ONS Mid-Year Population Estimates

Figure 13: Wyre Forest Components of Change Estimates, 2001 to 2011



Source: ONS Mid-Year Population Estimates

There are clear distinctions between the urban and rural districts in Worcestershire. In the rural and semi-rural areas of Bromsgrove, Malvern Hills, Wychavon and Wyre Forest net internal migration tends to be the main driver of population growth, whilst in the more urban districts of Redditch and Worcester City the driver has been natural change. International migration has tended to increase throughout the time period in many districts and has become increasingly important in all districts other than Bromsgrove and Wyre Forest where net losses are apparent over the ten year period.

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

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

4.2 Considering Internal Migration

The migration of people into the authorities of Worcestershire has clearly been an important driver in the changing population profiles of the area since 2001. Using Patient Registration statistics, published annually by the ONS and used as the basis for estimating internal migration flows in the ONS mid-year population estimates, it is possible to explore in more detail the directional nature of the in and out migrations that make up these net flows. The authority overview reports explore in more detail for each authority the most significant ten inflows and outflows from authorities. The following trends for each authority are particularly significant and present an important context for considering how areas have evolved and how they are likely to evolve in the future:

- Bromsgrove experienced an overall net inflow due to internal migration during 2002-11, with major net inflows (inflow exceeding outflow) from Birmingham, Dudley, Sandwell and Solihull. Its highest net outflow has been to Wychavon district, but also loses out in net terms to the South West region. Bromsgrove has experienced a strong net inflow in the 'family' age groups (0-14, 30-44) and also in the 'retirement' (75+) age range. The only significant net outflow is evident for 15-19 year olds associated with moves to higher education;

- Malvern Hills has also experienced significant net in-migration since 2002, with the largest net inflows from Worcester, Wychavon and Birmingham.

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

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

- Worcester has also experienced a negative net balance of migration since 2002, with a higher outflow than inflow to the district. Substantial net inflows are not evident from any single area although there is evidence of an inflow from the East region. Significant net outflows are notable to Malvern Hills, Wychavon and the South West region. The age-profile of net flows for Worcester is different to all other areas in the county, with relatively high net inflows for ages 15-29 but net outflows for all other age-groups, particularly amongst young families;

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

- In Wyre Forest the largest net inflows are experienced from Dudley, Birmingham and Sandwell. Smaller net outflows are evident to Malvern Hills, the South West region and Shropshire. The age profile is again one of net outflows for 15-19 year olds and net inflows for the majority of other age-groups.

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

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

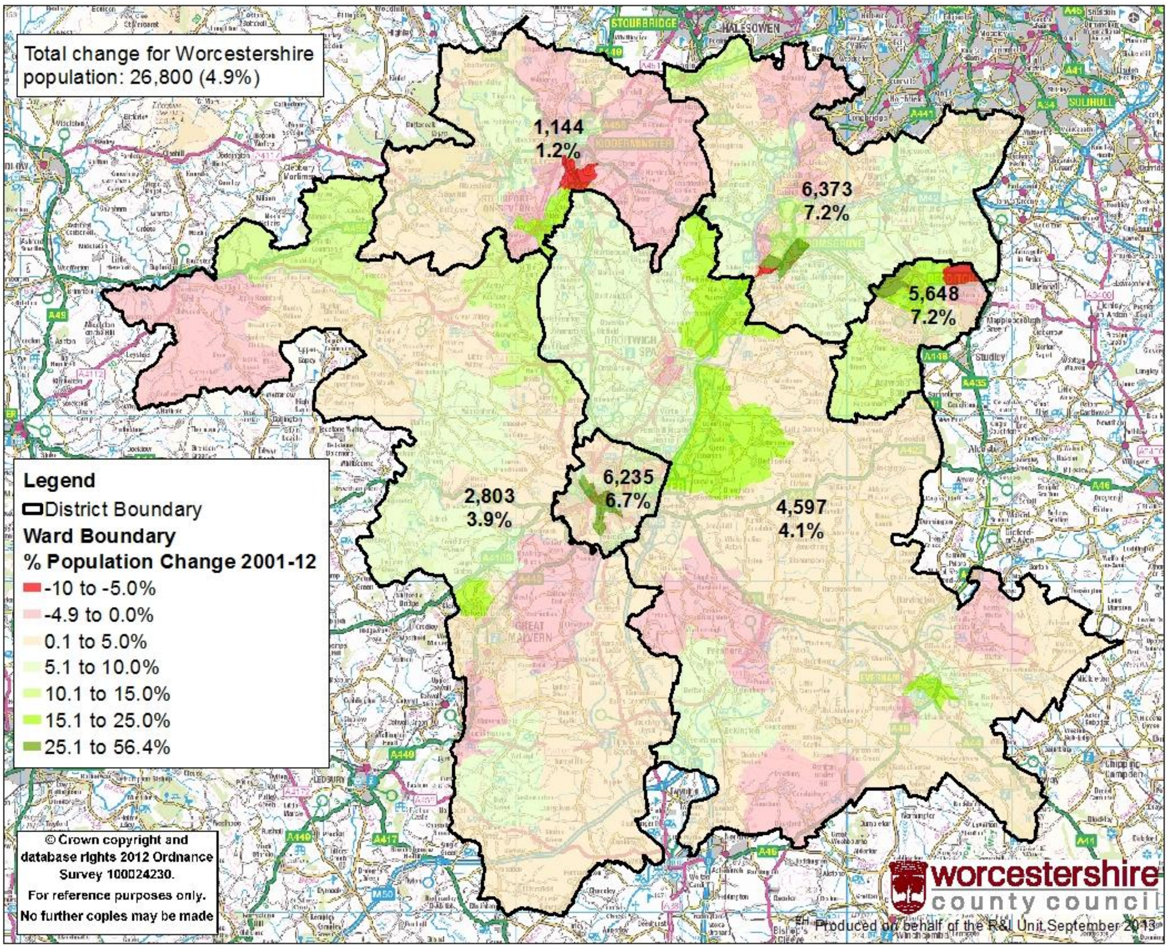
Looking at the age of migrants Worcester and Redditch both stand out as outliers compared to the other authorities. Worcester in particular stands out as a destination for younger age groups 15 – 30, with the attraction of the University of Worcester a clear driver. Bromsgrove and Redditch have also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

Malvern Hills, Wychavon and Wyre Forest have all attracted net in-migration of late working age and older persons. This is likely to reflect the high quality of place of many of the more rural settlements and the aspirational nature of their markets. It is also a demonstration of the higher cost of housing in rural areas which newly forming households are generally unable to afford.

4.3 Lower Spatial Analysis

Figure 14 illustrates the scale of population change at a ward level in contributing to the overall change since 2001.

Figure 14: Percentage change in Ward Population, mid-2001 to mid-2012



Source: ONS Ward Mid-year Estimates 2001 and 2012

An estimated 31% of Bromsgrove's total population growth has been concentrated in the Slideslow ward, which has experienced a population increase of over 55%. Charford, Hagley, St Johns and Norton have also experienced double-digit growth between 2001 and 2012. These five wards of combined have accounted for almost 80% of Bromsgrove's population growth from 2001-2012. In contrast, there has been a 7.2% decrease in the ward of Stoke Heath.

Within Malvern Hills growth across the district has been much less concentrated than is the case in Bromsgrove. Three wards have experience a double-digit percentage growth – Dyson Perrins (832 additional residents, a 25% increase), Baldwin (263 or 14%) and Lindridge (201 or 10%). These three wards account for 46% of the district total.

One area stands out as having had significant population growth in Redditch Borough – the population of Batchley & Brockhill ward has increased by 33.2% since 2001. Batchley's growth is linked to a large housing development of approximately 1,200 units at Brockhill on greenfield ex-agricultural land. Several other wards have experienced fairly substantial population growth: Central ward has increased by 19.6%, Abbey by 15.2%, Astwood Bank & Feckenham by 14.4% and Lodge Park by 12.1%. The growth in Central ward is again linked to high levels of development within the town centre area. These new flatted developments within Central ward have attracted high numbers of single and couple households who commute into Birmingham. This influx of development has also served to reinforce the private rental market in this location. In Church Hill ward, a 6.0% decrease in population has been seen.

Worcester City also has one ward where the population growth stands out as being significantly higher than other wards in the district. In the city centre Cathedral ward, the population increased by 38.7% between 2001 and 2012, accounting for almost half of the total population increase of the district as a whole. This is likely to be linked to a large amount of new apartment / flat developments, especially in the Diglis area. Most other wards have experienced some level of population increase, notably in Arboretum (9.8%), Warndon (9.6%) and Warndon Parish South (8.5%). In contrast, the ward of Gorse Hill has seen a 3.1% decrease in population in the last 10 years.

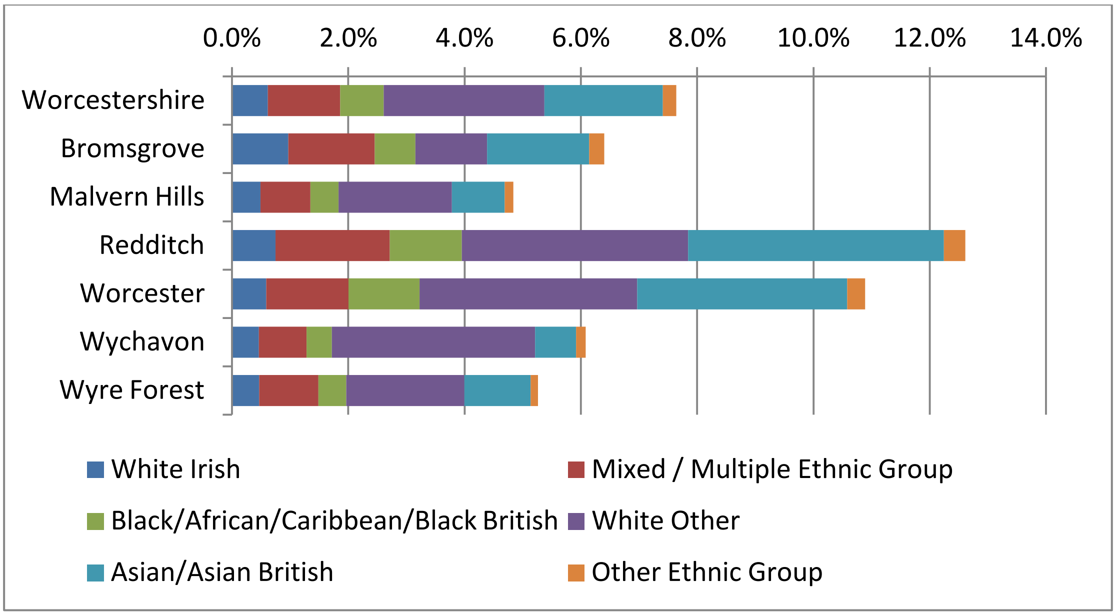
Three wards in Wychavon stand out as having had large population increases: Bowbrook, Dodderhill and Bengeworth have grown by 19.4%, 19.2% and 18.8% respectively. Together these wards accounted for 38% of the population growth recorded between 2001 and 2012. Population decrease was greatest in The Littletons (-4.1%).

Within Wyre Forest only Mitton ward has experienced growth over 10% (17.3%), though Greenhill increased by 9.9%. A number of areas show evidence of population decline, most notably Aggborough & Spennells, Lickhill, Areley Kings, and Franche. Note: ward boundary changes

4.4 Population and Ethnicity

Worcestershire has a low but increasing level of ethnic minority residents. 4.3% of the population in Worcestershire is classified as "non-White" compared to 14.6% nationally, 7.6% of Worcestershire residents are classified as belonging to a Black or Ethnic Minority (BME) which include all ethnicities apart from "White British", compared to 20.2% nationally.

Figure 15: Ethnic Group Proportions 2011



Source: 2011 Census, ONS

Redditch has the largest minority ethnic population at over 12%, with relatively large proportions of people classified as "White Other" (3.9%) and "Asian or Asian British" (4.8%). Worcester also has a BME population estimated at over 10%, with the "Asian or Asian British" group making up the highest proportion at 4.4%. Bromsgrove, Malvern Hills, Wychavon and Wyre Forest are each estimated to have between 5 and 6% of their population classified as BME.

4.5 Current Households

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

The 2011 census provides the most recent definitive count of occupied household numbers, with 239,717 across Worcestershire. The 2011 census has also produced an up to date estimate of household population, which excludes those individuals living in institutional accommodation.

Table 20: Change in Households 2001-2011

District	2001	2011	Change in no. of Households	Annual Growth 2001-11	% Change 2001-11
Bromsgrove	35,168	38,290	3,122	312	8.9%
Malvern Hills	30,070	32,212	2,142	214	7.1%
Redditch	31,648	34,722	3,074	307	9.7%
Worcester	39,059	42,042	2,983	298	7.6%
Wychavon	46,821	49,466	2,645	265	5.6%
Wyre Forest	40,286	42,985	2,699	270	6.7%
Worcestershire	**223,047**	**239,717**	**16,670**	**1,667**	**7.5%**

Source: 2001 and 2011 Census, ONS

Results from the 2001 and 2011 Censuses suggest that the number of households in Worcestershire has grown by almost 16,700 households over the 10 year period, an increase of 7.5%. This is slightly lower than the national increase of 7.9%, but higher than the regional growth in the West Midlands of 6.6%.

At local authority level the largest contributions to the overall growth are shown to be in Bromsgrove and Redditch, both of which have had increases of over 3,000 households over the ten year period, whilst Worcester City had growth of just under 3,000 households. Bromsgrove (8.9%) and Redditch (9.7%) also had the largest rise in households in proportional terms. Malvern Hills had the smallest increase in households in absolute terms whereas Wychavon has seen the smallest growth proportionally.

Table 21: Change in Average Household Size, 2001-11

District	2001	2011	Change 2001-11
Bromsgrove	2.44	2.37	-0.06
Malvern Hills	2.32	2.25	-0.07
Redditch	2.47	2.41	-0.06
Worcester	2.36	2.30	-0.05
Wychavon	2.38	2.34	-0.05
Wyre Forest	2.37	2.26	-0.12
Worcestershire	**2.39**	**2.32**	**-0.07**
West Midlands	**2.41**	**2.40**	**0.01**
England & Wales	**2.36**	**2.36**	**0.00**

Source: 2001 and 2011 Census, ONS

It is noted that while average household size has fallen in Worcestershire from 2.39 persons per household in 2001 to 2.32 persons per household in 2011, this pattern is not true at a national or regional level, where average household size has largely stayed constant over the ten year period. This is likely to be due to the higher proportion of older people in Worcestershire, who are more likely to live in one-person households or smaller households.

Average household size has fallen by a similar amount in each of the Worcestershire districts, with the exception of Wyre Forest, which has had the highest decline in average household size, from 2.37 in 2001 to 2.26 in 2011.

The higher decrease in average household size in Wyre Forest is probably down to a combination of factors. It is notable that Wyre Forest has a lower increase in number of household residents (1,300) than the increase in number of households (2,700) and is the only Worcestershire district where this occurs. This means that more households are required to cater for the existing population. Wyre Forest has seen the highest increase in One-person households in Worcestershire at almost 19% since 2001 compared to less than 15% across the whole of Worcestershire, which would result in a smaller average household size. Wyre Forest has also seen the highest numerical increase in separations and has seen a high rate in family breakups (either divorces or separations) since 2001.

4.6 Economic Drivers of Change

The relative economic performance of an area and the number of jobs available are major factors which influence the operation of the housing market. The types and sectors of employment currently available and those being developed within the county will have a future impact on levels of household income and therefore on households ability to access the housing market.

This sub-section provides a short update on the economic profile of Worcestershire as presented in the Assessment. It also provides important context for the assessment of future household projections and housing need in Chapters 6 and 7.

4.6.1 Overview of Worcestershire's Economy

The current economic profile of Worcestershire is very different across the county, in particular areas of focus, employment sectors and commuting patterns. Worcester has been a key economic focus within the sub-region but other towns and areas of the county have more localised influences and issues to be considered.

Bromsgrove

Bromsgrove is the closest Worcestershire town to Birmingham and has strong links with the city. Its location close to the merging of the M5 and M42 provides for easy access to the motorway network and has direct rail links to Worcester and Birmingham.

The District has a very diverse economy with several established business parks and industrial estates, including Aston Fields, Buntsford Hill, Saxon and Harris and more recently Bromsgrove Technology Park. The town is home to the Artrix, a theatre, cinema, music and dance venue, and Bromsgrove School, an internationally renowned independent school. Other attractions include Avoncroft Museum of historic buildings and the Worcester and Birmingham Canal - featuring Tardebigge lock flight, which with 30 locks, is one of the longest in Europe. Close by is Hanbury Hall, an historic country house and the countryside attractions of the Lickey, Clent and Waseley Hills.

Through the Bromsgrove Town Centre Regeneration Programme, the extensive redevelopment of the town is underway, following the completion of a new Health Centre and an application from Sainsbury's to open a new store on the Birmingham Road. Improvements to transport in and around the town, and to the public realm more generally are also included to improve the appeal of the town for residents, businesses and visitors.

Malvern Hills

Malvern Hills is a rural district, Edward Elgar's birthplace and home to the Malvern Hills, a protected area of countryside and Area of Outstanding Natural Beauty since 1959 with stunning views along the ridge, but especially from the highest point, the Worcestershire beacon.

Malvern Hills has long been associated with inspiration, from innovators like the Victorians who developed the water cures and more recently the Morgan family with their beautiful hand crafted cars, to the on-going work of the scientists at QinetiQ who have been responsible for some of the most useful new technology of recent times such as early RADAR, Liquid Crystal Flat Panel Displays and the technology in thermal imaging cameras.

