

Affordable Housing Report

Examination of the Wyre Forest District Local Plan



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Land at Baldwin Road, Kidderminster

Barberry (Hurcott) Ltd

November 2020

Contents

Section 1	Introduction	1
Section 2	Housing Affordability in Wyre Forest	3
Section 3	Affordable Housing Needs	5
Section 4	Affordable Housing Delivery	8
Section 5	The Forward Supply of Affordable Housing	12

Appendices

Appendix 1 Update to section 4 of Barberry (Hurcott)
Ltd response to the Wyre Forest District
Council Local Plan Pre-Submission
Publication 2018

Introduction

Section 1

- 1.1 This Affordable Housing Report is prepared by **Tetlow King Planning** on behalf of **Barberry (Hurcott) Ltd** in association with **RCA Regeneration** who is promoting land at Baldwin Road, Kidderminster, for residential development through the emerging Wyre Forest District Local Plan (the “emerging Plan”).
- 1.2 This Affordable Housing Report is submitted in support of the Hearing Statements made by RCA Regeneration Ltd to the Examination in Public for the emerging Plan. It discusses the affordable housing issues raised through the Inspector’s Matters, Issues and Questions and should be read in conjunction with the overarching Hearing Statements prepared by RCA Regeneration.
- 1.3 Tetlow King Planning has previously provided a summary of affordable housing matters to the Regulation 19 pre-submission consultation on the emerging Plan. This formed part of Section 4 of the Regulation 19 representation which explored the effectiveness of the Plan. The Regulation 19 submission was made in December 2018 and was based upon data from 2016/17. More recent data are now available and a ‘refreshed’ version of section 4 can be found at **Appendix 1** to this Report. The appendix and this Report refers to the updated data and draws comparisons between the 2018 and 2020 positions.
- 1.4 This Affordable Housing Report is submitted to cover all relevant Matters, Issues and Questions and Barberry (Hurcott) Ltd intends to refer to it where appropriate across each of the relevant hearing sessions. The themes discussed cut across all relevant matters. However, the below sections are of particular relevance to certain matters:
- **Section 2**, which discusses the overall impact of poor housing affordability in the district upon the sustainability objectives of the Plan, is of relevance to Matter 1, Question 2;
 - **Sections 3 and 4**, which discuss affordable housing needs and delivery respectively, are of relevance to Matter 2, Question 1;

- **Section 5**, which discusses the forward supply of affordable housing, is of particular relevance to Matter 8, Question 1, but also provides important background for Matter 2, Question 1.

Housing Affordability in Wyre Forest

Section 2

- 2.1 RCA Regeneration’s response to Matter 1 discusses whether the Sustainability Appraisal is adequate and sets out an appropriate strategy for the Plan. In this context, it is important to consider matters of housing affordability.
- 2.2 The response to the Regulation 19 consultation in 2018 identified several long-term adverse trends in relation to housing affordability. These included:
- Rising affordability ratios;
 - High affordability ratios in comparison to other nearby authorities, principally those in the Birmingham conurbation;
 - A lengthy housing register compared with other nearby authorities.
 - Sharp increases in the rates of homelessness, well in excess of the national average.
- 2.3 Since the Regulation 19 consultation, many of these indicators have worsened and a revised discussion of these can be found at **Appendix 1**. Figure 2.1 below shows the change in the relevant indicators between 2016/17 and 2018/19.

Figure 2.1: Change in Housing Affordability Indicators since the Regulation 19 consultation

	2016/17	2018/19	Change
Housing register	3,378	3,564	+ 5.5%
Median affordability ratio	House prices at 7.7× earnings	House prices at 8.1× earnings	+ 5.2%
Lower quartile affordability ratio	House prices at 7.32× earnings	House prices at 7.14× earnings	- 2.5%
Mean average house price	£167,250.00	£185,000.00	+ 10.6%
Median private rents	£563.00	£599.00	+ 6.3%
Lower quartile private rents	£475.00	£500.00	+ 5.2%

Source: Appendix 1 – Update to section 4 of Barberry (Hurcott) Ltd response to the Wyre Forest District Local Plan Pre-Submission Publication 2018

- 2.4 In almost all cases, the indicators show a clear worsening of affordability. The only one which has not – lower quartile affordability – has been worsening steadily until 2017/18 reaching a peak of 7.98 times earnings, however the most recent data for 2018/19 shows a drop back to 7.14 times earnings. It is too soon however to know whether this shows a genuine reversal in the trend.
- 2.5 The number of households on the Housing Register has also increased over the two years, by 186 households. This is a clear indicator that the rate of affordable housing delivery achieved in Wyre Forest over the two years has not been enough to meet newly arising demand.
- 2.6 In light of these deteriorating figures, it is clear that the affordability crisis in Wyre Forest has not improved in the last two years and on several counts is getting worse. This reinforces the need for the emerging Plan and its strategy to properly respond to the affordable housing challenges in hand in Wyre Forest.