The district has substantial natural and built, historical and cultural assets centred on the three thriving town centres of Great Malvern, Tenbury Wells and Upton upon Severn. Malvern has direct rail links to Worcester, Birmingham and London and key attractions such as Great Malvern Priory, Malvern Theatres and Priory Park, the town is a very popular tourist destination. Malvern Hills Science Park, adjacent to QinetiQ, is the hub of the district's thriving high-tech business sector, while the nearby Three Counties Showground is the site of the annual Three Counties Show amongst numerous other events.

In the north of the district, Tenbury Wells is a small market town on the south bank of the River Teme, while to the south of the district is the town of Upton upon Severn, home to a thriving marina and several music festivals throughout the year.

Redditch

Formerly, a market town, Redditch was designated as a New Town in 1964 and since then has taken on its modern shape. Redditch's predominant industry today is manufacturing with firms supplying many of the world's major markets, including automotive, defence and medical industries. The town centre includes the Church Green Conservation Area and the Redditch Open Air Market, as well as the Kingfisher Shopping Centre, providing an extensive retail offer.

The central location, with its close proximity to the M42 and direct rail link to Birmingham, and the ease of moving around the town continues to present attractive options for many employers. Redditch has both a unique natural and built environment that contributes significantly to its distinctiveness. The town benefits from extensive green space, including Arrow Valley Country Park and numerous cultural and historic attractions.

Worcester

Worcester is a youthful yet historic city, home to the new £60 million Library and History Centre, the Hive which opened in July 2012. At the side of the River Severn stands the majestic Cathedral, parts of which date back to 1084, while opposite is New Road, the home of Worcestershire County Cricket Club. The city's retail offer includes the pedestrianised High Street, the Crown Gate and Cathedral Plaza Shopping Centres, a range of independent shops and the new Lowesmoor Centre, while Blackpole and Elgar Retail Parks offer out-of-town shopping.

The city is home to the rapidly expanding University of Worcester, which has a growing reputation for its National Pollen and Aerobiology Research Unit and for developing linkages with local businesses through its highly successful salaried graduate internship scheme and the business school.

There are two railways stations, with regular services to London and Birmingham. To the east of the city, junctions 6 and 7 provide access to the M5 motorway. Close to junction 6 is the Sixways Stadium (home of Worcester Warriors Rugby Club), and the site for the new Worcester Technology Park.

Wychavon

Wychavon is the largest authority by area and population in Worcestershire. Largely rural, with agriculture and tourism as key industries, and commercial and industrial areas offering a range of sites and premises for businesses, it has three main towns; Droitwich Spa, Pershore and Evesham. The pretty Cotswold village of Broadway marks the south eastern corner of the county.

The £12 million restoration of Droitwich Canals was completed in July 2011, and offers a unique 21 mile cruising ring through the scenic Worcestershire countryside. The town hosts a number of events including the annual Salt Day. Droitwich Spa has easy links to the M5 and has direct rail links to Worcester and Birmingham making it an excellent location for businesses at one of several business parks, including Stonebridge Cross, one of the county's premier employment sites.

Pershore's impressive Abbey sits adjacent to a picturesque Georgian High Street. The market town sits along the River Avon between Evesham and Worcester and has direct rail links to London on the Cotswold line. Several events take place in the town, including the Plum Festival, which on August Bank Holiday Monday 2012 attracted approximately 19,000 visitors. The town is also a popular business location, with the Keytech 7 business park particularly sought after.

Further east along the Avon is Evesham, the centre of the Vale of Evesham, renowned for its orchards and horticultural produce, made possible by the fertile soils. The town hosts festivals throughout the year attracting many visitors to the area. These include the Asparagus Festival celebrating this locally grown national icon from St George's Day to Mid Summer's Day, and The Blossom Trail, a 40 mile AA marked route around the countryside associated with numerous events in the surrounding villages.

The town itself has direct rail links to Worcester and London. Since the completion of the duelling of the Malverns and Cotswolds Line, journey times to Paddington are now under two hours, improving cultural and economic links with the capital. The recently refurbished High Street is now the focal point for national brands and local markets, and the recent further development of Vale Business Park offers new and exciting employment opportunities for the district.

Wyre Forest

To the north of the county, Wyre Forest District comprises Kidderminster, Stourport-on-Severn and Bewdley. The District is home to an eclectic mix of businesses including the manufacture of high technology industrial ceramics, wheels for earthmoving vehicles, spectacle and contact lenses as well as construction and IT services.

Kidderminster Town Centre's retail offer includes three modern shopping centres plus Crossley Retail Park. Further regeneration of the town centre is a primary aim of the ReWyre Initiative, which hopes to attract circa £300 million of private investment. The accompanying Kidderminster Regeneration Prospectus highlights the town's challenges and opportunities.

Major developments in progress include - a new urban village at Churchfields already providing 300 new homes; the redevelopment of Silverwoods (former British Sugar Site) a 24 hectare mixed use site which also includes over 300 new homes and 12 hectares of employment land. This also involves the delivery of the Hoobrook Link Road which will link the Stourport Road (A456) and Worcester Road (A449) through the site and improve connectivity for the whole area. In Kidderminster town centre the District Council is working with Henderson Global Investors, the owners of Weavers Wharf, to demolish Crown House and completely revitalise the Bull Ring area by providing a new public space and environment as well as additional retail development.

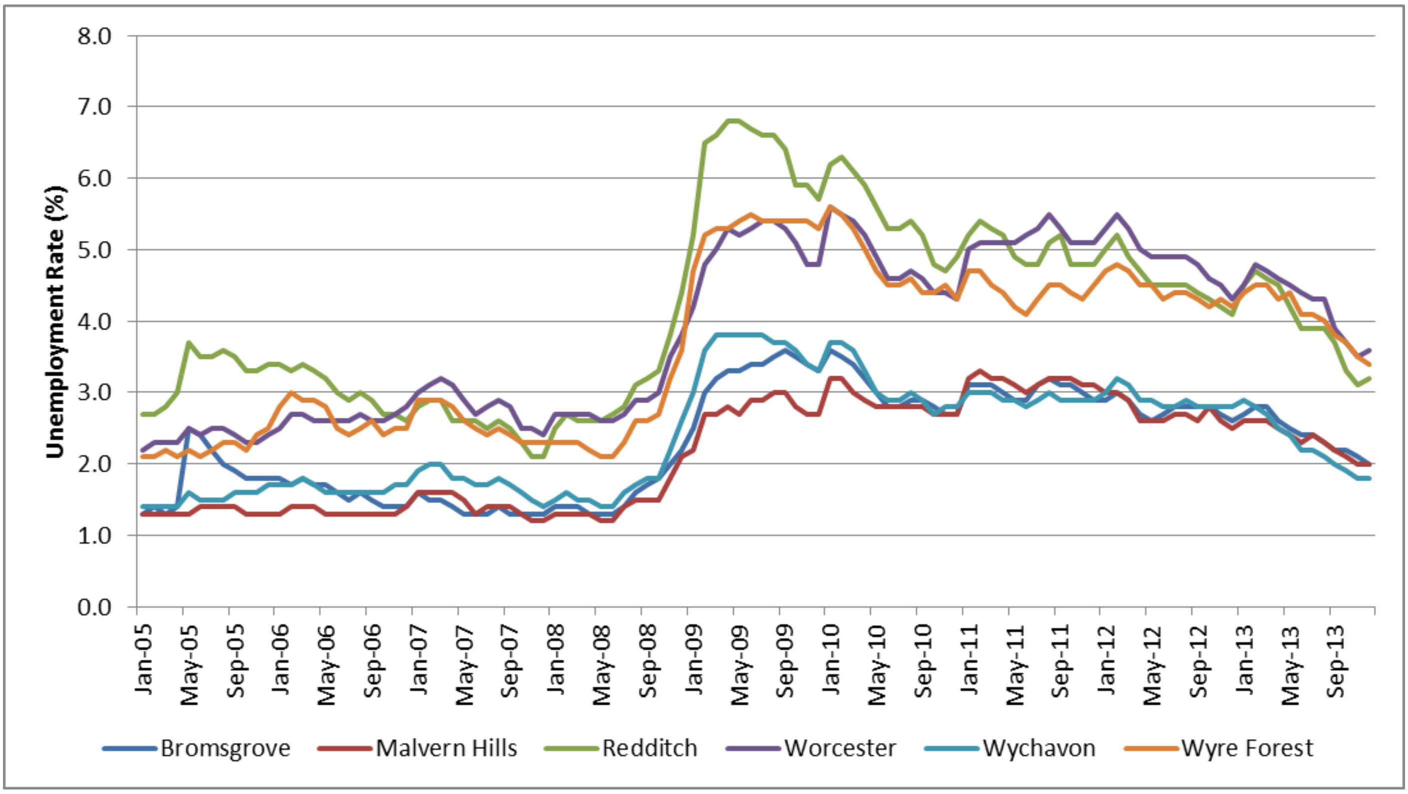
Stourport-on-Severn, once the busiest inland port after Birmingham, lies at the junction of the Staffordshire and Worcestershire Canal and the River Severn. The town is a popular day visitor destination with many fine Georgian buildings, historic Canal Basins, riverside attractions and a good range of shops, pubs and cafes. The redevelopment of the Canal Basin and plans to regenerate Bridge Street and the Marina will enhance the town's offer and stimulate the economy.

The area is already home to a number of tourist attractions, including two Arboretums, the Severn Valley Railway and the West Midland Safari Park which has announced a multi-million pound investment plan to develop its site to include a hotel, water park and conference facility. A new railway halt, linking the Safari Park to the Severn Valley Railway, is also proposed.

4.6.2 Current Economic Activity / Unemployment

The level of unemployment in each of the six Worcestershire districts from 2004 to 2013 is shown in Figure 16.

Figure 16: Unemployment Rates in Worcestershire, January 2005 – December 2013



Source: ONS Claimant Count Rates, NOMIS October 2013

From 2004 to October 2008 the unemployment rate across Worcestershire was fairly stable at around 2%, with individual districts varying between 1% and 4%. The rate of unemployment grew quickly in 2008/09 reaching a peak in August 2009 of 4.6% in the county. Since then, though declining steadily over time, the rate has remained relatively high compared to pre-2008 levels.

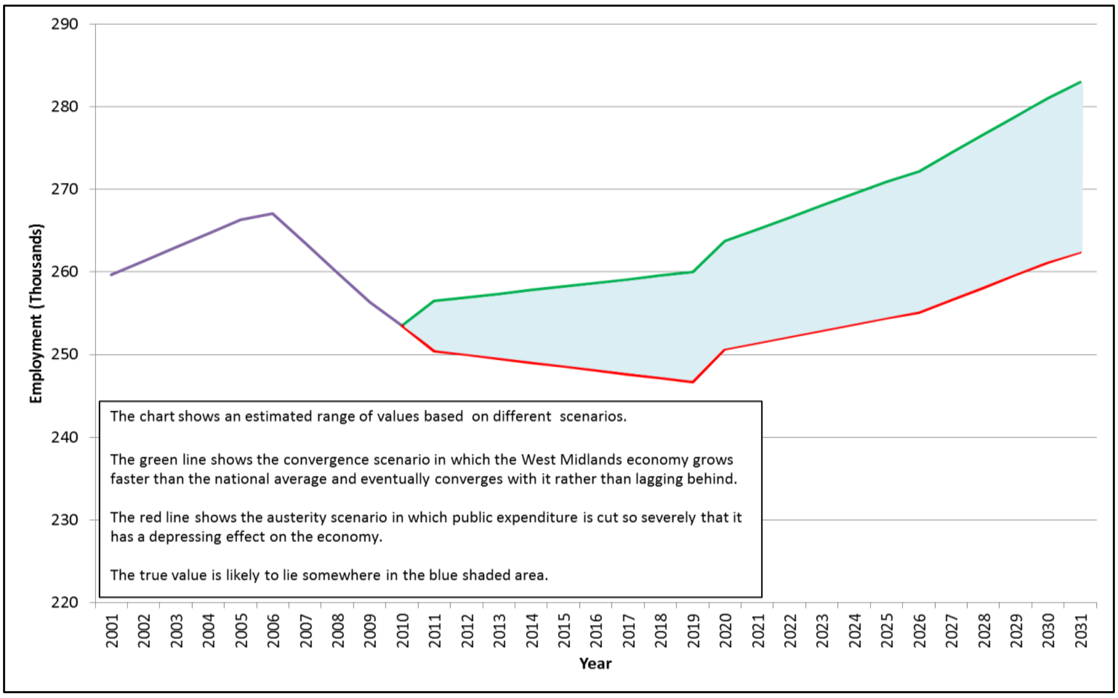
On the whole Redditch has had the largest proportion of economically active people claiming unemployment benefit, although in the last 12 months Worcester City, and more recently Wyre Forest have overtaken Redditch. Most recent figures show unemployment at 2.8% across the whole of Worcestershire, with the highest rates being in Worcester City and Wyre Forest (both at 3.7%). Redditch also has a relatively high rate of unemployment at around 3.3%, whilst Bromsgrove, Malvern Hills and Wychavon each currently have unemployment rates at around 2%.

4.6.3 Economic Futures – Projecting Employment Change

Cambridge Econometrics has considered three scenarios when forecasting growth in employment levels in Worcestershire. The Baseline Scenario, in which the economy develops similarly to recent trends; The Convergence Scenario, in which the economy grows faster than the national average and eventually converges with it; and The Austerity Scenario, in which public expenditure is cut so severely that it has a depressing effect on the local economy.

Figure 17 shows an estimated range of values based upon all three of the scenarios, with employment in Worcestershire standing at around 253,000 in 2010. The 'worst case' scenario projects that employment levels will fall slowly to about 246,000 by 2019, starting to increase from then on to around 260,000 by 2031. Alternatively the 'best case' scenario forecasts that employment levels will continue to gradually increase to nearly 260,000 by 2019, then rising more steeply to around 283,000 by 2031. However, these forecasts were produced before the Spending Review was announced; therefore these may prove to be optimistic, unless the Government's prediction of a private sector enterprise-led recovery comes to fruition.

Figure 17: Employment Projections in Worcestershire, 2011-2031



Source: Cambridge Econometrics, 2010

The Worcestershire Gamechangers initiative provides some context to future economic prospects for the county. Gamechangers are priority development areas in Worcestershire where: there is one large or a group of market delivery led schemes; a scale of investment to drive significant growth in Gross Value Added (GVA); and a focus for public sector resources to deliver "bigger, better, quicker" impact.

The project describes a number of "gamechanging" employment sites across the county which have the capacity to deliver growth and jobs. Four priority areas have been identified which could have a positive effect on employment generation in the county.

Worcestershire Gamechanger Priority Sites

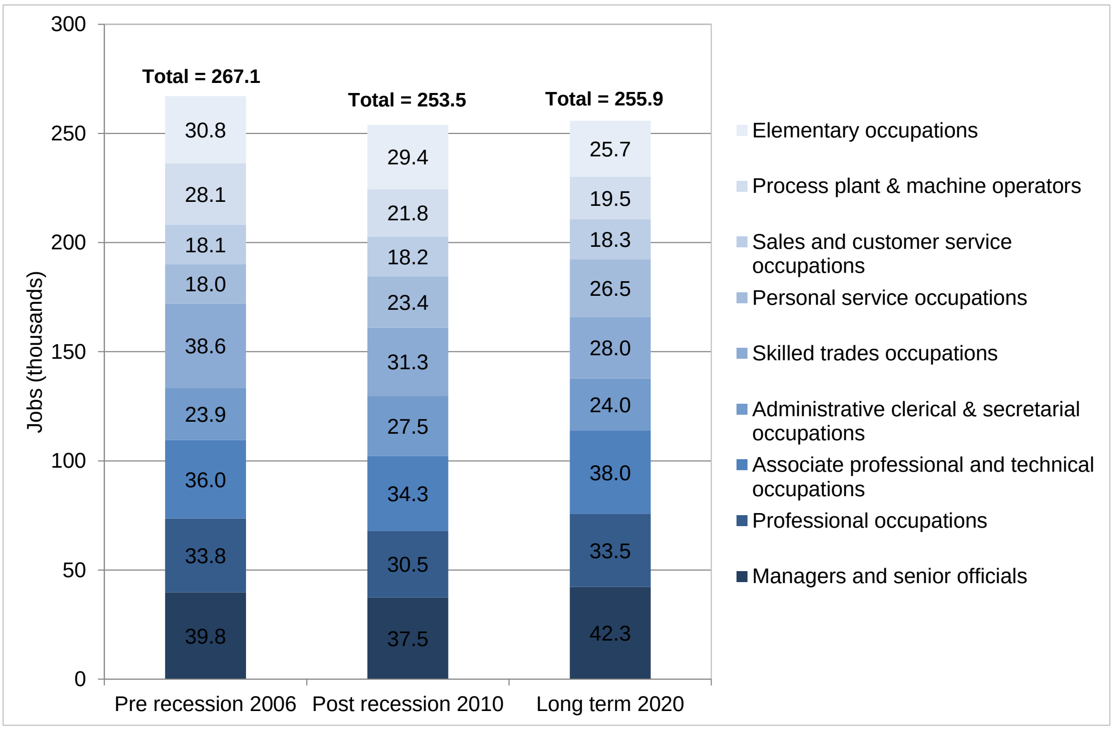
- Redditch Eastern Gateway – proposals to create a high quality business park
- South Kidderminster Enterprise Zone – supporting the on-going development of an existing employment scheme and attract new investment
- Worcester Central – develop an area to the eastern fringe of the city, including Worcester Technology Park for commercial uses and to create a gateway to the city
- Malvern Hills Technology Park – facilitate development of a new business park to complement further phases of the existing Malvern Science Park

It is estimated that successful delivery of these four schemes could bring in excess of 3,900 additional jobs and £225 million Gross Added Value (GVA) to the area. This would in turn have a positive effect on the housing market.