Affordable Housing Needs

Section 3

- 3.1 The 2018 Housing Needs Study (the “HNS”; **HOU01**) identifies an affordable housing need figure of **158 affordable dwellings per annum** over the first five years, as calculated at table 5.1 (page 52). This figure is intended to meet the needs of existing households in affordable housing need over a five year period, which stood at 909 households in 2018 once existing commitments have been accounted for.
- 3.2 There is also an element of newly arising need, although the HNS suggests that this will be met by the prevailing rate of re-lets. We consider this is an unduly optimistic approach.
- HNS table C1 (Technical Appendix C) reveals that the rate of relets used in the housing need calculation is based upon a three-year trend. It is not clear what the data source for the relets is, and we consider that a three-year trend taken from a figure that can vary significantly from year to year, is not an appropriate basis from which the rate of re-lets can reliably be inferred. Over such a short timeframe, the rate may be skewed significantly by one year’s data.
 - The anticipated rate of re-lets appears high in the context of the Local Authority. MHCLG Live Table 100 shows there are some 6,698 dwellings owned by either the Local Authority, registered providers, or other public bodies. A rate of relets of 572 affordable dwellings per annum equates to some 8.5% of the total affordable housing stock.
 - Of those relets, it is not clear how many are to those households already in affordable housing, and thus in practice not releasing any ‘new’ affordable homes as they are merely “swapping accommodation”.
- 3.3 The HNS as it stands does not provide a reliable basis for the calculation of affordable housing needs, particularly as the high rate of relets does not appear to be fully evidenced or justified. As such, the figure of 158 affordable dwellings in the first five years is not justified but would seem to be, if anything, an underestimate of need across the Plan period. It is also possible that, even if backlog needs were cleared in the first five years, the rate of re-lets will not be enough to cover newly-arising need.

That will mean there will be an ongoing need for affordable housing across the whole of the Plan period.

- 3.4 Notwithstanding our concerns over the figure of 158 dwellings per annum the emerging Plan takes a very pessimistic approach to affordable housing need. Rather than reflecting the full need for affordable housing, policy 8B 'Affordable Housing Provision' of the emerging Plan instead identifies a target of just 90 affordable dwellings per annum. That equates to some 32% of the Council's advanced housing requirement of 276 dwellings per annum. Put another way, if the Council was to deliver affordable housing at a rate of 25% as required under emerging policy 8B, the overall housing requirement would need to stand at 360 dwellings per annum.
- 3.5 It appears that the strategic target of 90 affordable dwellings per annum is not one driven by need, but one which is considered reasonably achievable on the basis of delivering 276 affordable dwellings per annum. Paragraph 8.11 states that "*The anticipated future supply of affordable homes over the next five years will be around 90 per year*" – this is a clear indication that the affordable housing delivery target is based on supply rather than need.
- 3.6 In light of the challenging affordability indicators we discuss at section 2 of this Report, which have worsened since the regulation 19 consultation, we would expect to see the Council consider a more ambitious housing requirement which deals with the identified affordable housing need to the fullest possible extent. The indicators discussed at section 2 point to serious affordability problems in Wyre Forest; past and future delivery as discussed at sections 4 and 5 also suggest affordable housing provision is not keeping pace with demand. In these circumstances, it is right for the Council to set 'stretching' targets to address the situation, seeking to meet affordable needs as fully as possible.
- 3.7 On the basis of the 25% affordable housing provision to be sought under emerging policy 8B, the total housing requirement will need to stand at 632 dwellings per annum if the affordable housing need is to be met in full. Whilst paragraph 8.11 of the Local Plan states of the 158 dpa affordable housing need that "*it could render the plan unviable to expect this level of affordable housing delivery and this level is unrealistic in light of delivery in recent years*", it has not been demonstrated that the Council has maximised the ability to deliver affordable housing. Whilst the emerging Plan strategy focuses on development of brownfield sites, these face challenges to viability and the overall delivery of affordable housing (as we discuss further at Section 5 of this Report). It is RCA Regeneration's case that the 25% blanket policy

requirement across all sites is unduly low. An alternative plan strategy that allows for some development on small- and medium-sized, unencumbered greenfield sites may achieve higher overall levels of affordable housing.

Affordable Housing Delivery

Section 4

4.1 The Housing Needs Study (**HOU01**) was published in 2018 and as such, there is only one year of affordable housing delivery that can be measured against its targets, namely 2018/19.

Figure 4.1: Affordable housing delivery performance 2018/19 against Housing Needs Study assessment

Monitoring Period	HNS Affordable Housing Need (Net)	Affordable Housing Completions (Gross)	Shortfall
2018/19	158	103	-55

Source: Housing Needs Survey 2018, MHCLG Live Table 1008c

4.2 Although this figure represents only one year worth of underperformance, a shortfall of 55 dwellings has nonetheless arisen and this underlines the need for the Plan to do all it can to meet affordable housing need. The 55 dwelling shortfall observed in 2018/19 will need to be recouped in the remaining years of the Plan period.

4.3 In order to understand the Council’s ability to deliver affordable homes, it is useful to consider affordable housing performance against the previous assessment of affordable housing need, contained within the Strategic Housing Market Assessment 2012 (the “SHMA”). The SHMA identified a need figure of 210 affordable dwellings per annum.

Figure 4.2: Affordable housing delivery performance 2011/12 to 2018/19 against Strategic Housing Market Assessment

Monitoring Period	SHMA Affordable Housing Need (Net)	Affordable Housing Completions (Gross)	Shortfall
2011/12	210	92	-118
2012/13	210	41	-169
2013/14	210	187	-23
2014/15	210	150	-60
2015/16	210	55	-155
2016/17	210	117	-93
2017/18	210	16	-194
2018/19	210	103	-107
Total	1,680	761	-919

Source: Strategic Housing Market Assessment 2012, MHCLG Live Table 1008c

- 4.4 This shows a sizeable shortfall of 919 dwellings has arisen against SHMA targets; in that period, the Council achieved delivery of only 45% of its identified affordable housing needs. The effects of this under delivery of affordable housing can be observed through the worsening affordability indicators that have persisted through the Plan period as discussed at Section 2 of this Report. The fact that the housing register has lengthened significantly since 2014/15 is the clearest signal that affordable housing needs are going unmet, since these are real households which have been accepted by the Council as being in housing need.

Accounting for the impact of Right to Buy

- 4.5 The HNS and SHMA both set 'net' requirements for affordable housing delivery. Affordable housing can be lost from the existing stock for several reasons, for example through demolition or damage such as fire. A significant source of dwelling losses arises from the Right to Buy which has been in effect since 1980. The Right to Acquire and Voluntary Right to Buy have been introduced more recently and apply to dwelling stock owned by registered providers.
- 4.6 Wyre Forest District Council transferred its housing stock to Community Housing Group ("CHG") in the year 2000 and therefore much of the affordable housing stock in the district is in the ownership of CHG.

- 4.7 Information provided by CHG indicates that during the six year period from 2014/15 to 2018/19 a total of 130 dwellings were sold under either the Right to Buy, the Voluntary Right to Buy or the Right to Acquire. This averages at a rate of 22 dwelling losses for the stock over a six year period although CHG advise that around 15 losses are observed in any typical year.
- 4.8 Information provided by Citizen Housing, which is also active in the area, shows they have recorded four right to buy losses since 2011.
- 4.9 Table 4.3 below shows the impact of these losses on the overall delivery of affordable housing. Against the need for 210 dwellings per annum contained in the SHMA 2011, the Council has performed even more poorly, with a shortfall of over 1,000 dwellings and achieving only 38% of the need figure. This is likely to be an understatement of the situation since the Right to Buy data only include six of the relevant monitoring years and from only two of the five main Registered Providers (“RPs”) operating in the District.

Table 4.3 Affordable housing delivery performance 2011/12 to 2018/19 taking into account Right to Buy losses

Monitoring Period	SHMA Affordable Housing Need (Net)	Affordable Housing Completions (Gross)	Right to Buy losses*	Affordable Housing Completions (Net of RtB losses)	Shortfall
2011/12 to 2018/19	1,680	761	-134	627	-1,053

* Covers 2014/15 to 2018/19

Source: Strategic Housing Market Assessment 2012, MHCLG Live Table 1008c; CHG Email

- 4.10 Looking ahead, even if one assumes the more conservative estimate of 15 dwelling losses through right to buy each year, this equates to almost 10% of the affordable housing need figure of 158 dwellings per annum. Over the 18-year plan period 2018 - 2036, this rate of losses would total around 270 affordable dwellings, or 1.7 years’ of affordable housing need. Again, this is data from just two of the five RPs.
- 4.11 There was an overall dwelling stock of 46,912 dwellings in 2018 (HNS paragraph 4,2), and the latest estimate of affordable stock is in MHCLG Live Table 100 shows there are some 6,698 dwellings owned by either the Local Authority, registered providers, or other public bodies. Whilst it is recognised that right to buy sales increase the supply of open-market homes, the positive impact from this is disproportionately smaller than the adverse impact to the affordable stock. An

additional 270 dwellings equates to just 0.7% of the remaining 40,214 dwellings in the private sector, or roughly 1 extra dwelling for every 140 existing, whereas the 270 dwelling losses equates to 4.0% of the affordable stock, or 1 dwelling lost from every 25 existing.

The Forward Supply for Affordable Housing

Section 5

- 5.1 Matter 8.1 of the Matters, Issues and Questions raises the question of whether an affordable housing trajectory should be included within the emerging Plan. This is a proposal that Tetlow King Planning wholeheartedly supports. In the context of paragraph 61 of the Framework which requires policies to reflect the needs for affordable housing, it is important that affordable housing delivery and forward supply can be monitored and where a shortfall is anticipated, corrective action taken.
- 5.2 The Housing Trajectory at Appendix F of the Housing Land Supply Report 2020 (**ED10A**) shows that between 2020/21 and 2024/25, a total of 2,931 dwellings are projected to be completed (not accounting for any lapse rate).

Table 5.1: Wyre Forest five year supply 2020/21 to 2024/25

	2020/21	2021/22	2022/23	2023/24	2024/25	Total five year supply
Projected completions	364	564	775	620	608	2,931

Source: Schedules at ED10A

- 5.3 Assuming 25% affordable housing delivery on all of these sites would achieve 732 affordable housing completions, falling short of the 790 affordable completions required if the figure of 158 affordable dwellings per annum is used. However, it is unrealistic to expect this proportion of affordable completions will in fact be achieved, for three main reasons:

- A substantial proportion of the emerging supply is on sites of fewer than 10 dwellings. Most of these would not provide affordable housing under policy 8B of the emerging Plan which establishes a minimum threshold of 10 dwellings, with sites smaller than this generally not being required to make affordable housing contributions.
- Similarly, the housing trajectory assumes a sizeable contribution from windfall sites. Many windfall sites are brownfield or smaller sites, and even though some may come forward as rural exception or 100% affordable, this is invariably led by

unplanned, site-specific opportunities and are not a reliable source of affordable housing supply.

- A further proportion of the emerging supply is on large, allocated sites which are not providing the full policy requirement for affordable housing.

5.4 As part of their response to the Matters, Issues and Questions, RCA Regeneration have reviewed the Council's forward supply of housing. We have undertaken the same exercise with respect to affordable housing supply, set out in table 5.2 below. For sites which are under construction, a proportion of the outstanding affordable delivery has been estimated for each site.