4.6.4 Changes in Occupation Groups

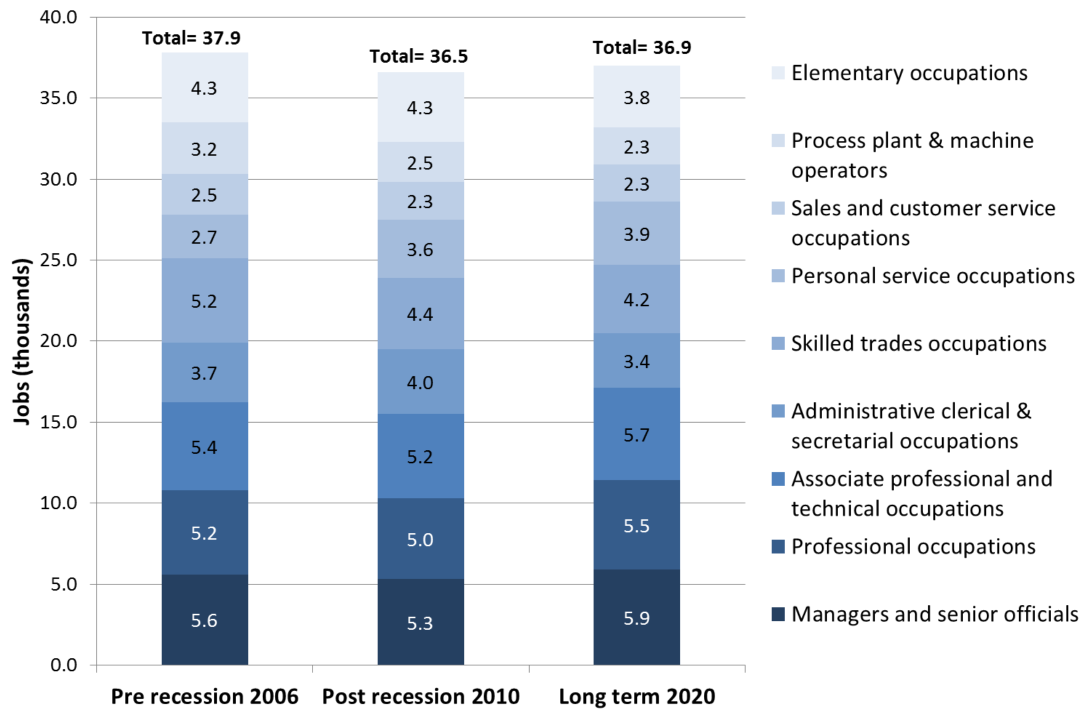
The projections do not indicate that a large number of new jobs will be created over the next decade, especially with further losses anticipated as the Government implements deficit reduction measures. However there is an indication that there will be a demand for a more skilled workforce with a reduction in the number of people employed within the elementary and unskilled occupations, and an increase in the number of technical occupations, professional occupations, and managers and senior officials.

Figure 18: Workplace Jobs by Occupation in Worcestershire, 2006-2020



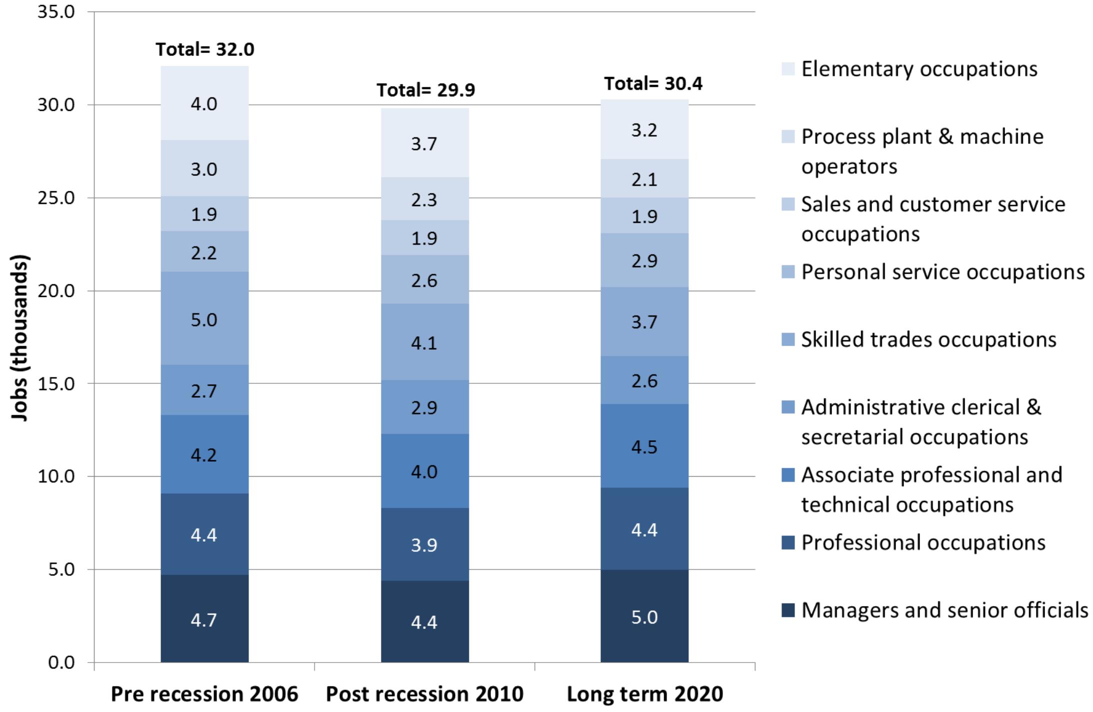
Source: Cambridge Econometrics, 2010

Figure 19: Workplace Jobs by Occupation in Bromsgrove, 2006-20



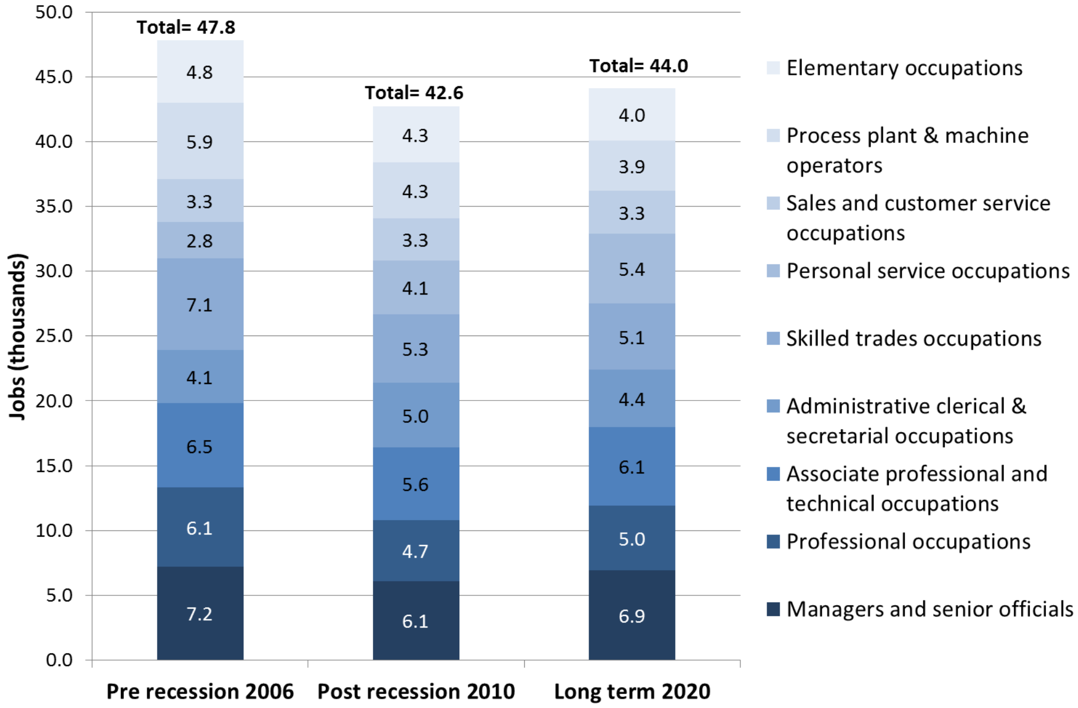
Source: Cambridge Econometrics, 2010

Figure 20: Workplace Jobs by Occupation in Malvern Hills, 2006-20



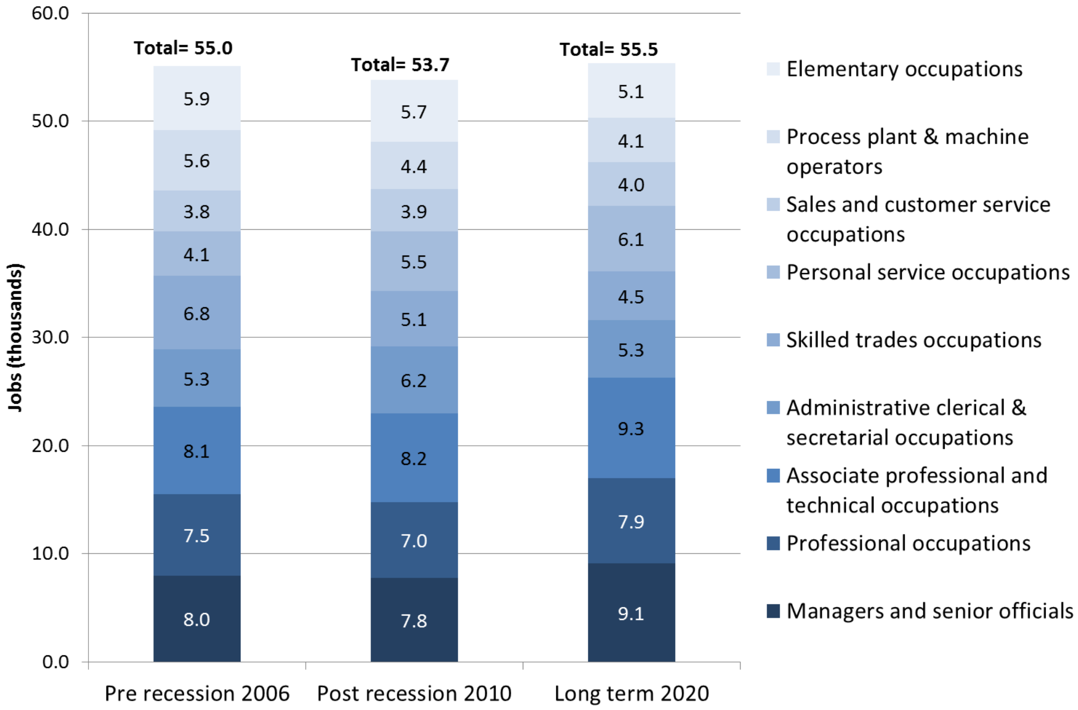
Source: Cambridge Econometrics, 2010

Figure 21: Workplace Jobs by Occupation in Redditch, 2006-20



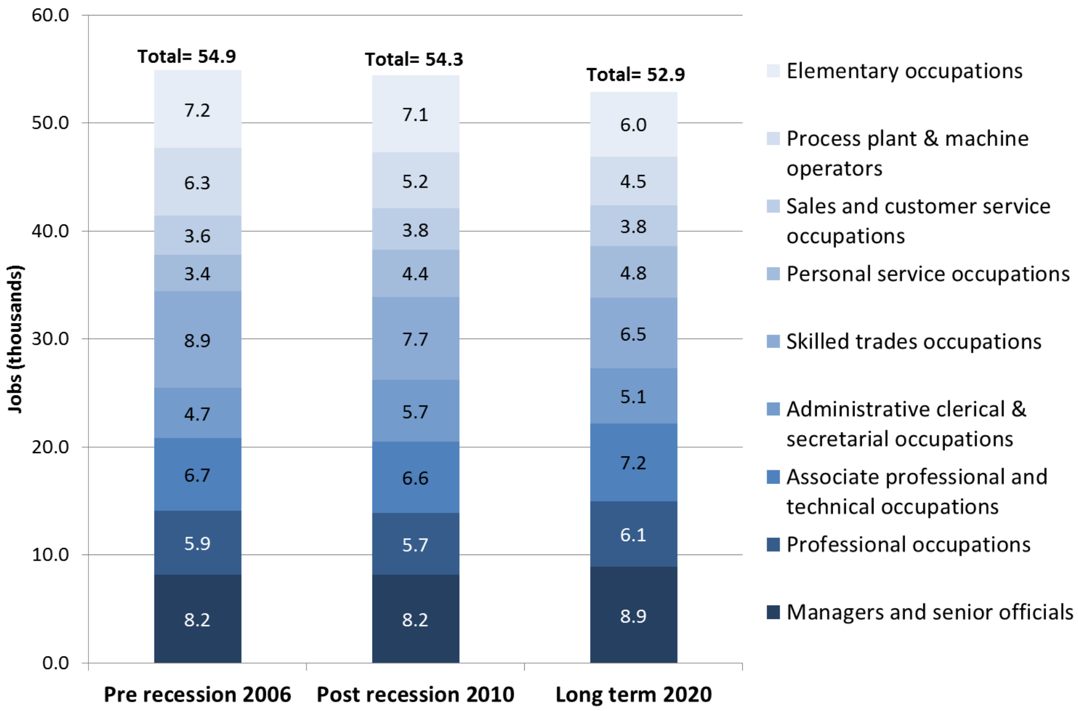
Source: Cambridge Econometrics, 2010

Figure 22: Workplace Jobs by Occupation in Worcester City, 2006-20



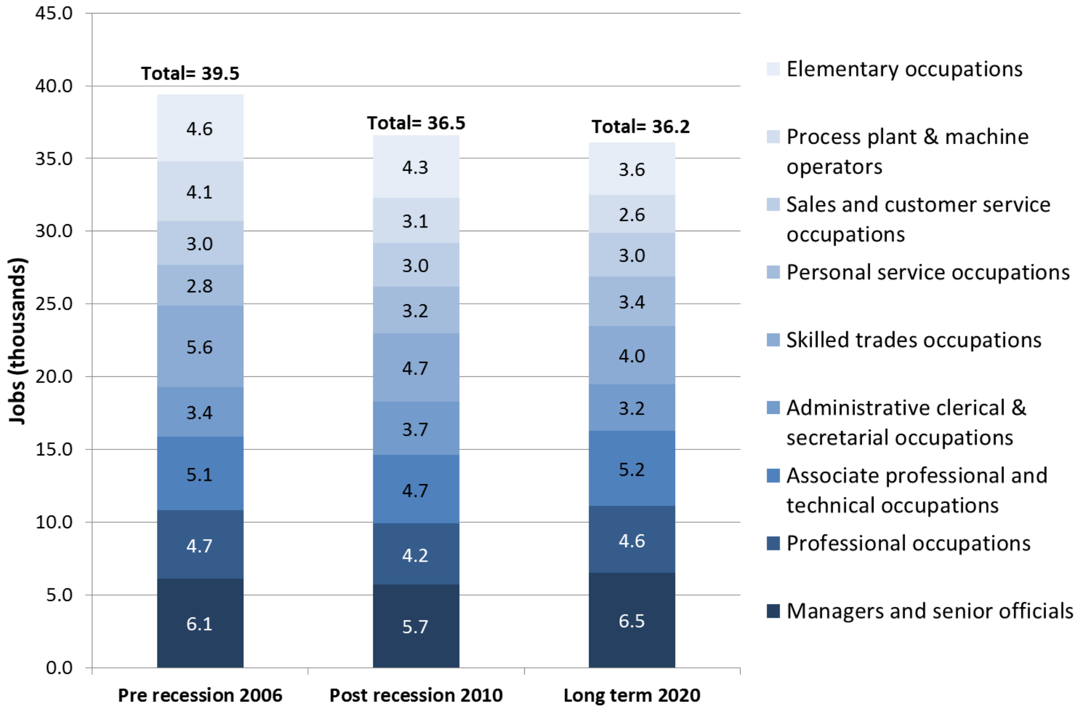
Source: Cambridge Econometrics, 2010

Figure 23: Workplace Jobs by Occupation in Wychavon, 2006-20



Source: Cambridge Econometrics, 2010

Figure 24: Workplace Jobs by Occupation in Wyre Forest, 2006-20



Source: Cambridge Econometrics, 2010

4.7 Linking Employment and Housing – Commuting Trends and Relationships

The relationship between the workplace and home can be quantified through analysing commuting patterns. This represents an important linkage between the two key drivers of change considered within this section, demography and economics.

4.7.1 Travel to Work Dynamics – Commuting Ratios

Travel to work statistics from the 2011 Census are not currently available and there is no timetable available at the moment for their release but it is likely to be released in late 2013. This data provides the most detailed evidence on the dynamics of the labour market within Worcestershire. As an interim calculation, the following table uses 2011 Census data to estimate the number of workers and the Business Register and Employment Survey to estimate the number of jobs across each Local Authority.

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

This provides an important component in understanding the drivers behind population and household change and their relationships to the housing stock. The districts of Worcestershire demonstrate significant variation in their respective commuting patterns, shown in the table below. A commuting ratio of less than 1.0 indicates that there are more jobs than workers in a district with a net inflow of workers resulting (in-commuting).Conversely, a ratio of more than 1.0 suggests a net outflow in commuting terms, the higher the ratio the greater the imbalance in the number of workers and the jobs available in the local authority.

Table 22: Change in Commuting Ratios, 2001 - 2011

District	Number of Workers	Number of Jobs	Commuting Ratio 2011	Commuting Ratio 2001
Bromsgrove	46,251	32,400	1.43	1.27
Malvern Hills	34,361	23,200	1.48	1.20
Redditch	42,922	35,400	1.21	1.10
Worcester	50,101	50,500	0.99	0.93
Wychavon	58,268	45,800	1.27	1.14
Wyre Forest	46,339	31,100	1.49	1.28
Worcestershire	**278,242**	**218,600**	**1.27**	**1.14**

Note: Number of jobs rounded to the nearest 100
Source: 2001 Census Travel to Work Data, 2011 Census and the Business Register and Employment Survey, ONS, 2012

As in 2001, only Worcester has a commuting ratio below 1.0 in 2011. All other districts have a net outflow of commuters, with Wyre Forest the highest with a commuting ratio of 1.49 indicating the imbalance in the number of workers and the jobs available in the local authority area. Once the travel to work data is released from the 2011 Census these figures will be able to be updated to provide a much more accurate estimate.

4.8 Summary of Demographic and Economic Drivers

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

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

- **Demographic Change:** the population of Worcestershire has grown by 26,779 (or 4.9%) between 2001 and 2012. In 2012 there were an estimated 569,032 residents across the county. Bromsgrove and Redditch have experienced the greatest levels of growth, with the population in Bromsgrove rising by 6,381 (7.3%) and in Redditch by 5,640 (7.2%). Across Worcestershire migration into the authority from other parts of the UK has been an important driver behind this growth. Natural change has also contributed a sustained positive input into the population rise over the time period, with net growth in this component across Worcestershire rising in the last 5 years. At an authority level there are notable differences between the dynamics of the three components. The urban districts of Redditch and Worcester City stand out in terms of the high levels of growth associated with natural change but negative levels of internal migration. The other authorities by contrast show limited or even negative growth in natural change but higher levels of in-migration.

- **Ethnic Composition:** Worcestershire has a small but growing ethnic population with 6% of the population in Worcestershire classified as "non-White" compared to 12.5% nationally, and 9% in Worcestershire classified as belonging to a Black or Ethnic Minority (BME), compared to over 17% nationally. Worcester City is estimated to have the largest minority ethnic population at just over 11%, with relatively large proportions of people classified as White Other and Asian or Asian British. In contrast Malvern Hills, Wychavon and Wyre Forest are each estimated to have around 7% of their population classified as BME. Despite these low overall proportions there are concentrations of BME communities in a number of the towns across the county. Examination of Super Output Area (SOA) level data indicates there are BME communities in areas such as Smallwood in Redditch, Lowesmoor in Worcester and parts of Kidderminster for example the Horsefair and Clensmore areas. Seasonal employment in particular in the agricultural sector can also have a more temporary impact in terms of local BME communities, particularly in the more rural areas.

- **Household Composition:** The 2011 Census identifies a total of 239,717 households across Worcestershire in 2011. This current total of households represents a growth of 16,670 over the period 2001 to 2011 representing an increase of 7.5%. Bromsgrove and Redditch have had the highest increases in numbers and proportions of households, whilst Wychavon and Wyre Forest have recorded the lowest. The county has also seen a decrease in average household size in this time, which is not the case either nationally or regionally.

- **Economic Activity:** Across the county between 2004 and 2013 unemployment varied considerably. In line with national trends each of the local authorities has seen an increase in unemployment levels, with the increase prevalent in the late 2008 and early 2009 period. Most recent figures suggest that Worcester City and Wyre Forest have the highest level of unemployment at 3.7% of economically active people, with Redditch at 3.3% also having relatively high unemployment rates compared to the county average of 2.8%. Unemployment across Worcestershire has fallen since reaching a peak in early 2010 of 4.7%.

- **Economic Forecasts:** The data presented has utilised forecasts produced by Cambridge Econometrics, which considers three scenarios when forecasting growth in employment levels in Worcestershire; The Baseline Scenario; The Convergence Scenario; and The Austerity Scenario. The scenarios project that employment levels in Worcestershire will be between 246,000 (worst case) and 260,000 (best case) by 2019, then growing up to 2031. However, these forecasts were produced before the Spending Review was announced; therefore these may prove to be optimistic, unless the Government's prediction of a private sector enterprise-led recovery comes to fruition.

- **Commuting Trends:** There are variations in travel to work patterns within Worcestershire and a 2011 estimate has been calculated and compared to 2001. The commuting ratios show imbalances in some instances between the numbers of workers resident in an area compared to jobs, most prevalent in Wyre Forest (1.49). All of the authority areas with the exception of Worcester (0.99) have a net outflow in commuting terms.

5 The Active Market

The cost of being able to access the housing market is the final consideration for understanding current housing need. The following chapter monitors the key data indicators presented in the 2010/11 Assessment and 2011/12 Monitoring showing the actual cost of buying or renting a property, and the level of housing need which relates to the ability of households to access different tenures of housing.

The housing market and its volatility has created a number of headlines since the credit crunch back in 2007, with property sales falling due to the uncertainty of the economy and house prices declining sharply and then recovering. A large number of datasets are available and provide a very detailed analysis of how the housing market is performing and in turn, the ability of households to access housing. This is an important area of analysis having implications for overall market demand, but also, particularly the assessment of the number of households that are currently in need of affordable housing or will be in the future.

The monitoring of the housing market analyses the key indicators of market performance for each of the tenures:

- **The Owner Occupier Sector** – house price analysis, examination of the relative change in house prices and the current housing markets across the county and Local Authorities including a consideration of more affordable (low-cost / lower quartile) elements of market housing as well as a review of mortgage finance to identify the barriers to access for first time buyers;

- **Private Rented Sector** – examination of private rent levels which forms an important component of the overall housing offer; and

- **Affordable Housing Sector** – review of the changes in demand as recorded through the waiting list for social rented properties managed by the local authorities and an assessment of current average rental levels.

5.1 The Owner Occupier Sector

The following sub-chapters analyse the owner occupier sector looking at both historical and recent data, in particular mean, median and lower quartile prices.

5.1.1 Mean House Prices

Table 23: Average Sale Prices and Number of Sales by District – 2011/12 and 2012/13

District	2011/12		2012/13		Annual Change
	Average Sale Price	Number of Sales	Average Sale Price	Number of Sales	
Bromsgrove	£236,129	1,152	£236,333	1,087	0.1%
Malvern Hills	£241,224	1,027	£234,215	930	-2.9%
Redditch	£158,614	1,009	£168,068	898	6.0%
Worcester	£177,575	1,305	£178,432	1,282	0.5%
Wychavon	£235,989	1,503	£231,816	1,510	-1.8%
Wyre Forest	£171,360	1,107	£171,619	1,053	0.2%
Worcestershire	**£204,973**	**7,103**	**£204,903**	**6,760**	**0.0%**

Source: Land Registry Price Paid Data, 2013
This data covers the transactions received at land Registry in the period 2nd April 2012 to 28th March 2013. © Crown copyright 2012

Table 23 shows mean house prices have stayed relatively stable since 2011/12 county-wide (a decrease in average sale price of just £70 equating to a negligible 0.03% change), with a small increase in Worcester City. Redditch seems to be bucking the trend with a 6% rise, however still maintaining the lowest mean sale price in the county. Malvern Hills and Wychavon have seen decreases in average sale prices of 2.9% and 1.8% respectively. The overall number of sales has decreased in Worcestershire for the third year running.

5.1.2 Median House Prices

Table 24: Median Sale Prices by District – 2011/12 and 2012/13

District	2011/12 Median Sale Price	2012/13 Median Sale Price	Annual Change
Bromsgrove	£202,500	£203,500	+0.5%
Malvern Hills	£201,500	£204,998	+1.7%
Redditch	£142,750	£147,250	+3.2%
Worcester	£160,000	£163,000	+1.9%
Wychavon	£195,000	£195,000	0.0%
Wyre Forest	£145,000	£146,000	+0.7%
Worcestershire	**£172,000**	**£175,000**	**+1.7%**

Source: Land Registry Price Paid Data, 2013

The median sale price across Worcestershire has increased slightly over the past year with rises seen in all districts except for Wychavon where the figures remain static. Bromsgrove and Malvern Hills have the highest median sale price, whereas Wyre Forest has the lowest.

5.1.3 Lower Quartile House Prices

Table 25 provides the lower quartile house price comparisons for 2011/12 and 2012/13, illustrating considerable differences in lower quartile prices across the county. Within the more rural districts, such as Malvern Hills and Wychavon, the lower quartile house prices are considerably higher than those in more urban districts, such as Redditch.

Annual change in lower quartile prices is varied, with the most notable increases in Redditch (+4.5%) and Wyre Forest (+3.3%), and the most notable decrease in Bromsgrove (-3%). Across the county, lower quartile prices have increased since 2011/12, but the change is less than that of median price variations.

Table 25: Lower Quartile Sale Prices by District – 2011/12 and 2012/13

District	2011/12 Lower Quartile Sale Price	2012/13 Lower Quartile Price	Annual Change
Bromsgrove	£152,000	£147,500	-3.0%
Malvern Hills	£153,500	£153,375	-0.1%
Redditch	£110,000	£115,000	4.5%
Worcester	£131,250	£130,000	-1.0%
Wychavon	£148,000	£150,000	1.4%
Wyre Forest	£115,000	£118,750	3.3%
Worcestershire	**£132,000**	**£133,000**	**0.8%**

Source: Land Registry Price Paid Data, 2013

Table 26 breaks down the lower quartile price by property type to see the variations between detached, semi-detached, terraced and flat/maisonette properties. Similar variances to total lower quartile prices can be seen in particular districts when broken down by property type. Lower quartile prices are often considered as an entry point for buyers to the open market.

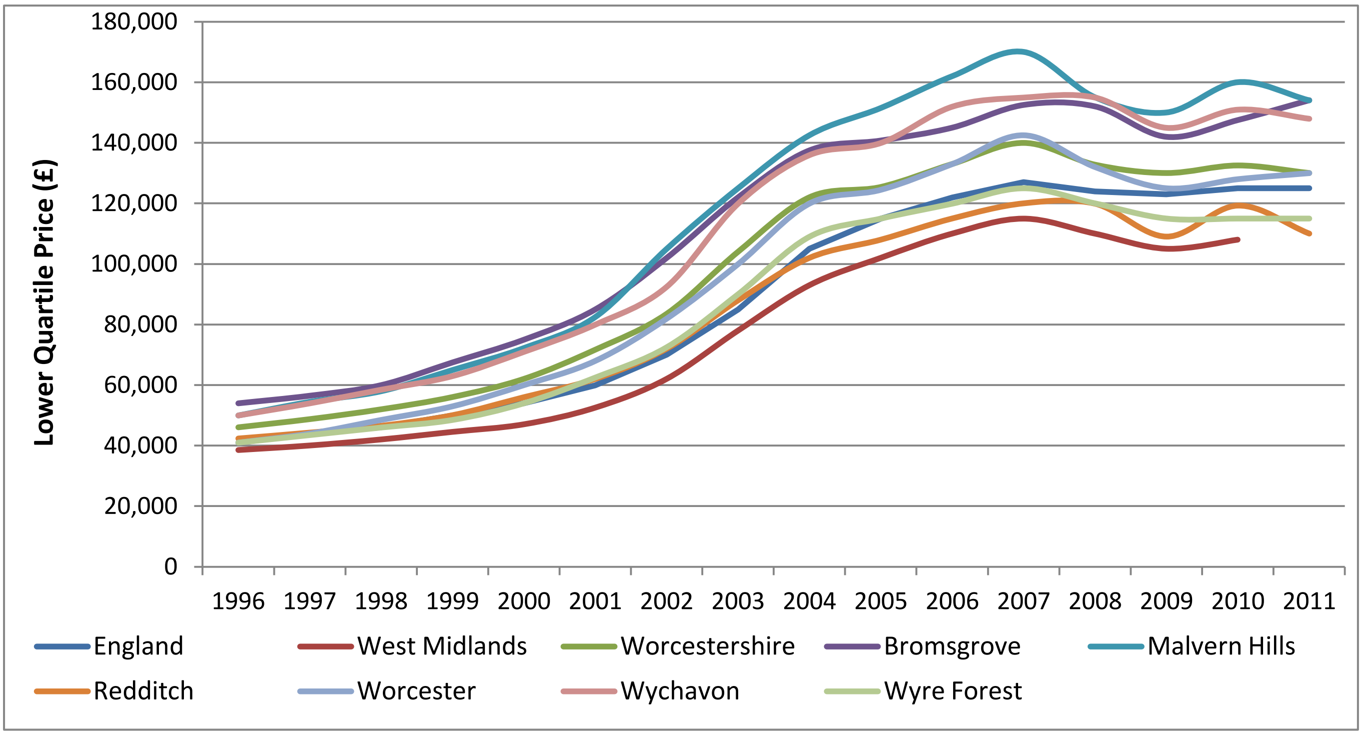
Table 26: Lower Quartile Sale Prices by Property Type and District, 2012/13

District	Detached	Semi-Detached	Terraced	Flat / Maisonette	All Sales
Bromsgrove	£240,000	£150,000	£125,000	£84,750	£147,500
Malvern Hills	£219,496	£150,000	£129,500	£95,000	£153,375
Redditch	£185,000	£130,000	£105,000	£75,000	£115,000
Worcester	£197,000	£136,100	£124,500	£95,000	£130,000
Wychavon	£230,000	£152,000	£122,500	£85,750	£150,000
Wyre Forest	£165,000	£118,500	£98,863	£74,250	£118,750
Worcestershire	**£210,000**	**£136,000**	**£115,000**	**£86,950**	**£133,000**

Source: Land Registry Price Paid Data, 2013

Figure 25 shows how lower quartile prices have changed annually since 2006 including regional and national comparators.

Figure 25: Lower Quartile House Prices 1996 - 2011



Source: CLG Live Tables, 2013

Lower quartile prices in Worcestershire all sit above the regional average, with just Redditch and Wyre Forest being slightly below the national average. Interestingly each authority reacted differently to the impact of the housing crash in 2007, with Malvern Hills seeing a sharp drop, but then recovering in 2010, whereas, lower quartile prices in Wyre Forest have remained relatively constant since a small decline in 2007.

5.1.4 Affordability

A good indicator in measuring affordability within a specific area is the ratio of lower quartile house prices to lower quartile earnings. The data presented in Table 27 is based on lower quartile earnings per household. Analysing affordability provides information about the accessibility of certain types and locations of housing to local people. The lower the affordability ratio, the more affordable the housing is to local people.

Table 27: Housing Affordability Ratio[1] by District, 2003 - 2011 (Lower Quartile Income[2,3])

District	2003	2004	2005	2006	2007	2008	2009	2010	2011
Bromsgrove	7.72	8.57	7.52	7.92	7.76	7.43	6.65	7.42	7.77
Malvern Hills	9.09	9.21	9.43	9.58	9.37	8.40	7.71	9.18	8.87
Redditch	6.33	6.87	6.53	6.76	6.54	6.42	5.60	6.83	6.35
Worcester	7.39	8.15	7.73	7.94	7.92	7.27	6.77	7.73	7.87
Wychavon	8.15	8.01	7.86	8.54	8.14	7.97	7.22	8.31	8.18
Wyre Forest	7.06	7.15	7.54	7.43	7.21	6.91	6.39	7.21	7.29
Worcestershire	**7.43**	**7.83**	**7.52**	**7.76**	**7.61**	**7.10**	**6.72**	**7.58**	**7.48**

[1] Affordability Ratio calculated as lower quartile house prices divided by lower quartile incomes
[2] Lower quartile earnings based on CACI PayCheck earnings per household
[3] Lower quartile house prices from Land Registry Price Paid Data
Source: Land Registry, CACI PayCheck 2003 – 2011, CLG Live Tables 2013 and Worcestershire County Council 2013.

The affordability ratio is highest in Malvern Hills and Wychavon, where lower quartile house prices are high relative to the rest of Worcestershire. Lower quartile house prices are also high in Bromsgrove, but this is counteracted by higher lower quartile earnings for residents of the district making homes there more affordable. Affordability ratios decreased between the peak in 2006 and 2009 but over the past couple of years have been slightly higher. Redditch and Wyre Forest have the lowest ratios and this is where house prices are lowest relative to Worcestershire, 6.35 and 7.29 respectively, however this lower quartile multiplier implies even at this level, many people will be excluded from purchasing even lower quartile market housing. Guidance suggests a single earner can be considered to afford to buy a home if it costs 3.5 times their gross income or 2.9 times the gross household income for dual-income households.

The emphasis of this ratio is on assessing the affordability for those on lower quartile incomes, which will include young households and first-time buyers. In a slight change from the 2011/12 Monitoring Report, Table 27 is calculated using residence based household income rather than workplace based individual earnings and therefore represents the ability of those living within each district to afford their own home, as well as accounting for joint incomes of couple households and those looking to buy with friends, which has become ever more popular over recent years.

Table 28: Housing Affordability Ratio by District, 2003 - 2012 (Lower Quartile Earnings[1,2])Table 28 also shows the affordability ratio calculated using on residence based individual income.

Table 28: Housing Affordability Ratio by District, 2003 - 2012 (Lower Quartile Earnings[1,2])

District	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bromsgrove	8.24	9.18	9.45	9.14	9.90	9.65	8.52	8.93	9.49	8.62
Malvern Hills	9.33	10.09	10.05	10.25	10.84	10.12	7.98	9.67	8.83	8.22
Redditch	6.07	6.44	6.97	7.54	7.89	7.46	6.42	6.66	6.52	6.50
Worcester	6.63	7.65	8.26	8.27	8.66	8.38	7.22	6.81	7.73	7.33
Wychavon	8.00	8.48	9.22	9.35	9.35	9.40	7.36	8.71	8.92	8.50
Wyre Forest	6.28	7.93	8.37	7.59	7.74	7.72	6.94	7.23	7.40	7.79
Worcestershire	**7.05**	**7.98**	**8.39**	**8.27**	**8.46**	**8.27**	**7.27**	**7.61**	**7.94**	**7.78**

[1] Lower quartile earnings is workplace based annual incomes of full-time employees
[2] Lower quartile house prices from Land Registry are for the first half of the year only, so it is comparable to the ASHE data which is as at April
Source: Land Registry Bespoke Reports, Annual Survey of Hours and Earnings 2001-2011, ONS and CLG Live Tables, 2012

5.2 Private Rented Sector

The average rent paid by private tenants in England and Wales has continued to rise through 2013 as the private rented sector has continued to expand as demand has increased. The main reason for this increased demand is the growing numbers of people unable to secure a mortgage even though borrowing costs are currently cheap compared to historic figures.