Table 5.2: Review of affordable housing forward supply set out in Housing Trajectory ED10A

PP reference	Site	Total dwellings	Affordable dwellings	Percentage affordable	Comments
APPENDIX B	Sites under construction				Affordable dwellings for Appendix B sites estimated as a proportion of the outstanding dwellings
17/0780/FULL	Blakebrook School site	8 outstanding	7 estimated	83%	Committee report states application was for 40 dwellings, 34 of which affordable (83%)
18/0446/FULL	Former British Sugar Site (Phase 2 Bovis)	4 outstanding	1 estimated	12%	Committee report states application was for 58 dwellings, 7 of which affordable (12%)
19/0727/FULL	Former sportsground Spennells Valley Rd	30 outstanding	30	100%	Appendix B states 100% affordable housing
18/0163/FULL	Stourbridge Road, Kidderminster	16 outstanding	5 estimated	30%	Committee report states application was for 91 dwellings, 27 of which affordable (30%)

PP reference	Site	Total dwellings	Affordable dwellings	Percentage affordable	Comments
18/0529/FULL	Sion Hill School, Kidderminster	45 outstanding	38 estimated	82%	Committee report states application was for 56 dwellings, 46 of which affordable (82%)
APPENDIX C	Sites not yet started				
19/0127/FULL	Former British Sugar site	65	65	100%	Scheme for 100% affordable units for over 55s
17/0617/OUTL	Chester Road South Service Station	10	0	0%	No affordable dwellings specified on application forms. No S106 or condition to secure affordable units
18/0285/OUTL	Churchfields Business Park	240	18	7.5%	Committee report states Financial contribution equivalent to 18 units secured through S106, provision justified through scheme viability
05/0481/FULL	r/o 3 & 4 Baldwin Road	36	0	0%	Permission appears to have lapsed
18/0160/FULL	Land north of Baldwin Road	18	5	28%	Committee report states 5 dwellings provided for in S106
19/0150/FULL	Land off Steatite Way	106	14	13%	Committee report states 14 units secured through S106, provision justified through scheme viability
17/0205/OUTL	Lea Castle Hospital	600	90 – 120 (assumes S106 uplift)	15 – 20%	Committee Report states that 15% affordable housing

PP reference	Site	Total dwellings	Affordable dwellings	Percentage affordable	Comments
					secured on viability grounds, with potential through S106 for uplift.
APPENDIX D	Sites with Resolution to Grant				
17/0001/OUTL	Alton Works	21	6	29%	Committee report stated 6 AH units to be provided however S106 understood still outstanding after 3 years
19/0366/FULL	Musketeer PH	13	0	0%	Appendix D states commuted sum provided
19/0521/FULL	Stourminster School	57	9	16%	Appendix D states 9 AH units to be provided
Total affordable housing supply			318		

Source: Schedules at ED10A

- 5.5 This table shows that of the major permissions which have either planning permission or a resolution to grant permission (i.e. the deliverable supply) only 318 gross affordable dwellings will be delivered within the first five years of the emerging Plan period. That equates to just 64 affordable dwellings per annum, very far short of the identified need figure of 158 affordable dwellings per annum as set out in the HNS, and still far short of the strategic target of 90 affordable dwellings per annum as set out in policy 8B of the emerging Plan. **It is therefore clear that the emerging Plan cannot deliver a five year supply of affordable housing at the point of adoption.** This also does not take account of Right to Buy losses as discussed at Section 4 of this Report.

- 5.6 Furthermore, this analysis assumes that the sites cited by the Council in its trajectory are deliverable. RCA Regeneration has expressed concern about the deliverability of five specific sites – Baldwin Road, Stourport¹; the Chester Road South Service Station; Alton Works, Rock; St Wulfstans Church Hall, Stourport; and Carpets of Worth, Stourport. Only the Baldwin Road, Stourport and Alton Works sites presently have permission for affordable dwellings. Should these sites not be deliverable in the five year period, then this excludes the possibility of achieving affordable housing delivery and further reduces the supply.
- 5.7 There are good reasons why many of these sites are delivering a relatively limited amount of affordable housing; some of these sites have associated abnormal costs or contribute to other planning objectives; this impacts on scheme viability. Where there are existing vacant buildings at the site, Vacant Building Credit is also applicable. However, it underlines the fact that the emerging Plan strategy does not maximise the opportunities to secure affordable housing. Table 5.2 above is a clear illustration that the Council is reliant upon a small number of 100% affordable, or affordable-led schemes to supplement the planned supply on other emerging sites. The emerging Plan strategy should not be reliant upon windfall sites to top up the affordable housing supply and should instead plan positively for allocated growth.
- 5.8 The brownfield-focused strategy means the bulk of new housing development is on sites where there may be abnormal costs that affect scheme viability. Taking the two largest permissions, it is notable that the Lea Castle Hospital site achieves only 15% affordable (with a potential uplift to 20% dependent on viability) and the Churchfields Business Park site achieves only 7.5% affordable. In numerical terms, the two sites should deliver 210 affordable dwellings at 25% provision – however, they will achieve *at best* 138 affordable dwellings giving rise to a numerical shortfall of 72 affordable homes from just two sites. It is therefore far from assured that the planned housing provision on brownfield sites will actually achieve the full 25% affordable housing as required under emerging policy 8B.
- 5.9 By contrast, there are opportunities to secure more affordable housing, for example additional allocations and the achievement of higher rates of affordable housing on viable development sites. These include greenfield sites without significant abnormal costs or infrastructure burdens, such as Baldwin Road, Kidderminster. This is a matter recognised in the Viability Assessment for the Local Plan (**IFT06**). Paragraph 10.23 of this document explores the viability implications of affordable housing

¹ Not to be confused with Baldwin Road, Kidderminster, as promoted by Barberry (Hurcott) Ltd

explains that the development typologies that have been appraised suggest that 30% affordable housing can be secured on greenfield sites. Paragraph 10.25 of the viability report also identifies that the large strategic greenfield sites may not be able to deliver 30% affordable housing. Paragraph 12.36-12.38 go on to explain that in the context of setting policy requirements, whilst 30% is achievable on greenfield sites, it is more challenging to expect this level of delivery from brownfield sites or large-scale strategic greenfield sites. This is a further concern which casts serious doubt on the emerging Plan's ability to deliver a sufficient quantum of affordable housing if a blanket approach to applying 25% from brownfield and greenfield is pursued.