A recent report by Halifax[16]suggested that, on average, a homeowner spends around £73 per month less than a typical tenant renting an identical property. For the homeowner, the average monthly mortgage payment, including other 'buying' costs, on a three bedroom house is £672, but for the tenant, the monthly rent bill is £745. 'Buying costs' are mainly the loan repayments, but also include the cost of household repair bills, minor alterations and insurance. This results in a difference of £73, or 10%. The percentage difference between the monthly cost of buying and renting has fallen marginally from a year earlier. The report also says that buying a house is 'more affordable' than renting in all but 2 regions of the UK.

Within Worcestershire, the private rental market is different across the county. For example, Worcester has seen the University expand rapidly creating a much larger student market, coupled with a large growth in the number of apartments built in the city centre. High levels of demand for these types of property within the city have resulted in sustained high rental prices.

Table 29 presents the average rental levels across Worcestershire in 2012/13, using data collected from the Valuation Agency Office[17]. The different indicators, including mean, median, lower and upper quartile, are shown by bedroom numbers.

[16] http://www.lloydsbankinggroup.com/media1/press_releases/2013_press_releases/halifax/2109_Buying_Renting.asp
[17] http://www.voa.gov.uk/corporate/statisticalReleases/130530_PrivateRentalMarket.html

Table 29: Worcestershire Rental Levels by Number of Bedrooms – Apr 2012 to Mar 2013

	1 bedroom	2 bedroom	3 bedroom	4+ bedrooms	Total*
Count of Rents	555	1,215	762	251	3,017
Average	£451	£570	£682	£995	£594
Lower Quartile	£415	£525	£595	£795	£480
Median	£450	£575	£675	£900	£575
Upper Quartile	£495	£595	£750	£1,100	£665
80% Median	£360	£460	£540	£720	£460

*Total includes room and studio lettings
Source: Valuation Office Agency, 2013

Table 29 also calculates the 80% level of the median value, an important figure to help determine affordable rent levels.

Table 30: Rental Levels by Number of Bedrooms by District – April 2012 to March 2013

Property Size	Area	Count of rents	Average	Lower quartile	Median	Upper quartile	80% Median
1 bedroom	Bromsgrove	27	487	435	475	525	380
	Malvern Hills	71	456	400	450	495	360
	Redditch	62	443	425	450	475	360
	Worcester	211	463	425	465	495	372
	Wychavon	73	477	425	475	500	380
	Wyre Forest	111	405	375	400	430	320
2 bedrooms	Bromsgrove	79	593	550	575	625	460
	Malvern Hills	164	572	520	570	608	456
	Redditch	136	565	525	550	595	440
	Worcester	374	586	550	575	625	460
	Wychavon	212	594	550	585	625	468
	Wyre Forest	250	519	480	525	550	420
3 bedrooms	Bromsgrove	59	728	625	700	795	560
	Malvern Hills	127	704	650	695	750	556
	Redditch	82	634	595	625	695	500
	Worcester	182	707	650	695	750	556
	Wychavon	130	752	675	745	795	596
	Wyre Forest	182	598	550	585	650	468
4 or more bedrooms	Bromsgrove	35	1,123	895	1,050	1,200	840
	Malvern Hills	45	1,000	800	900	1,100	720
	Redditch	26	848	695	838	950	670
	Worcester	46	855	700	825	925	660
	Wychavon	74	1,115	875	998	1,250	798
	Wyre Forest	25	858	695	750	850	600
Total (including room and studio)	Bromsgrove	219	677	550	595	750	476
	Malvern Hills	426	627	500	595	700	476
	Redditch	351	552	475	550	600	440
	Worcester	933	567	465	565	650	452
	Wychavon	507	684	535	620	750	496
	Wyre Forest	581	531	450	525	595	420

Source: Valuation Office Agency, 2013

Average rental prices above have been broken down by district in Table 30 and show some interesting differences. Wychavon has the highest mean rents overall and Wyre Forest is the cheapest district in which to rent. Worcester has higher than average rental values for 1 and 2 bedroom properties meaning there must be high demand.

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

The Worcestershire Housing Strategy 2011 - 2016[18] recognises the importance of working with all housing providers, including those in the private sector, to achieve a balanced housing market. Partnership working with private landlords is making an increasingly important contribution in addressing the need to supplement the shortage of affordable housing.

5.3 Social Rented Sector / Affordable Housing

The social rented sector by its nature operates differently from both of the market tenures examined in this Chapter and is intended to serve those households whose financial circumstances prevent access to other tenures. The Government has been reforming the social housing system through the Localism Act in terms of providing more flexibility for social landlords on the types of tenancy they grant, giving local authorities the power to manage their housing waiting list and making it easier for social tenants to move within the social sector.

Furthermore, new statutory social housing allocations guidance accompanying the changes in the Localism Act was published on 29th June 2012[19].

Table 31 shows both Local Authority and RSL weekly rents for the past 12 years, with the difference narrowing in 2011/12 and 2012/13. Rental levels in the social sector are significantly lower than open market rents.

Table 31: RSL and Local Authority Average Weekly Rents in Worcestershire

District	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Local Authority	£45	£47	£49	£50	£52	£55	£58	£60	£62	£63	£67	£72
RSL	£49	£54	£53	£53	£57	£60	£63	£66	£70	£75	£74	£79

Source: Communities for Local Government, Live Tables, 2012

As of 31st March 2013, average weekly rents in the social rented sector across Worcestershire are £79 for RSL properties and £72 for Local Authority properties (Redditch).

18 Worcestershire Housing Strategy 2011 - 2016, http://www.worcester.gov.uk/index.php?id=2235
19 http://www.communities.gov.uk/publications/housing/allocationaccommodationguide

Information in Table 31 is taken from CLG live tables 702 and 704, which cite the Regulatory and Statistical Return (RSR) as their source. From 2012, the RSR was replaced by a new annual survey, completed by all PRPs, capturing information on size and type of home, location and rents over the year. The data collection system and website used to capture this information is called NROSH+, and provides a Statistical Data Return (SDR) based on the survey data. The SDR was published for the second time on 20th August 2013, with data collected between 1st April 2012 and 31st March 2013. The data in Table 32 relates to 22,383 records for general needs owned bed spaces/units.

Table 32: Weekly Social Rents by Bedroom Number and District – 2012/13

Property Size	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
Bedsit	£61	£59	n/a	£56	£60	£62	£58
1 bedroom	£68	£77	£71	£66	£74	£66	£71
2 bedrooms	£79	£87	£82	£79	£86	£79	£82
3 bedrooms	£90	£99	£92	£86	£96	£87	£91
4 bedrooms	£103	£111	£108	£99	£100	£95	£101
All Properties	**£83**	**£90**	**£81**	**£79**	**£87**	**£82**	**£84**

Source: Statistical Data Return (SDR), NROSH+, CLG, 2013

The information in Table 32 relates to all rents (not just those from new lets) collected by PRPs (including Housing Associations but not Local Authorities) as at 31st March 2013. In the Statistical Data Return, average weekly rents are provided for each individual PRP, therefore district and county level averages have been manually calculated. In Table 29, the county-level average figures have been taken directly from CLG Live Tables 702 and 704. It is noted that the methods for calculating the county average may therefore differ between tables, therefore the resulting county averages may differ slightly. It is also important to note that table 29 refers to average rents in March 2012, whereas table 30 presents data for 2013. Weekly rents across different Districts are generally consistent, although slightly higher in Malvern Hills and Wychavon.

The SDR also gives the opportunity to look at average affordable rents across the county. In the 2012 release, there were only 143 recordings in the sample as this tenure was relatively new. The 2013 SDR provides 588 records to work with so data can now be presented for each district. However, it must be noted that the sample size remains fairly low so the district level averages are based on a relatively small sample.

Table 33: Weekly Affordable Rents by Bedroom Number and District– 2012/13

Property Size	Number of Properties	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
Bedsit	2	n/a	n/a	n/a	n/a	£84	n/a	£84
1 bedroom	167	£80	£88	£75	£95	£83	£77	£85
2 bedrooms	269	£102	£99	£101	£113	£107	£93	£105
3 bedrooms	141	£122	£108	£112	£121	£120	£100	£116
4 bedrooms	9	n/a	£128	£125	£135	£134	n/a	£129
All Properties	**588**	**£97**	**£103**	**£102**	**£108**	**£103**	**£90**	**£102**

Source: Statistical Data Return (SDR), NROSH+, CLG, 2013

It seems from the small sample of affordable rents, that they are on average approximately 25-30% more expensive than social rents for the equivalent number of bedrooms. The average weekly affordable rent across Worcestershire is £102 per week compared to £84 per week for social properties.

5.3.1 Social Lettings

In total, there were 2,560 social lettings to households (including transfers) on the waiting list across Worcestershire in the last year. Table 34 illustrates this broken down to each local authority and by size (number of bedrooms). This is a slight decrease on the number of lettings in 2011/12 (-6%).

Table 34: Social Lettings by Number of Bedrooms – 2012/13

<table>
<tr><th>District</th><th>0-1 bedroom</th><th>2 bedrooms</th><th>3 bedrooms</th><th>4+ bedrooms</th><th>Total</th></tr>
<tr><td>Bromsgrove</td><td>48.2%</td><td>33.8%</td><td>15.5%</td><td>2.5%</td><td>361</td></tr>
<tr><td>Malvern Hills</td><td>36.6%</td><td>46.6%</td><td>15.3%</td><td>1.4%</td><td>352</td></tr>
<tr><td>Redditch</td><td>68.8%</td><td>21.4%</td><td colspan="2">9.8%</td><td>337</td></tr>
<tr><td>Worcester</td><td>42.1%</td><td>41.8%</td><td>15.4%</td><td>0.7%</td><td>416</td></tr>
<tr><td>Wychavon</td><td>45.0%</td><td>35.9%</td><td>16.6%</td><td>2.5%</td><td>571</td></tr>
<tr><td>Wyre Forest</td><td>43.4%</td><td>39.4%</td><td>15.5%</td><td>1.7%</td><td>523</td></tr>
<tr><td>Worcestershire</td><td>46.6%</td><td>36.8%</td><td colspan="2">16.5%</td><td>2,560</td></tr>
</table>

Note: Redditch data only available as "1 bedroom", "2 bedroom" and "3+ bedrooms"
Source: Local Authority Lettings data, 2012/13, CORE 2013

It is interesting to note that the proportion of lettings to 4 or more bedroom properties has increased slightly in most districts in the last year. This is potentially linked to the Welfare Reform as more people request to move out of larger properties which are deemed to have spare rooms to avoid paying a subsidy, thus opening up the larger properties for potentially overcrowded households to move into.

5.3.2 Waiting List

A policy change was implemented in April 2013 which prompted a review of all households on Worcestershire affordable housing waiting lists. All households were written to and asked to re-apply to join the waiting list. Those households that did not respond were then removed from the waiting list in either in April 2013, or in October 2013 for some households in Bromsgrove. This review has led to a significant drop in the total number of households on the county-wide list. It is thought that those households who have the most significant housing need were more likely to respond to the review and therefore stay on the waiting list, or quickly reapply once notified they had been removed from the list. Therefore, the snapshot of the waiting list taken in October 2013 is likely to be a more accurate representation of housing need across the county.

The Government is also consulting on further changes to policy affecting allocation of social housing which would, if implemented, mean that Local Authorities could have to introduce a two year local connection criteria for potential applicants to join the waiting list, which could see the list reduce even further in future years.

As of October 2013 there were 12,839 households registered as awaiting affordable housing across Worcestershire on local authorities' waiting lists, a decrease of approximately 11,700 households from last year.

When this is compared to the annual level of lettings considered in Table 34 (20% turnover rate), this provides a more representative indicator of the current imbalance between affordable housing needs and affordable housing supply across Worcestershire, which is considered further in Chapter 7.

Table 35 presents the waiting list for affordable housing broken down by each individual authority.

Table 35: Households on the Waiting List

District	Total Households (2011 Census)	Households on Waiting List (October 2013)	Proportion of Total Households
Bromsgrove	38,290	1,485	3.9%
Malvern Hills	32,212	1,332	4.1%
Redditch	34,722	2,127	6.1%
Worcester	42,042	2,655	6.3%
Wychavon	49,466	2,487	5.0%
Wyre Forest	42,985	2,753	6.4%
Worcestershire	**239,717**	**12,839**	**5.4%**

Source: 2011 Census and Local Authority Waiting List data, 2013

The two highlights from Table 35 are that Malvern Hills has a significantly lower proportion of households registered on the waiting list than the county average, whereas Wyre Forest and Worcester City have a significantly higher proportion.

The waiting list data allows for greater levels of interrogation and analysis to be undertaken. Table 36 shows the proportion of households on each authority's waiting list broken down by their current tenure.

Table 36: Households on the Waiting List by Tenure

District	Owner Occupied	Private Rent	Social Rent	Living with parents/ relatives	Sharing/ Lodging	Other/Not Specified	Total
Bromsgrove	133	347	513	244	78	170	1,485
Malvern Hills	84	346	535	142	68	157	1,332
Redditch	102	476	736	412	52	349	2,127
Worcester	88	763	763	470	318	253	2,655
Wychavon	192	604	735	383	124	449	2,487
Wyre Forest	399	651	866	340	189	308	2,753
Worcestershire	**998**	**3,187**	**4,148**	**1,991**	**829**	**1,686**	**12,839**

Source: Local Authority Waiting List data, 2013

Interestingly, more households on the waiting list for affordable housing are already in social rented accommodation than any other tenure. This generally means they are looking for a transfer into more suitable accommodation, for example, a larger property. Secondly, almost a quarter are currently renting privately, and from past evidence, the private rental market is a residual tenure for those who don't have enough housing need priority to access the social sector.

Table 37: Households on the Waiting List by Household Type

District	Couple	Family	Single	Pensioner	Other	Total
Bromsgrove	82	651	324	273	152	1,482
Malvern Hills	135	484	371	289	50	1,329
Redditch	No Data					
Worcester	174	1,216	962	288	15	2,655
Wychavon	222	885	719	560	100	2,486
Wyre Forest	191	982	745	816	13	2,747
Worcestershire	**804**	**4,218**	**3,121**	**2,226**	**330**	**10,699**

Source: Local Authority Waiting List data, 2013
Note: Totals may differ from those in other tables as blank records have not been included

In Table 37, the waiting list has also been examined by household type and the household group most frequently requiring affordable housing are family households, followed by single person households. Almost two fifths of the waiting list is families, which equates to 4,218 households (excluding Redditch).

Couple and 'other' households appear to be placing the lowest level of pressure on affordable housing. Pensioner households make up 20.9% of households in Worcestershire on the waiting list (excluding Redditch).

5.4 Identifying Significant Housing Need

Bromsgrove District Council, Malvern Hills District Council, Worcester City Council, Wychavon District Council and Wyre Forest District Council (together with Stratford-on-Avon District Council) have a common allocations scheme for social housing called 'Home Choice Plus'. The scheme gives applicants a single access point to 'bid' on any of the vacancies advertised across any of the participating Local Authority Areas.

Home Choice Plus uses a banding system which categorises households registered on the waiting list into priority 'bands' based on the level of urgency in their need for social housing.

Table 38: Home Choice Plus Banding System

Band	Description	Review Period
Priority	Applicants who are statutorily homeless	3 months (subject to review)
Gold Plus	Local connection and high housing need	6 months
Gold	Local connection and housing need	12 months
Silver Plus	No local connection and high housing need	6 months
Silver	No local connection and housing need	12 months
Reduced Preference	Priority, Gold Plus, Gold, Silver Plus, Silver applicants where priority is reduced for financial reasons, deliberately worsening housing circumstances, housing related debts, anti-social behaviour and other tenancy breaches or no bidding or refusing offers of accommodation.	6 months
Bronze Plus	Local connection and low housing need	2 years
Bronze	No local connection and low housing need	2 years

Source: Home Choice Plus Allocations Policy (2010)

Redditch Borough Council also operates a 'choice-based lettings' system called 'Redditch Home Choice' for allocating social housing. This also uses a banding system that is different to Home Choice Plus in definition and structure.

Table 39: Redditch Home Choice Banding System

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

Source: Redditch Borough Council Allocations Policy (2009)

While the analysis of Home Choice Plus and Redditch Home Choice currently considers all households who have put themselves forward to be allocated social rented properties, it is important to break this headline demand down to understand the number of these households which are considered as being in 'significant need'. Waiting lists in their nature will tend to overestimate demand as households put themselves forward when their level of 'need' for affordable housing may not actually be that severe. Therefore there is a balance of analysing aspiration against realistic need.

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

- Priority
- Gold or Gold Plus (for Redditch those with 30+ points)
- Silver or Silver Plus (for Redditch those with 50+ points)
- Reduced Preference (Home Choice Plus Districts only)

The categories above are considered to best represent those households in significant need. However, other categories include households with lower levels of housing need and information supplied by local authorities indicates that a proportion of harder to let properties are, on an annual basis, let to households in the Bronze Plus or Bronze categories.

Table 40 shows the breakdown of households on the waiting list classified as in 'significant need' and the proportion this makes up of the whole waiting list. Again the total number of households in the authority is used to provide a comparable proportion of the number of households in need.

Table 40: Households on the Waiting List classified as in Significant Need

Property Size	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
Households in 'Significant Need'	356	557	1,069	1009	739	702	4,432
Proportion of Total Waiting List	24.0%	41.8%	50.3%	38.0%	29.7%	25.5%	34.5%
Proportion of Total Households	0.9%	1.7%	3.1%	2.4%	1.5%	1.6%	1.8%

Source: Local Authority Waiting List data, 2013

There are a total of 4,432 households categorised as having a significant level of need for affordable housing[20], a slight decrease from last year's figure of 4,948. This represents almost 35% of the total households registered on the waiting list and therefore substantial level of demand for affordable properties. This high level of demand is directly influenced by the operation of other tenures. The relative

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

mobility between tenures is key to a functional housing market. Blockages, associated for example with affordability issues, represent a challenge that unless overcome will continue to sustain imbalances in housing markets.

5.5 Access to Housing

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

These factors are considered in this sub-section with the analysis, updating any evidence from the previous year and concluding with an assessment of affordability benchmarking both at an authority level.

The evidence and data presented in the 2010/11 SHMA continues to highlight acute affordability issues facing the county, particularly in the more rural parts of the area where there are high property prices due to increased in-migration pressures and a reduction in supply. This position hasn't changed from the first assessment of the housing market in 2007. Those on lower incomes, or locally employed are being increasingly excluded from the market and in turn this places increased pressure on both the private rented and social rented market. The number of households on the waiting list shows that this position has largely remained the same, despite falls in property prices over recent years. Key drivers behind this include difficulties within the economy and the mortgage market.

5.5.1 Mortgage Finance

One of the underlying drivers behind the lack of mobility in the housing market in recent years, in particular the owner-occupier market, has been the tightening of mortgage finance by financial lending institutions since the start of the economic downturn in 2008 and subsequent recession.

The result has been that prospective purchasers have had to raise increased deposits to access mortgage products, which has had a limiting effect on the ability of those households with low incomes and savings, such as first time buyers, to access the market. There are now indications that the situation is beginning to recover. Figures from the Council for Mortgage Lenders[21] indicate the number of first time buyers in the West Midlands has started to increase again: after falling annually from a peak of 49,600 in 1999 to 15,100 in 2011, the total in 2012 was 17,600, the highest annual total since 2007. Initial figures for the first half of 2013 indicate that this increase is continuing. This slight recovery is likely to be due in large part to Government schemes to stimulate the housing market. Despite these improvements, the market remains difficult for first time buyers. The median age of a first time buyer is still increasing, now at 29.

[21] First time buyers: Lending and Affordability (ML2WM)

Furthermore, the average deposit required in 2012 was £22,800 but the first time buyers annual income was £30,381, which illustrates the difficulties that they are experiencing in funding deposits.

Since the economic downturn the number of mortgage products on offer to the UK house buyer has shrunk dramatically. The following table provides a selection of current best buys in the mortgage market at a 90% loan to value (LTV). Despite the historically low Bank of England Base Rate the major high street lenders have not always reflected this in the interest rates available to first-time buyers. However, current mortgage rates are at their lowest for some time, supported by the Bank of England's Funding for Lending scheme, which is designed to get banks loaning money to households and small businesses.

For larger deposits (40 %+) there are some historically low fixed and tracker rates available from 1.99%. At the other end of the scale, there has been an increase in the number of 95% mortgages coming onto the market and in recent months, there have been improvements in the interest rates with some now available at as low as under 4%.

Table 41: Mortgage Best Buys – 90% Loan to Value (November 2013)

Lender	Interest Rate	Fee	Period	Mortgage Type	LTV
Stafford Railway Building Society	3.6%	None	Not stated	Standard Variable Rate	90%
First Direct	3.9%	£1,499	2 years	Fixed	90%
HSBC	4.0%	£999	2 years	Fixed	90%
Post Office	4.5%	£1,495	2 years	Fixed	90%
Beverley Building Society	4.7%	£495	2 years	Discounted Variable	90%
Leek United Building Society	4.8%	£199	3 years	Discounted Variable	90%

Source: MoneySupermarket.com, 2013

At present the average home buyer purchasing a lower quartile priced property (circa £133,000) in Worcestershire requires a deposit of some £13,300, assuming a 10% rate, compared to a deposit of half this in the period to 2007/8 (and buyers would have other costs such as survey, legal costs and mortgage set up fees to pay as well).

Table 42 shows monthly repayment mortgage costs for 25-year mortgages for Lower Quartile properties across all districts. These calculations assume:

- Lenders require a 10% deposit
- Interest rates of 4.0%
- 25 year repayment period

Interest only mortgage calculations are included below but many lenders have pulled out of the market altogether and they are now becoming a niche product.

Table 42: Mortgage Repayment Costs for First Time Buyers (FTB) by District – 2012/13

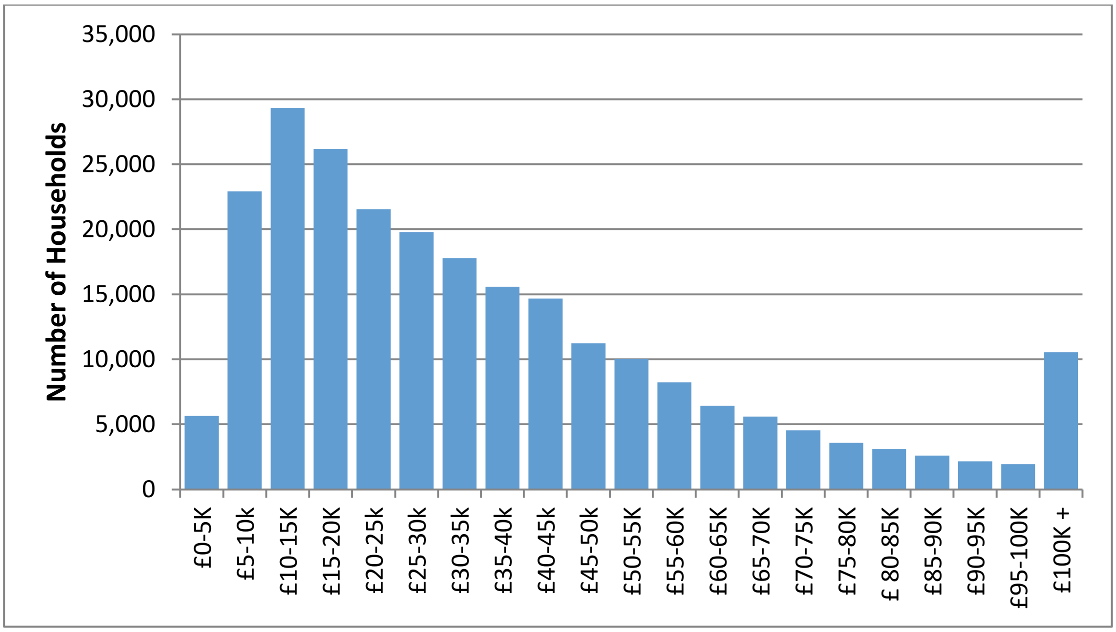
District	Lower Quartile House Price	90% Mortgage	Monthly Payments	
			Repayment Mortgage	Interest Only Mortgage
Bromsgrove	£147,500	£132,750	£720	£471
Malvern Hills	£153,375	£138,038	£828	£604
Redditch	£115,000	£103,500	£621	£453
Worcester	£130,000	£117,000	£634	£615
Wychavon	£150,000	£135,000	£732	£479
Wyre Forest	£118,750	£106,875	£579	£379
Worcestershire	**£133,000**	**£119,700**	**£649**	**£424**

Source: CLG; FSA 'Money Clear' Mortgage Calculator

The cost of servicing a typical repayment mortgage on a lower quartile house in Worcestershire would vary from £579 per month in Wyre Forest up to £828 per month in Malvern Hills. Importantly though these mortgage payments are calculated on the basis that households can find a 10% deposit which again varies between £11,500 in Redditch and £15,337 in Malvern Hills.

5.5.2 Incomes

Figure 26: Worcestershire Household Income Distribution 2013



Source: PayCheck 2013, CACI

Income levels are directly related to employment opportunities and have an important relationship with the ability of households to exercise choice in the housing market and indeed the level of need for affordable housing products.
Figure 26 illustrates the income distribution of residents across Worcestershire. This demonstrates the positive skew of household incomes towards the lower income end of the spectrum; 34.5% having household income levels below

£20,000 per annum and 58.8% below £35,000. At the other end of the scale there are also a significant proportion of higher income households in Worcestershire, with 24.1% of households with an annual household income exceeding £50,000.

5.6 Benchmarking Access to Different Housing Tenures

The updated analysis of the active market in Chapter 5 highlights the current issues facing the Local Authorities across Worcestershire, including continuing low levels of transactional activity in the market, increasing rental prices and affordability ratios and the challenging environment for lower income households to access mortgage finance for owner occupation. The updated data presented above has been combined together into this final sub-section to present an indication of the relative affordability of different tenures of housing in relation to the financial capacity of households across Worcestershire. The Assessment using the CLG SHMA guidance (August 2007) suggests a number of critical levels to test against income in order to evaluate the extent of the issue of affordability. The two core elements are:

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

Following the guidance and methodology followed for the Assessment[22], it is recommended that the following standardised assumptions are used when assessing affordability (also utilised within the calculation of housing need in Chapter 7):

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

Table 43 illustrates the annual income required to enter different tenures based on the assumptions detailed above.

[22] CLG SHMA Guidance (August 2007)

Table 43: Affordability Benchmarks – Annual Household Income Required

District	Purchase LQ (3.5 * income - 10% deposit)	Renting Average 2-bed (25% income)	Renting Average 3-bed (25% income)	Affordable Rent (80% Market Rent) 2-bed (25% income)	Affordable Rent (80% Market Rent) 3-bed (25% income)	Social Rented 2-bed (25% income)
Bromsgrove	£37,929	£28,464	£34,944	£22,771	£27,955	£16,432
Malvern Hills	£39,439	£27,456	£33,792	£21,965	£27,034	£18,096
Redditch	£29,571	£27,120	£30,432	£21,696	£24,346	£17,056
Worcester	£33,429	£28,128	£33,936	£22,502	£27,149	£16,432
Wychavon	£38,571	£28,512	£36,096	£22,810	£28,877	£17,888
Wyre Forest	£30,536	£24,912	£28,704	£19,930	£22,963	£16,432
Worcestershire	£34,200	£27,360	£32,736	£21,888	£26,189	£17,056

Source: Land Registry, Valuation Office Agency, Statistical Data Return (SDR), NROSH+, CLG, 2013

A considerable income difference is required to purchase, market rent, affordable rent (80% market rent) and social rent. In fact, to purchase on the open market at a lower quartile price with a 10% deposit requires a household income of over double that required for social rent in Worcestershire. There are small differences between authorities and in particular the cost of renting has much smaller differences than the cost of purchasing. It is important to note, however, that the costs associated with purchasing, not least the deposit, are an additional consideration in accessing different tenures.

6 The Future Housing Market

Chapters 1 to 5 have looked at Worcestershire and its context, the current housing stock, the demographic, economic and active market drivers likely to influence the future housing market, and finally the active market.

This chapter examines the scenarios developed within the GVA Assessment (2011) and since the population and household projections have yet to be updated by the Office for National Statistics and Communities and Local Government respectively, the monitoring will use the same range of scenarios for future levels of housing growth[23]. This assists in providing an indication for the levels of housing for which authorities should plan, set within the context of the current housing market and potential future supply. A selection of key tables have been included for reference, but as this is a monitoring report not all tables relating to the two core outputs have been presented.

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

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

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

Earlier chapters of this report have already identified that demography, economy and house price trends are key structural drivers of change in the housing market. These factors help provide the framework in which to consider future housing requirements.

6.1 Estimating Future Household Demand and Housing Requirements

The monitoring analysis of demographic and economic factors uses GVAs ‘PHASE’ (Population, Housing and Strategic Evidence) approach which uses a scenario development method to produce estimates of the range of future numbers of households and therefore associated dwelling requirements.

The PHASE approach considers the key drivers influencing the housing market:

- Demographic/Population projections
- Economic projections and employment
- Housing capacity and market

[23] Worcestershire Strategic Housing Market Assessment – Main Report (February 2012), GVA

6.2 The Core Scenarios

The 2010/11 Assessment developed five core scenarios using the PHASE approach, which are:

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

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

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

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

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

The intention with the scenario methodology is to present a spectrum of potential growth rates that illustrate sensitivities to drivers of change.

Using the analysis produced within the 2010/11 Assessment a number of recommendations were made regarding the scenarios presented:

- **Core Scenario 3**: is based upon recent trends in demographic change, which have in turn been driven by the economic and property market. It is important to recognise that Core Scenario 2 for Redditch has been amended to take account of the analysis presented under Sensitivity Scenario 1, which highlighted the evidenced discrepancy in the treatment of international migration within the ONS mid-year estimates; and

- **Sensitivity Scenario 2**: takes account of potential economic drivers. Importantly it factors in an important potential driver of change in the relationship between employment and the labour force in terms of economic activity rates of the upper age bands of the working age population.

The levels of household growth from these projections create a robust spectrum underpinning the evidence base for the SHMA, and are shown in Table 44.

Table 44: Household Projections, Annual Growth – Core Scenario 3, Sensitivity Scenarios 1 and 2 – 2006-2030

District	Core Scenario 3 - Migration Led	Sensitivity Scenario 1 - Redditch Correction	Sensitivity Scenario 2 - Altering the Economic Activity Rates of Older Persons
Bromsgrove	316		307
Malvern Hills	211		304
Redditch		252	393
Worcester	339		330
Wychavon	265		303
Wyre Forest	178		333
Worcestershire	**1,561**		**1,971**

Source: GVA 2011, Edge Analytics, 2011

The household projection derived from these two scenarios is converted into a net dwelling requirement figure to help inform policy development, by applying a standard uplift of 3% to account for turnover and vacant dwellings with the housing market.

The latest gross housing completions are factored into the overall requirement as these can be subtracted from the total level of household growth projected from 2006.

Table 45: Net Dwelling Requirements 2012 – 2030: Core Scenario 3 and Sensitivity Scenario 2

Scenario	Forecast Household Change (2006-2030)	Forecast Dwelling Requirement (with 3% uplift)	Gross Housing Completions 2006-2012 (6 years)	Net Dwelling Requirement 2012-2030 (18 years)	Net Annual Average Dwelling Requirement
Bromsgrove					
Core Scenario 3	7,584	7,819	1,084	6,735	374
Sensitivity Scenario 2	7,368	7,596	1,084	6,512	362
Malvern Hills					
Core Scenario 3	5,064	5,221	1,437	3,784	210
Sensitivity Scenario 2	7,296	7,522	1,437	6,085	338
Redditch					
Sensitivity Scenario 1	6,048	6,235	1,163	5,072	282
Sensitivity Scenario 2	9,432	9,724	1,163	8,561	476
Worcester					
Core Scenario 3	8,136	8,388	2,165	6,223	346
Sensitivity Scenario 2	7,920	8,165	2,165	6,000	333
Wychavon					
Core Scenario 3	6,360	6,557	1,452	5,105	284
Sensitivity Scenario 2	7,272	7,497	1,452	6,045	336
Wyre Forest					
Core Scenario 3	4,272	4,404	1,410	2,994	166
Sensitivity Scenario 2	7,992	8,239	1,410	6,829	379
Worcestershire					
Core Scenario 3 and Redditch Sensitivity Scenario 1	37,464	38,623	8,711	29,912	1,662
Sensitivity Scenario 2	47,304	48,767	8,711	40,056	2,225

Source: GVA, 2011, Edge Analytics, 2011, Worcestershire Local Authorities 2012

There has been a substantial amount of progress in terms of the Local Development Framework in the last 12 months. Bromsgrove and Redditch will be submitting Local Plans in early 2014, which will be subject to formal examination in the summer of 2014. South Worcestershire Councils submitted their plan in May 2013 and are currently going through the examination process. Wyre Forest is the only district to have a formally adopted strategy, the Core Strategy adopted in December 2010.

The figures in Table 45 form an important context for the process of setting housing requirements for the Local Authorities across Worcestershire. Figures in the Bromsgrove District Plan outline an average annual requirement of 368 dwelling per annum, and the Wyre Forest strategy a requirement of 200 dwellings per annum. Both of these figures fall within the ranges identified in Table 45.

6.3 Projected Household Profile

The Government guidance[24] states the importance of estimating the broad breakdown of change in not only the number of households but also their composition or type. The scenarios created by GVA are constructed from population projections as a basis, combined with household projections with assumptions around household formation. In addition the translation of population into households applies ONS assumptions around household size and make-up which enables the profile to be broken down into standard categories of household type.

The following tables present the projected changing profile of households by type for Core Scenario 3 (Sensitivity Scenario 1 in the case of Redditch). This is followed by a comparable table showing change under Sensitivity Scenario 2. These figures are unchanged from the Assessment due to population and household projections not being updated over the past year.