- 5.10 In the context of the poor housing affordability indicators discussed at section 2 such as the worsening affordability ratios and the lengthening housing register; and the real-life impact of the affordable housing shortage in Wyre Forest, we consider there is a strong case for including an affordable housing trajectory in the emerging Plan and moreover, for considering the overall plan strategy and housing requirement.
- 5.11 Given the shortfall of affordable housing secured on main sites such as Lea Castle Hospital and Churchfields Business Park, we therefore recommend that additional greenfield sites are allocated to bolster the affordable housing supply. This will ensure that the Council has a far better chance of meeting its affordable housing need, overcoming any shortfalls which arise on brownfield sites².
- 5.12 In addition, consideration should be given to amending policy 8B to secure 30% affordable housing on small- and medium-sized greenfield sites³, as indicated in the Viability Assessment (**IFT06**) to maximise the ability of the Plan to secure affordable housing to meet the identified needs. Both of these changes are necessary to ensure the Plan is positively prepared, and effective. Barberry (Hurcott) Ltd's promotion site at land at Baldwin Road, Kidderminster, is a site that can achieve delivery of around 300 dwellings, including 30% affordable housing (around 90 much needed homes).

² Such as reductions through Vacant Building Credit or the impact of site abnormal sites

³ Up to 300 dwellings

Appendix 1

Update to section 4 of Barberry (Hurcott) Ltd response to the
Wyre Forest District Council Local Plan Pre-Submission
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The Affordability Crisis

- 4.1 Providing a significant boost in the delivery of housing and in particular affordable housing is a key priority for the Government as set out in the revised National Planning Policy Framework, the Planning Practice Guidance, the National Housing Strategy and the Government's Housing White Paper's.
- 4.2 Having a thriving active housing market that offers choice, flexibility and affordable housing is critical to our economic and social well-being. It is therefore imperative that all local planning authorities are aspirational and plan for optimum housing growth to address the affordability crisis.
- 4.3 Market signals provide evidence of the relative unaffordability of the local housing market through analysis of house prices and affordability ratios, residential rent levels and the rate of delivery of new homes.

House Prices and Affordability Ratios

- 4.4 The National Housing Federation (NHF) produce an annual report for each of the regions in England, looking at various elements of the housing market across each area.
- 4.5 The Home Truths Report 2019/20¹ for the West Midlands highlights the growing housing crisis across the District, reporting that the ratio of average house prices to average incomes in Wyre Forest now stands at 8.1. This means that average house prices in Wyre Forest are 8.1 times average incomes.
- 4.6 A figure of 8 times average income was described as problematic by the former Prime Minister in the foreword to the White Paper entitled – Fixing our broken housing market.
- 4.7 The NHF also reported that in 2018/19 an income of £48,507 per annum would be required in order to obtain an 80% mortgage² in Wyre Forest. This represents a 9% increase since the 2017/18 report which covers the year 2016/17 where the figure stood at £44,371.
- 4.8 By comparison, the mean annual earnings in the District for 2018/19 were £26,187³, a 7% increase from 2016/17 where the figure stood at £24,575. In terms of house prices

¹ Covering the year 2018/19

² Based on 3.5 x income multiples

³ Based on Valuation Office Agency data

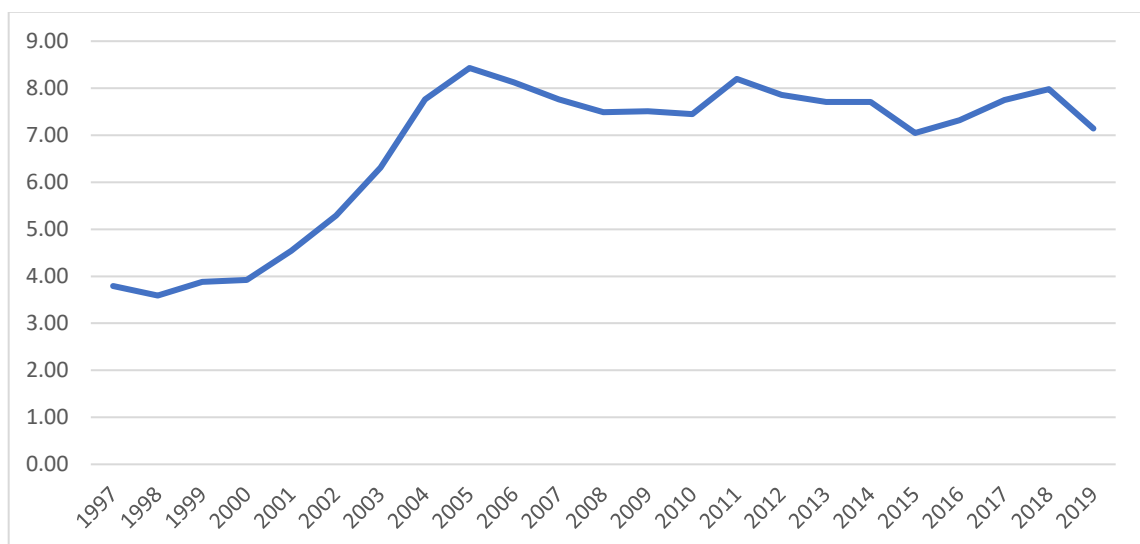
Update to Section 4 of Barberry (Hurcott) Ltd response to the Wyre Forest District Local Plan Pre-Submission Publication 2018

themselves, the NHF reported that the average house price within Wyre Forest District in 2018/19 was £212,217, a 9% (£194,125) increase since 2016/17.

4.9 Analysis of the ratio of lower quartile incomes to lower quartile house prices illustrates how unaffordable entry level housing is to first time buyers. Since the turn of the Century, it has become harder for households in the District to enter the housing market as first-time buyers.