Table 46: Projected Household Change in Broad Household Types (2006 – 2030) – Core Scenario 3

Household Type	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
One person	6,172	4,425	6,024	4,906	5,666	5,847	**33,040**
Couple Household or Mixed Adult Household	1,595	1,829	231	2,226	3,251	871	**10,003**
Family Household (Adults and Children)	-82	-1,138	-668	873	-2,360	-1,902	**-5,277**
Other Households	-111	-40	458	120	-193	-537	**-303**
Total	**7,575**	**5,076**	**6,044**	**8,126**	**6,365**	**4,279**	**37,465**

Source: GVA, 2011, Edge Analytics 2011

[24] CLG SHMA Guidance (August 2007)

Table 47: Projected Household Change in Broad Household Types (2006 – 2030) – Sensitivity Scenario 2

Household Type	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
One person	6,165	5,180	7,290	4,831	5,969	7,095	**36,530**
Couple Household or Mixed Adult Household	1,534	2,550	1,048	2,213	3,590	2,087	**13,022**
Family Household (Adults and Children)	-216	-452	534	731	-2,107	-748	**-2,258**
Other Households	-106	27	571	135	-170	-451	**6**
Total	**7,378**	**7,305**	**9,442**	**7,909**	**7,281**	**7,982**	**47,297**

Source: GVA, 2011, Edge Analytics 2011

In both scenarios, the projected household change is dominated by the growth in one person households, which represents 88% of growth in Core Scenario 3 and 77% in Sensitivity Scenario 2. These one person households are dominated by younger households but also driven by an ageing population within the county.

7 Meeting the Needs of Households

The first six chapters have looked at the current housing market and how future need may arise through projecting population and household growth going forward. As has been the case over the last six years when producing strategic assessments of the housing market, affordability has been a key issue in Worcestershire and particularly the high levels of short-term affordable housing need. This chapter brings together all the secondary data and evidence, inputting it into a housing needs model in order to quantify the amount of housing required for households who are unable to access suitable housing without financial assistance.

Following on from the assessment, the annual monitoring report assesses need in stages, to arrive at a short-term (five years) assessment of the level of need for affordable housing across Worcestershire and within each individual authority. These stages include; current need, future need and the supply of affordable housing available.

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

Further analysis examines the relative levels of need and demand for different property sizes, which uses waiting list data to assess the size of property required based on household composition.

Research findings within this chapter relate directly to:

Core Output 4: Estimate of households in housing need
Core Output 5: Estimate of future households requiring affordable housing
Core Output 7: Estimate of the size of affordable housing required

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

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

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

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

With the current economic situation remaining to be a challenge, the delivery of housing is likely to remain difficult in the short and medium term. This chapter presents an analysis of the levels of affordable housing required to address future needs, but as has been seen in the past, a proportion of these needs could be met in other tenures and through alternative approaches depending on the availability of public funding.

7.1 Defining Affordable Housing Needs

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

Therefore, establishing an estimation of the level of current and future housing need allows affordable housing policies to be aimed at the needs of a particular local authority.

Affordable housing is social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. From April 2012 affordable housing is defined in the National Planning Policy Framework (prior to this the definitions in PPS3 apply)[25].

Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

[25] https://www.gov.uk/government/publications/national-planning-policy-framework--2

Homes that do not meet the above definition of affordable housing, such as 'low cost market' housing, may not be considered as affordable housing for planning purposes.

There are two core elements of establishing the current and short-term future levels of need for affordable housing in more detail:

- **Backlog need:** At the current point in time as a result of sustained affordability issues over a number of years the majority of areas have an existing 'backlog' of households classified as in need.

- **Future need:** The sustained need for affordable housing is driven by a range of factors. As with market housing there is an underlying level of demand as new households form and require a property.

7.2 Previous Assessment of Affordable Housing Need

The previous assessment of affordable housing need across the Worcestershire authorities was undertaken through the Worcestershire Strategic Housing Market Assessment Monitoring Report (June 2013). The monitoring report provided an update to the full SHMA of February 2012 - a completely new housing market assessment that built on a previous assessment and subsequent monitoring reports.

The Worcestershire Strategic Housing Market Assessment Monitoring Report (July 2013) found that there was an annual shortfall of 1,495 affordable dwellings across Worcestershire, which was just over 10% more than the 1,355 figure produced in the Worcestershire Strategic Housing Market Assessment (2010/11). Key contributing factors included:

- Estimated backlog need of 3,084 across Worcestershire. Subtracting the total affordable housing supply available of 403 and then applying a five year period to address need (i.e. 20% reduction per annum) equates to an annual backlog of 536 households.
- New gross household formation of 4,796 per annum with 56% unable to afford market housing (buy or rent) equating to 2,694 newly forming households in need per annum.
- 423 existing households falling into need on an annual basis.
- Gross annual housing need (backlog, newly-forming and existing) of 3,117 households.
- Existing supply - 1,995 social re-lets identified per annum (not including transfers) and 163 intermediate affordable dwellings for re-let or resale at sub-market levels.
- New dwelling supply - An additional 427 new affordable dwellings (social and affordable rent) per annum identified to offset need during 2011/12.

This was broken down by a detailed analysis, split by tenure, at both a local authority and county level.

7.3 The Calculation of Housing Need

The 2012/13 Monitoring has updated the calculation of affordable housing need for Worcestershire and each local authority using the same model as employed within the 2010/11 Assessment and 2011/12 Monitoring. The results are presented below.

The model adopted is structured around four key stages which are consistent with the guidance and are used to assess the overall surplus or shortfall of affordable housing. These are:

- Existing Need (Backlog)
- Newly-arising Need (Newly forming households and existing households)
- Supply of Affordable Units (Social re-lets and new development)
- Total Housing Need (Net Annual)

The process follows the Assessment identically to estimate net annual level of housing need calculated through the assessment of the difference between the annual supply of affordable housing units and 'need' for them arising from the current backlog. A key feature of the model is that both need and supply are considered in terms of annual flows. The final element of the analysis is the identification of the Total Housing Need (Net Annual).

Table 48: Housing Needs Assessment Model: Stage 1 – Current Housing Need (Gross Backlog)

Step	Methodology / Source	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
1.1 Number of Homeless households and those in temporary accommodation	Local Authority - Statutory Homeless	38	6	28	122	20	36	**250**
1.2 Number of Overcrowding and Concealed Households 1.3a Other Groups	Choice Based Lettings Waiting List - 'significant need' (Taken as a single Step)	356	557	1,069	1,009	739	702	**4,432**
1.3b Other Groups - Transfers	Of which transfers - current occupiers of affordable housing in 'significant need'	207	271	458	353	302	262	**1,853**
1.4 Total current housing need (gross)	(1.1 + 1.2 + 1.3a) - 1.3b	**187**	**292**	**639**	**778**	**457**	**476**	**2,829**

Source: GVA, Worcestershire County Council, 2013

Table 49: Housing Needs Assessment Model: Stage 2 - Future Housing Need (Annual)

Step	Methodology / Source	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
2.1 New Households formation (annual)	Household Projections (Gross Formation - Natural Change Scenario - aged 15-44 years)	706	571	715	1,033	868	903	4,796
2.2 Newly forming households in need (annualised)	Proportion of households unable to afford to purchase or rent in the open market (Assumes PRS absorbs need - LQ)	60%	56%	56%	57%	65%	56%	58%
	Number of households unable to afford to purchase or rent in the open market (Assumes PRS absorbs need - LQ)	425	321	399	593	561	506	2,805
2.3 Existing households falling into need	CBL Waiting List - Households registering as in significant need (annual)	53	47	49	138	113	115	514
2.4 Total newly arising need (gross per year)	**(2.1 x 2.2) + 2.3**	478	368	448	731	674	621	3,320

Source: GVA, Worcestershire County Council, 2013

Table 50: Housing Needs Assessment Model: Stage 3 - Affordable Housing Supply (Annual)

Step	Methodology / Source	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
3.1 Affordable dwellings occupied by households in need	Number of households identified in 1.3b which are transfers	Accounted for at Step 1.3b						
3.2 Surplus Stock	Long-term Vacant (i.e. 6 months plus)	0	0	1	0	7	0	8
3.3 Committed supply of new affordable housing	Social Housing and Affordable Rent	33	75	55	92	266	49	570
3.4 Units to be taken out of management	Demolitions (programmed) and Right to Buy Trend	0	0	9	3	2	0	14
3.5 Total affordable housing stock available	**3.1 + 3.2 + 3.3 - 3.4**	**33**	**75**	**47**	**89**	**271**	**49**	**564**

Source: GVA, Worcestershire County Council, 2013

Table 51: Housing Needs Assessment Model: Stage 3 - Affordable Housing Supply (Annual)

Step	Methodology / Source	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
3.6 Annual supply of social re-lets (annual net)	Lettings to households from other tenures (2012/13) (3 year average in Redditch)	250	254	205	331	451	361	1,852
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	Re-sales or re-lets of shared ownership / intermediate rent properties	18	20	5	4	1	10	58
3.8 Annual supply of affordable housing	**3.6 + 3.7**	**268**	**274**	**210**	**335**	**452**	**371**	**1,910**

Source: GVA, Worcestershire County Council, 2013

Table 52: Housing Needs Assessment Model: Stage 4 - Total Housing Need (Net Annual)

Step	Methodology / Source	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
Total net need	**1.4 - 3.5**	**154**	**217**	**592**	**689**	**186**	**427**	**2,265**
Annual Flow	**20% of total net need (Assume five year period to relieve backlog of need)**	**31**	**43**	**118**	**138**	**37**	**85**	**453**
Net annual housing need	**(2.4 + Annual flow) - 3.8**	**240**	**138**	**356**	**534**	**260**	**335**	**1,863**

NOTE: Figures have been rounded to the nearest whole number.
Source: GVA, Worcestershire County Council, 2013

The housing needs analysis indicates that Worcestershire will be required to provide for a net annual affordable housing need of approximately 1,863 dwellings per annum over the next 5 years, in order to both clear the existing waiting list backlog and meet future arising household need.

The net annual housing need has increased by over 350 from the 2011/12 Monitoring due to a number of small factors, the largest influences being that, whilst annual total net need has decreased, annual supply of affordable housing has fallen by almost 250, mainly due to a decrease in the number of lettings (excluding transfers) and the committed forward supply of intermediate dwellings. Furthermore, there have been increases in the level of newly arising need, both in terms of existing households falling into need, and newly forming households unable to afford to purchase or rent on the open market.

7.3.1 Need by Property Size

Core Output 7 requires an estimate of the breakdown of the sizes of property required by households identified in need of affordable housing. This analysis helps to understand how policy should be structured to assist in alleviating the current backlog of housing need and provide a profile of affordable housing which responds to the future need over the short-term.

Table 53: Estimated Size Requirements for Affordable Housing

District	1 bedroom	2 bedroom	3 bedroom	4+ bedrooms
Bromsgrove	797	467	161	60
Malvern Hills	786	352	150	44
Redditch	1215	468	257	187
Worcester	1461	841	254	99
Wychavon	1440	686	290	71
Wyre Forest	1688	726	251	88
Worcestershire	**7387**	**3540**	**1363**	**549**

Source: Local Authority Waiting List, 2013
Note: based on Calculated Bedroom Need (MaxBedSize in Redditch).

There are very small variances in the size of affordable housing required going forward over the next five years within Worcestershire based on backlog need from the waiting list. The majority of need is for one (58%) and two (28%) bedroom properties.

Table 54 uses the same data as Table 34 in section 5.3 of this report, but shows Social Lettings by number of bedrooms as actual numbers, rather than proportions. Generally speaking, the demand for one bedroom properties is higher than other property sizes.

The mix of units required on new sites will be influenced by a number of factors, including variations in turnover rates for different sizes of units, unmet demand from new households and those falling into need, and increased demand for transfers (particularly as a result of changes in the benefit system and wider economic factors). Additional research is currently being commissioned to examine the impact of these factors

Table 54: Social Lettings by Number of Bedrooms – 2012/13 (Repetition of Table 34)

District	0-1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Bromsgrove	174	122	56	9	361
Malvern Hills	129	164	54	5	352
Redditch	232	72	33		337
Worcester	175	174	64	3	416
Wychavon	257	205	95	14	571
Wyre Forest	227	206	81	9	523
Worcestershire	**1,194**	**943**	**423**		**2,560**

Note: Redditch data only available as "1 bedroom", "2 bedroom" and "3+ bedrooms"
Source: Local Authority Lettings data, 2012/13, CORE 2013

Table 55 shows the number of social lettings in 2012/13 (from Table 54) as a percentage of the number of households on the waiting list for social housing (as at October 2013) split by number of bedrooms (from Table 53). This provides a rough estimation of the turnover rate for different sized properties - though it must be noted that the timeframe used for the two data sets is different with the lettings data representing actual number of lettings in a year, and the waiting list representing a snapshot at a specific point in time. The turnover rate provides some indication of the level of supply vs. demand for different sized properties - the lower the turnover rate, the more demand is exceeding supply.

Table 55: Number of Social Lettings as a percentage of households on the waiting list by number of bedrooms

District	0-1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Bromsgrove	22%	26%	35%	15%	24%
Malvern Hills	16%	47%	36%	11%	26%
Redditch	19%	15%	13%		16%
Worcester	12%	21%	25%	3%	16%
Wychavon	18%	30%	33%	20%	23%
Wyre Forest	13%	28%	32%	10%	19%
Worcestershire	**16%**	**27%**	**31%**		**20%**

Source: Local Authority Waiting List, 2013; Local Authority Lettings data, 2012/13, and CORE 2013

County-wide, turnover seems to be greatest for 2 and 3+ bedroom properties, and lowest for 1 bedroom properties. Putting this another way, 16% of households on the waiting list requiring a one bedroom property can expect to be housed, compared to 27% of those requiring a two bedroom property. It should be noted that whilst the county-wide figure cannot be presented for 4+ bedroomed properties as no data is available for Redditch, 4+ bedroom properties have the lowest turnover rate in all other districts except Wychavon. That said, the turnover rate for one bedroom properties is lower than that of 2 and 3 bedroom properties in all districts (except Redditch) indicating that demand is outstripping supply more extensively for this property type.

7.3.2 Demand for Sheltered Housing

In addition to the estimated size requirements for affordable housing, analysis of the volume of households in housing need aged 60+ years has been used as a proxy to determine the volume of households requiring sheltered housing and the bedroom standard test applied to establish the volume of these households requiring a 1 bedroom dwelling.

Table 56: Analysis of Supply and Need for 1 Bedroom Sheltered Housing

District	Households in Need of 1 Bedroom Sheltered Home (Aged 60+)	Total 1 Bedroom Sheltered Housing Stock	Annual Lettings - 1 Bedroom Sheltered Housing (2012/13)	Turnover of 1 Bedroom Sheltered Housing as % of Total Stock
Bromsgrove	206	816	77	9.4%
Malvern Hills	295	482	40	8.3%
Redditch	375	1,214	48	4.0%
Worcester	234	843	50	5.9%
Wychavon	497	652	85	13.0%
Wyre Forest	674	1518	86	5.7%
Worcestershire	**2,281**	**5525**	**386**	**7.0%**

Source: Local Authority Waiting Lists and Lettings Data, 2012

The analysis indicates that there are currently almost 2,300 households in Worcestershire that are registered as being in need of 1 bedroom sheltered housing. This is quite a drop from last year's figure of just over 3,600, however this change is due to the change in overall waiting list sizes as a result of the refresh. This constitutes a considerable level of backlog demand for smaller affordable housing and the turnover rate is generally quite low. Therefore this could be creating a significant backlog of households aged 60+ on the waiting list.

7.3.3 Intermediate Housing

Intermediate housing products have grown over recent years and they have shown they can provide an important role in bridging the financial gap between social renting and owner occupation.

The National Planning Policy Framework defines intermediate housing as homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Intermediate affordable housing products do not include Affordable Rent housing which is defined as a separate sub-sector of affordable housing and explored in the next sub-section. Homes that do not meet the above definition of affordable housing, such as 'low cost market' housing, may not be considered as affordable housing for planning purposes.

The following analysis uses the income tests presented earlier in the chapter (Table 49) to establish the number, and proportion, of households in need of affordable housing that are likely to be able to afford an intermediate housing product, and those for which only social rented housing is affordable.

To establish the income threshold within which households in need could afford access to intermediate housing, the analysis has set the upper limit at the income required to access the private market and a lower limit set at the income required to afford a 55% equity share in a small family house at the lower quartile price. This has been set to allow for a 50% equity purchase alongside a 5% deposit.

Table 57: Income Thresholds for Affording Intermediate Tenure Housing

District	Household Income below which Social Housing Required	Household Income Required to Access Open Market
Bromsgrove	£21,607	£28,464
Malvern Hills	£21,961	£27,456
Redditch	£18,464	£27,120
Worcester	£19,965	£28,128
Wychavon	£21,568	£28,512
Wyre Forest	£17,078	£24,912
Worcestershire	**£19,721**	**£27,360**

Source: Worcestershire County Council Analysis, 2013

Looking at Worcestershire overall, the table above shows that intermediate housing costs are accessible to households earning between £19.721 and £27,360. Above this range assumes households can afford open market housing and below the lower limit, households would only be able to afford social rented housing.

Using the threshold limits calculated in Table 57, the next table estimates the net annual affordable housing requirement in each local authority and the county, by social rented and intermediate tenure.

The analysis indicates across Worcestershire there is a requirement for an additional 1,441 units of social rented housing and 303 units of intermediate housing on an annual basis in order to meet affordable housing need over the next five years.

This has increased from the previous year (1,315 and 254 respectively) and at a county level the split has increased towards intermediate housing, 83%:17% in favour of social rented housing compared to 84%:16% a year ago. Looking at the individual local authorities, the proportionate need for intermediate housing is greatest in Wychavon. This is most likely because the income threshold below which people will need to access intermediate products in Wychavon is the highest in the county (£28,512) so fewer households are able to access the open market and therefore may require an intermediate product.