4.10 In Wyre Forest, the lower quartile ratio has risen from 3.79 in 1999 to 7.14 in 2019. This shows that for those who earn lower wages in the area, it still costs almost eight times their annual salary to buy a lower priced property making entry to the housing market almost impossible for first time buyers. This is further illustrated below in Figure 4.1.

Figure 4.1: Ratio of Lower Quartile Incomes to Lower Quartile House Prices in the Wyre Forest



Source: ONS: Ratio of house price to workplace-based earnings (lower quartile and median), 1997 to 2017

4.11 Examining the Council's own evidence base, the Wyre Forest Housing Needs Survey 2018 (HNS) compares the affordability of median house prices with 11 neighbouring authorities based on the Land Registry Price Paid and ONS Annual Survey of Hours and earnings data. Table 3.3 of the HNS is replicated at Figure 4.2 below.

Figure 4.2: Relative Affordability of Median Prices by Local Authority Area

Area	Workplace-based			Resident-based		
	2015	2016	2017	2015	2016	2017
Malvern Hills	9.68	10.37	10.63	8.63	9.02	7.73
Bromsgrove	10.33	10.39	10.24	7.60	8.07	8.00
Wychavon	8.84	9.35	9.36	8.25	8.74	8.88
Shropshire	7.62	7.81	8.39	7.14	7.12	7.61
England	7.52	7.72	7.91	7.53	7.72	7.91
Wyre Forest	7.08	7.35	7.79	6.12	6.41	6.78
South Staffordshire	7.41	7.74	7.72	6.63	6.82	7.00
Redditch	7.32	7.15	7.52	8.02	7.66	7.48
Worcester City	7.00	6.94	6.61	6.57	6.88	6.45
West Midlands	6.27	6.38	6.60	6.29	6.40	6.59
Dudley	5.96	5.95	6.09	5.66	5.59	5.69
Birmingham	5.07	5.33	5.59	5.67	5.77	6.03

Source: Wyre Forest Housing Needs Survey 2018

4.12 Figure 4.2 reinforces TKP’s analysis that affordability ratios within the District are at 7 times average incomes. Whilst Wyre Forest may appear relatively affordable compared to neighbouring Authorities, homeownership is still out of reach for many households and this situation is will deteriorate further if there is not a stepped change in the housing supply in Wyre Forest.

Residential Rent Levels

4.13 A greater understanding of the affordability of an area can also be garnered through an analysis of the lower quartile monthly rents in an area. The average lower quartile monthly rent in Wyre Forest District in 2018/19 was £500⁴ pcm.

4.14 Figure 4.3 illustrates that since 2013/14⁵, the rate of increase of lower quartile private market rents in Wyre Forest District has kept pace with regional rate of increase over the same period.

⁴ Valuation Office Private Rental Market Statistics

⁵ When records began

Figure 4.3: Lower Quartile Private Rental Market Prices (2013/14 to 2018/19)

Location	2013/14	2018/19	%age change
Wyre Forest District	£450	£500	+11%
West Midlands	£450	£500	+11%

Source: Valuation Office Agency Private Rental Market Statistics (2013/14 and 2018/19)

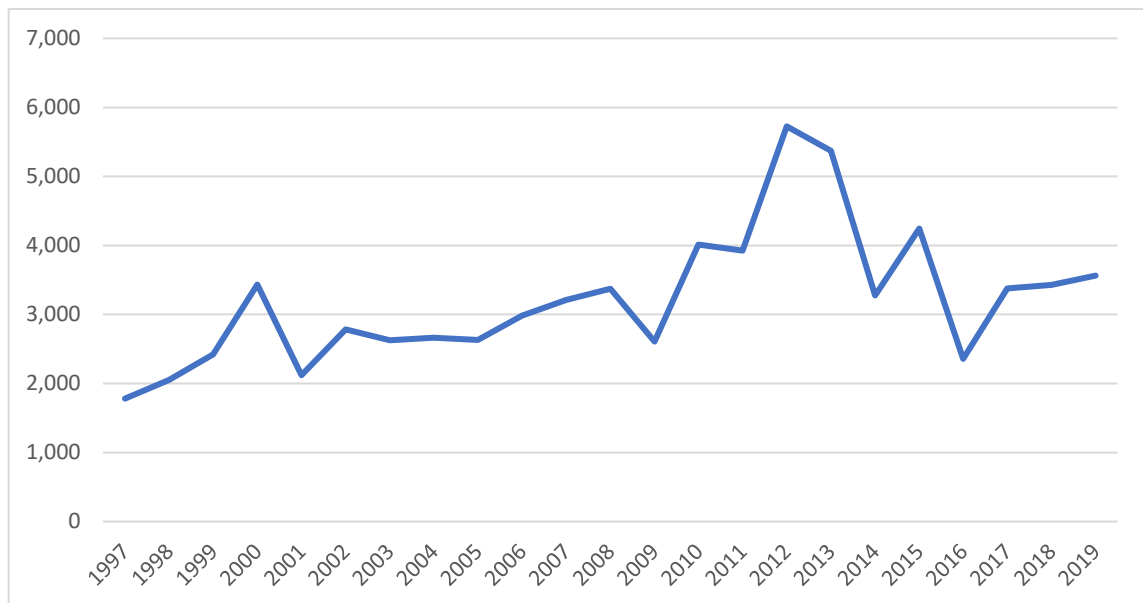
- 4.15 The persistent increases in rental levels across the District and region makes entry to the housing market more difficult by further inhibiting a household’s ability to save for a deposit whilst renting. This is only likely to be exacerbated by the COVID-19 crisis currently facing the nation which disproportionately effects those on lower incomes as highlighted by research from the Institute for Fiscal Studies (IFS).
- 4.16 Using data from a budgeting app to estimate the impact of the crisis on incomes and spending the IFS found that households in the poorest fifth found their earnings reduced the most, with a fall in their median household earnings of approximately 15%. It is therefore clear that the combination of falling incomes and rising rents will only further aggravate the affordability crisis facing the District, pushing homeownership even further out of reach.

Housing Register

- 4.17 The number of households registered on the housing register is a key of indicator of both acute housing need and the unaffordability of the local housing market. As at 1st April 2019, there were 3,564⁶ households on the Council’s Housing Register Waiting List. This represents a 6% increase from 1st April 2017 where the figure stood at 3,378 households.
- 4.18 The number of households on the housing register in Wyre Forest has been consistently high and since 1998 not once has the register fallen below 2,000 households. As demonstrated by Figure 4.4 in 2000 there were 3,434 households on the register, and this peaked at 5,726 in 2012.

⁶ MHCLG Live Table 600

Figure 4.4: Wyre Forest Housing Register



Source: MHCLG Live Table 600

- 4.19 Figure 4.4 further illustrates the levels of households on the housing register over the last two decades. The comparative dip in households on the housing register post 2012 can be attributed to the Localism Act 2011 allowing housing authorities to set their own housing register criteria. Nevertheless, despite the opportunity for local authorities to further repress the number of the households on the register through the application of a stricter eligibility criteria, the numbers of households on the housing register remains high.
- 4.20 It is noted that the number of households on the housing register in Wyre Forest is significantly higher than neighbouring Worcestershire authorities. Based on April 2019 statistics it is 261% greater than Malvern Hills (1,531) and 2745 greater than Redditch (1,585). This represents more than a 10% increase from April 2017 where both registers (1,352 and 1,372 respectively) were around 250% lower than the register figure recorded for Wyre Forest (3,378).
- 4.21 Both Malvern Hills and Redditch have higher properties values than Wyre Forest. The Home Truth's report indicates that mean average house prices in Malvern Hills and Redditch in 2018/19 was £312,285 and £226,031 respectively.
- 4.22 Given the higher house prices in these areas you would expect the numbers on the housing register to be higher due to higher affordability ratios. Therefore, the high levels of households on housing register in Wyre Forest would appear to indicate that the

Update to Section 4 of Barberry (Hurcott) Ltd response to the Wyre Forest District Local Plan Pre-Submission Publication 2018

supply of housing has been historically repressed in the District, lead to a severe lack of affordable housing supply and ever increasing unmet affordable housing need.

4.23 Furthermore, it is noted that Wyre Forest has a joint allocation policy with Bromsgrove, Malvern Hills, Stratford-on-Avon, Worcester and Wychavon Councils and therefore the difference between the number of households on the housing register in Wyre Forest compared to the other authorities is even more marked.

Affordable Housing Needs

4.24 As the PPG states all households whose needs are not met by the market can be considered in affordable housing need. The 2018 Housing Needs Study (HNS) provides the Council's evidence base on Affordable Housing Needs and estimates that there is a net annual need for 158 dwellings. Figure 4.5 below replicates Table 5.1 from the 2018 HNS.

Figure 4.5: Affordable Needs Assessment Summary for Wyre Forest

Stage 1: CURRENT NEED		
1.1	TOTAL in need and cannot afford open market (buying or renting)	2,727
1.2	of which: can afford private renting, cannot afford to buy but wants to	1,808
Stage 2: FUTURE NEED		
2.1	New household formation (gross per year)	707
2.2	Number of new households requiring affordable housing	77.60%
2.3		549
2.4	Existing households falling in to need	Inc.in Stage 1
2.5	Total newly arising housing need (gross each year)	549
Stage 3: AFFORDABLE HOUSING SUPPLY		
3.1	Affordable dwellings occupied by households in need	789
3.2	Surplus stock	0
3.3	Committed supply of new affordable units	1,020
3.4	Units to be taken out of management	0
3.5	Total affordable housing stock available	1,818
3.6	Annual supply of social re-lets (net)	560
3.7	Annual supply of intermediate affordable housing available for re-let or resale at submarket levels	12
3.8	Annual supply of affordable housing	572
Stage 4: ESTMATE OF ANNUAL HOUSING NEED		
4.1	Total backlog need	909

Update to Section 4 of Barberrry (Hurcott) Ltd response to the Wyre Forest District Local Plan Pre-Submission Publication 2018

4.2	Quota to reduce over plan period	20%
4.3	Annual backlog reduction	182
4.4	Newly arising need	549
4.5	Total annual affordable need	730
4.6	Annual affordable capacity	572
5.1	Net annual imbalance	158

Source: Wyre Forest Housing Needs Survey 2018

- 4.25 It is noted that Wyre Forest has a high level of newly arising housing need of 549 units per annum and is reliant on a high level of re-lets to address these needs. Levels of re-lets can vary considerably and cannot be relied upon as constant source. The backlog of housing need is particularly acute, stated as being 909 per annum which is a result of historic under-delivery of affordable housing.
- 4.26 The HNS indicates that the annual supply of social re-lets is based on a three-year average between 2014/15 and 2016/17. By contrast intermediate re-lets are based on a two-year average between 2015/16 and 2016/17. The HNS gives no justification for the time periods used nor an explanation as to why different periods have been used in the calculation. It is possible that different periods have been used to artificially reduce the need figure presented.
- 4.27 Additionally, paragraph C.27 of the HNS states that the annual supply of intermediate re-lets/sales has been calculated using the number of intermediate units **built** from MHCLG affordable housing supply data. This therefore does not represent re-lets but rather completions which should have already been accounted for within the calculation of need. It is therefore probable that an element of double counting has occurred within this calculation.
- 4.28 Despite the Council's own evidence base indicating a substantial need for affordable housing, Policy 8B Affordable Housing Provision only proposes a minimum annual average of 90 affordable dwellings per annum which is 43% lower than the 158 net annual need identified by the 2018 HNS. Over the plan period this would equate to a **1,360 shortfall in affordable housing provision therefore further worsening the housing crisis.**
- 4.29 The Council's justification for lowering the affordable housing target to only 90 dwellings per annum is because 'it could render the plan unviable to expect this level of affordable housing delivery and this level is unrealistic in light of delivery in recent years'. They also

state that 158 dwelling would be unrealistic based on delivery in recent years being an average of 96 affordable dwellings per annum.