Table 58: Annual Affordable Housing Need (5 Years) by Affordable Housing Type (Intermediate/Social Rent)

District	Social Rented				Intermediate			
	Total Need	Supply	Net Need (Total)	Net Need (%)	Total Need	Supply	Net Need (Total)	Net Need (%)
Bromsgrove	437	250	187	83%	71	32	39	17%
Malvern Hills	372	254	118	94%	40	32	8	6%
Redditch	513	205	308	95%	53	36	17	5%
Worcester	783	331	452	87%	85	15	70	13%
Wychavon	592	451	141	62%	120	33	87	38%
Wyre Forest	595	361	234	74%	111	29	82	26%
Worcestershire	**3,293**	**1,852**	**1,441**	**83%**	**480**	**177**	**303**	**17%**

Source: Worcestershire County Council Analysis 2013

7.4 Affordable Rent

The Government's Localism Act includes measures to introduce a new form of affordable housing model called 'Affordable Rent', which will be the main type of new housing supply under the Homes & Communities Agency (HCA) Affordable Homes Programme. Affordable Rent has been introduced to allow a more diverse range of housing products to those in need of support to access social housing.

Affordable rented homes will be made available to tenants at up to a maximum of 80% of market rent and allocated in the same way as social housing is at present. Landlords will have the freedom to offer Affordable Rent properties on flexible tenancies tailored to the housing needs of individual households.

The differential between Affordable Rent charged at 80% and 70% of the open market rent[26], and social rents, is presented in the following table for each local authority. The analysis is consistent with that of the Assessment and therefore uses 3 bedroom dwellings.

[26] Market rents are drawn from the analysis of Valuation Office Agency (VOA) data presented in section 5.2 and includes rental levels for all local authority areas by number of bedrooms.

Table 59: Cost Differential - Social Rent and Affordable Rent

District	Average (all properties) (Monthly)			Average 3-Bedroom Properties (Monthly)		
	Social Rent	80% Market Rent	70% Market Rent	Social Rent	80% Market Rent	70% Market Rent
Bromsgrove	£360	£542	£474	£390	£582	£510
Malvern Hills	£390	£502	£439	£429	£563	£493
Redditch	£351	£442	£386	£399	£507	£444
Worcester	£342	£454	£397	£373	£566	£495
Wychavon	£377	£547	£479	£416	£602	£526
Wyre Forest	£355	£425	£372	£377	£478	£419
Worcestershire	**£364**	**£475**	**£416**	**£394**	**£546**	**£477**

Source: VOA (2013), SDR (2013), Worcestershire Analysis, 2013

Table 59 indicates that affordable rent, as a replacement for social rent, generates a significantly higher rental return for Registered Providers than traditional social rents. In particular, Bromsgrove and Wychavon have the greatest differential - equivalent to £182 and £170 per month for 80% market rent, and £114 and £102 per month for 70% market rent respectively.

The increase in rent is almost certainly going to present an affordability challenge to many households within lower income bands. Affordable Rents must have regard to the ability of households to pay them. Therefore the analysis next considers the ability of all households to afford Affordable Rent at 80% of market rent for a 1-bedroom and 2-bedroom apartment, a 3-bedroom house and a 4-bedroom house.

The analysis is based on household expenditure on rent not exceeding 25% of total household income. Table 60 illustrates the proportion of households in each authority that would be excluded from affordable rent housing on affordability grounds.

Table 60: Proportion of Total Households Unable to Afford Affordable Rent Housing

District	% Unable to Afford 80% Market Rent, 1-bed Apartment	% Unable to Afford 80% Market Rent, 2-bed Apartment	% Unable to Afford 80% Market Rent, 3-bed House	% Unable to Afford 80% Market Rent, 4-bed House
Bromsgrove	40.6	48.5	58.4	78.8

Malvern Hills	43.3	53.5	63.4	80.1
Redditch	41.5	52.3	57.3	72.1
Worcester	44.7	55.4	64.5	73.5
Wychavon	43.9	53.9	65.3	82.3
Wyre Forest	42.3	53.1	60.2	76.2

Source: CACI PayCheck, Worcestershire Analysis 2013

Table 60 suggests that the affordable rent tenure, when introduced across Worcestershire at 80% of market rents, could be a useful tenure in delivering further affordable housing and meeting some affordable housing needs. But this varies between authorities and looking at household incomes against 80% market rents suggests there will still be a need for traditional social rent as just higher than two-fifths of households would be unable to affordable 80% market rent on a 1-bedroom property.

8 Drawing the Monitoring Evidence Together – Conclusions

The final chapter brings together and summarises the analysis contained within this Worcestershire SHMA Monitoring Report to provide an update to the Worcestershire SHMA Monitoring Report published in July 2013 (and the SHMA Main Report published in February 2012 by GVA).

The approach used in this monitoring report has been to follow the Assessment and previous Monitoring as closely as possible and provide an update to all the key data and tables. This ensures that local authorities have an up to date strategic document providing an assessment of the wider market context and represents a robust and sound evidence base.

- The main housing model is a duplicate of that used by GVA in the Assessment and the monitoring has used the same core scenarios to ensure consistency. National population and household projections have yet to be updated and therefore the figures within the core scenarios have stayed constant.

- The research has drawn on the latest and most up-to-date secondary data sources, most notably 2011 Census data and more recent housing market information.

- Analysis has been conducted at the both a local authority and county level.

As set out in the introduction the purpose of the monitoring is to provide an annual update to the Worcestershire Strategic Housing Market Assessment 2010/11, giving a strategic view of housing supply and demand in all housing sectors up to 2030 and to provide the Local Authorities with a comprehensive understanding of the dynamics and segments of the functional housing markets operating within the county.

8.1 Core Outputs

8.1.1 Core Output 1: Estimates of current dwellings in terms of size, type, condition, tenure

Worcestershire contains a total of 249,730 dwellings of which 6,960 are vacant, resulting in a vacancy rate of approximately 2.8%, as at October 2012[27]. In terms of the individual authorities Wychavon represents almost 21% of total stock with over 52,000 properties. Worcester and Wyre Forest contain between 43,700 and 45,100, with Bromsgrove containing just fewer than 40,000. Malvern Hills and Redditch are the two smallest authorities in terms of dwelling numbers with Redditch having just over 35,300 and Malvern Hills almost 34,000 properties.

[27] These dwelling figures are based on those in the Council Tax Base from CLG Live Tables and NOT those published from the 2011 Census

Only Malvern Hills and Worcester City have a vacancy rate above 3% (a level commonly associated with general churn or turnover of properties). This suggests that there is limited capacity to absorb further household demand within existing housing stock.

Between 2001 and 2013, there have been a total of 20,485 gross completions equating to an average of just over 1,700 per annum. The number of gross completions fell away after 2006/07 linked to the economic climate and recession within the UK. After rising significantly in 2011/12, completions dropped again slightly in 2012/13 and remain below the historical average.

Over the last decade, there has been an increase in the proportion of Worcestershire's housing stock that is made up of private rented accommodation. In 2001 approximately 13,000 (5.9%) properties were rented privately but this has since increased to almost 30,000 in 2011 (12.5% of households). The private rented sector in Worcestershire is still proportionally smaller than both regional (14.0%) and national (16.8%) rates for 2011.

Owner occupation including shared ownership makes up 71.5% of the housing stock and social rent comprises 14.8% of the total stock

The 2011 Census shows that the largest proportions of dwellings in the county are either detached (33.7%) or semi-detached (33.5%). However, both have decreased proportionally over the past 10 years as more terraced houses and flats have been built. Dwellings with 3 bedrooms are most common (43.6%), followed by 2 bedrooms (23.1%) and 4 bedrooms (18.4%).

The quality of the housing stock represents an additional layer of information in understanding the housing offer across Worcestershire. The monitoring uses Energy Performance Certificate (EPC) data rather than private sector stock condition surveys. EPCs show that dwellings have an average rating of 59.3 (Band D) with 10.6% of dwellings having a rating of 'F' or worse. There are a large number of private sector dwellings with Category 1 Hazards, over 35,000 across the county, using data from the Local Authority Housing Statistics (LAHS).

8.1.2 Core Output 2: Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market

Between 2001 and 2012 the population in Worcestershire has increased by 26,799 (4.9%), compared to 6.9% regionally and 8.0% nationally. This growth across the area is driven by varying levels of population change across each of the individual local authorities, with Bromsgrove experiencing the highest growth proportionally (7.3%) and Wyre Forest the lowest (1.2%).

The biggest change can be seen in the 65-plus age group increasing by over 25,200 since 2001, representing an increase of 28% on 11 years ago and likely to have a significant effect on certain housing products. In comparison, the 0-19 population has declined by about 2,700 persons (2%) since 2001.

Migration into Worcestershire has clearly been an important driver in the changing population profiles of the area since 2001. In particular, all districts with the exception of Worcester and Redditch have seen an overall net inflow due to internal migration, particularly from the West Midlands conurbation. Redditch has experienced a negative net balance of migration since 2002, with a higher outflow than inflow to the district. There are a number of important drivers for this migration including student moves, moves due to housing affordability and economic linkages (i.e. decisions around commuting).

Local economies represent an important driver for both population and household growth. Due to the location of Worcestershire, close to the West Midlands conurbation, it has benefitted from economic growth of this primary urban centre.

The workforce across Worcestershire has also been consistently productive with high levels of economic activity compared to national averages and low levels of unemployment. Unemployment peaked in mid-2009, in line with national trends, but has since declined slightly with rates currently between 2% and 4% across local authorities.

Household income levels are directly related to employment opportunities and have an important relationship with the ability of households to exercise choice in the housing market and indeed the level of need for affordable housing products. In Worcestershire, incomes are generally relatively high but significant differences can be seen across small areas within individual local authorities. Data from CACI PayCheck shows approximately 35% of households have income levels below £20,000 per annum.

The paragraphs above have summarised population/household growth, employment and household income and how these form important drivers in understanding the operation of the housing market. Similarly, house prices, rental values and number of transactions also represent a direct indicator of the health of the market. Across Worcestershire the analysis has shown that house prices now are considerably higher than they were in 2000, and are starting to increase again after a two-year period of stagnation. The mean price for Worcestershire in 2011/12 was just under £205,000 and the median value £175,000. On a county-wide scale, Bromsgrove, Malvern Hills and Wychavon stand out as having higher than average house prices, with Redditch and Wyre Forest having lower than average prices.

The comparatively high average house prices continue to pose challenges in terms of affordability and the mobility of important parts of the housing market, in particular the ability for first time buyers to get onto the housing ladder. The benchmarking of access to different tenures has highlighted that a significant proportion of households are essentially unable to exercise genuine choice within the market as a result of their financial capacity. It can be seen that this is in part driven by a proportion of households having low incomes but also a tightening of mortgage lending regulations, the requirement for a larger deposit and increasingly households with higher incomes but low levels of savings or no equity in property. Government schemes to enable more movement within the market are starting to see some success, with the current level of lending to first time buyers now at its highest level since 2007.

The rental market plays an important part in both the open and affordable ends of the housing market in Worcestershire. In areas such as Worcester, the development of new apartment schemes and the expansion and growth of the University of Worcester have continued to grow the private rented sector.

The average rent paid by private tenants in England and Wales has reached record highs in 2012 as the private rented sector has continued to expand as demand has increased. The average cost of renting a property in Worcestershire is currently about £594 per month.

8.1.3 Core Output 3: Estimate of total future number of households, broken down by age and type where possible

The monitoring has employed the same robust assessment of future household change as used within the Assessment. The preferred core and sensitivity scenarios have been used again and the outputs suggest that the local authorities across Worcestershire should plan for a level of projected household growth over this time period between 37,500 and 47,300 dwellings.

The lower level of projected growth reflects recent short-term demographic and economic trends, whereas the upper limit takes into account the need for the area to attract in a greater proportion of working age households to service forecast employment changes. Although the economy is not projected to grow substantially across the area without further in-migration of households the projections show that the gradual ageing of the population will hollow out the available working age population even when factors such as the raising of pension ages are taken into account.

The projected changing profile of households by type is dominated by rises in one person and couple households, many of which are classified as older persons. All local authorities show absolute levels of family households decreasing over the next 25 years with other households remaining relatively flat.

8.1.4 Core Output 4: Estimate of current number of households in housing need

There have been no signs of affordability pressures declining in recent years and the analysis in Chapter 5 has identified that a number of factors including; the impact of the recession including wage freezes and job losses, tightening mortgage conditions including larger deposits, have created a significant pressure in terms of demand for non-market housing.

Chapter 7 provides an assessment of housing need using the methodology set out in the CLG guidance and following on from the Assessment. Stage 1 of the calculation of housing need shows approximately 4,400 households are identified as being in ‘significant need’, using waiting list data. This includes 250 households classified as homeless or in temporary accommodation, but excludes existing social tenants requesting a transfer from their current social dwelling because if they secure alternative accommodation they will release an existing social housing unit for re-let.

In absolute terms, Redditch and Worcester have the highest number of households classified as having a 'significant need', both over 1,000. Redditch, however, has the highest proportion in significant need (3.1% of total households). Across each of the other authorities approximately between 1% and 2% of total households are classified as in significant need.

The housing needs model identified 58% of newly forming households are unable to afford to purchase or rent in the open market. There are fairly large differentials between local authorities from 56% in Malvern Hills, Redditch and Wyre Forest to 65% in Wychavon, showing that there is a significant demand for affordable housing within the county.

With house prices and incomes across the county varying geographically, the ability to access housing also varies. A good indicator in measuring affordability within a specific area is the ratio of lower quartile house prices to lower quartile earnings. The affordability ratio is highest in Malvern Hills and Wychavon, the more rural areas of the county, where lower quartile house prices are high relative to the rest of Worcestershire. In these areas, lower quartile house prices are typically between eight and nine times greater than lower quartile incomes. Affordability ratios are lowest in Redditch and Wyre Forest. Affordability ratios decreased between the peak in 2007 and 2009 but over the past couple of years have begun to increase again.

8.1.5 Core Output 5: Estimate of future households that will require affordable housing

Stage 2 of the housing needs model estimates the number of households that will require affordable housing over the short-term (five years). The analysis presented in Chapter 7 identifies a total newly arising need (gross per year) of approximately 3,300 households across Worcestershire. This total includes two elements, the number of newly forming households classified as in need (based upon an affordability test) of 2,800 households, and the number of existing households falling into need on an annual basis, 500.

Looking beyond the short-term projection is very difficult as it is impossible to accurately predict how house prices and the financial markets used to fund purchases will change. Looking at it simply, demand outstripping new supply is going to continue to increase prices and therefore sustain demand for affordable housing. Therefore it remains important for housing policy to support the development of further affordable housing.

The estimate of short-term newly arising need does not take account of the supply of stock to absorb demand. Therefore taking into account the supply available on an annual basis, which includes social re-lets, surplus stock and new pipeline supply, the analysis shows that across Worcestershire there is a requirement to provide for a net annual affordable housing need of 1,863 dwellings per annum over the next five years, in order both to clear the existing backlog of households in need and meet future arising household need.

Breaking this figure down by local authority, Worcester City has the highest level of need for new affordable properties at 534, Malvern Hills has a much lower level of need at 138, a slight drop compared to last year.

The analysis in Chapter 7 shows that a large proportion of need can only be addressed through traditional social housing products, but there is an ever increasing number of households in need who could have their needs met through other affordable products. These products include various types of ‘intermediate’ housing and the new affordable rent product. There are variations at a local authority level but across the county the ratio split is approximately a 4:1 ratio for social rent to intermediate housing.

8.1.6 Core Output 6: Estimate of future households requiring market housing

The calculation of newly forming households requiring affordable housing (Step 2.2 in Table 49) indicates over half (58%) of newly forming households will require affordable housing. This suggests a sustained demand for market housing in the future, depending on a household's ability to access these tenures and meet their aspirations.

The household projections presented in Chapter 6 are translated into hypothetical dwelling requirements. Across Worcestershire this suggests a total dwelling requirement of between 29,900 and 40,100 dwellings between 2012 and 2030. A notable proportion of these dwellings will need to be affordable properties to address the levels of need summarised under Core Output 5, however, evidently the majority of demand will continue to be for new market housing.

As has been the case of recent years, it will remain important in the future that the levels of market and affordable housing delivered meet the levels of future household change, in order to ensure a balance between supply and demand.

The demographic trends in household formation, particularly a large proportion of one person households, are one factor that will have an impact on the types and sizes of properties required (other factors will include income and availability of loan capital). This coupled with the expectations and aspirations of households means getting the right mix of housing is of great importance. The 2011 Census data has allowed us to explore the latest changes of demographics very closely and compare to past trends.

A rising demand for smaller properties based on the projected increase in couple and single person households is very prominent, although as mentioned above, it is important to recognise that this does not necessarily reflect personal aspirations with households often aspiring to live in housing which is larger than is technically ‘needed’. Secondly, it is projected there will be increased demand for older family accommodation, which require larger housing. Worcestershire currently has strong supply in this area and typically properties of larger sizes have under-occupation issues due to mobility in the market. Despite this existing supply profile, new supply of this type and size of housing will be required over the plan period.

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

Analysis of waiting list data within Chapter 7 illustrates that a mixture of sizes of properties are required across each of the local authorities in Worcestershire.

This analysis shows that there is a high demand for 1 (58%) and 2 (28%) bedroom properties, based on the application of the bedroom standard. Redditch shows the highest demand for larger 3 and 4 bedroom properties at 21%. It should be noted that this looks at the entire waiting list, and not just those households considered having a 'significant need'.

8.2 Future Monitoring

To keep the findings of the Assessment document relevant and up-to-date, it will be necessary to continue monitoring changes in the housing market, economy and Government policy, as well as the underlying drivers considered in the Assessment. Changes to the assumptions will have an impact on the short and long-term projections of household demand and the requirements for different tenures and sizes of housing.

The figures presented within this monitoring report are based upon the most up-to-date data and information as of autumn 2013. Evidence of market deviation from the future trends and assumptions presented will need to be taken into account in the development of policy. This approach is part of the plan, monitor and manage monitoring required for the LDF evidence base.