- 4.30 This approach cannot be justified and blatantly ignores the affordability crisis facing the District, region and country. Such an approach will only exacerbate the situation across the District further. The Inspector presiding over the appeal at Oxford Brookes University, Wheatley, Oxford which was allowed in April 2020 was clear that:

“It is sometimes easy to reduce arguments of housing need to a mathematical exercise, but each one of those households represents a real person or family in urgent need who have been let down by a persistent failure to deliver enough affordable houses” (emphasis added).

- 4.31 Clearly, there needs to be a stepped change in housing delivery, more sites need to be allocated which can provide a range of housing types and tenures suited to all the community. The Council needs to embrace the principles of the NPPF and make a meaningful effort to boost the supply of homes, especially affordable across the District.
- 4.32 Furthermore, the Council is only seeking 25% provision on site of 25 units or more which is an exceptionally low requirement given the affordability ratios and persistent high numbers of households on the housing register. In such circumstances most local authorities would seek in the region of up 40% affordable housing subject to viability considerations.
- 4.33 The above evidence makes it abundantly clear that the Council does not have an aspirational approach to the emerging local plan. This is due to the fact that they are deliberately choosing not to significantly boost the supply of affordable housing which is contrary to the NPPF and PPG. The emerging plan therefore fails the tests of soundness by not having an effective strategy.

Affordable Housing Delivery

- 4.34 Figure 4.6 illustrates the delivery of affordable housing across Wyre Forest District over the 18-year period between 2001/02 and 2018/19.

Figure 4.6 Housing completions in Wyre Forest

Monitoring Period	Overall Housing Completions (Net)	Affordable Housing Completions (Gross)	Affordable Housing as a %age of Overall Housing
2001/02	402	67	17%
2002/03	359	48	13%
2003/04	290	10	3%
2004/05	594	59	10%
2005/06	463	103	22%
2006/07	385	11	3%
2007/08	280	83	30%
2008/09	328	78	24%
2009/10	286	40	14%
2010/11	238	66	28%
2011/12	195	92	47%
2012/13	222	41	18%
2013/14	379	187	49%
2014/15	458	150	33%
2015/16	226	55	24%
2016/17	255	117	46%
2017/18	141	16	11%
2018/19	183	103	56%
Total	5,684	1,326	23%

Source: Live Table 122 and 1008c

- 4.35 As highlighted in the 2018 HNS affordable housing delivery across the District has been woefully inadequate resulting in an acknowledged backlog of need of 909 dwellings. Analysis of the affordable housing completions since 2001 presented in indicates that the supply of affordable housing has fluctuated considerably from as low as 11 units in 2006/07 peaking at 187 in 2013/14. Over the 18-year period the mean average is just 74 dwellings per annum.
- 4.36 It is important to note that the affordable housing completions are gross rather than net and do not take account of any potential losses in stock such as right to buy sales and demolitions. As Wyre Forest transferred their stock to Wyre Forest Community Housing in 2000, there are no figures available on the right to be losses which could be significant.
- 4.37 However, we are aware that when Wyre Forest Community Housing were formed 9,000 properties were transferred and by 2004 3,000 properties had already been sold through

the right to buy scheme. Therefore, the stock was reduced by a third. There is potential for this to have decreased much further in the intervening 14 years.

- 4.38 Wyre Forest Core Strategy plans for 4,000 net additional dwellings between 2006 and 2026⁷ i.e. 200 per annum. Whilst the Council has surpassed the housing requirement for all years, except 2011/12, the proportion of affordable housing being delivered has been exceptionally poor.
- 4.39 As an average affordable housing comprised 22.5% of completions between 2001/02 and 2016/17 but it was as low as 2.9% in 2006/07 so the average is skewed by the odd exceptional year where delivery was uncommonly highly such as 2013/14.
- 4.40 The Core Strategy policy CPO4 sets an exceptionally low target of 60 units of Affordable Housing per annum. Whilst this target has been achieved on some years it is clear that the level of delivery has not been sufficient to tackle the affordability crisis which is being exacerbated by ever increasing house prices.
- 4.41 Consequently, the 2018 HNS acknowledges that the level of affordable housing/affordable housing target needs to be 158 dwellings per annum. Nevertheless, the Council is ignoring its own evidence base and opting to only to achieve a target of 90 dwellings per annum.

Summary

- 4.42 Wyre Forest is a District with an acute affordable housing need. The Borough has historically set its affordable housing targets too low in order to give the impression that they have been achieving their targets. However, the reality is that the Council has been ignoring their affordable housing needs causing the situation to exacerbate further.
- 4.43 The high levels of homelessness and households on the housing register are key indicators that the housing market is dysfunctional, especially when compared to neighbouring authorities.

Critically the Council is ignoring its own evidence base that recommends 158 affordable housing completions per annum. **This policy approach is contrary to NPPF as the plan is not positively prepared or effective and therefore fails the tests of soundness.**

⁷ Wyre Forest Parish forum 1 April 2004
http://www.wyreforest.gov.uk/council/docs/doc31730_20040401_prsh_01_04_04_minute.pdf