

Worcestershire Strategic Housing Market Assessment Monitoring 2011/12

**Produced on behalf of the
Worcestershire District Councils**

June 2013

For more information contact:

Andrew Rudd
Research and Intelligence Unit
Worcestershire County Council

Email: arudd@worcestershire.gov.uk
Tel: 01905 766713

Emily Morrall
Research and Intelligence Unit
Worcestershire County Council

Email: emorrall@worcestershire.gov.uk
Tel: 01905 728760

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Executive Summary

This monitoring report provides an update to the Worcestershire Strategic Housing Market Assessment 2010/11 published by GVA in February 2012. Where possible the data and analysis have been presented in the same context and format of the Assessment. This report presents findings for the six individual local authorities as well as the county overall.

Understanding the Stock Profile

The existing housing stock is key to how a housing market will operate and all the information from the Assessment has been updated using data from the 2011 Census, allowing comparisons over the past decade. New development on an annual basis only represents a small proportion of the overall stock, even when projecting over the long-term of up to 25 years. Understanding the breakdown of this stock by type and tenure as well as its quality and occupancy all represent important considerations for any analysis of the future requirements of an area.

Vacancy rates have remained relatively unchanged at 2.8%, equivalent to just under 7,000 dwellings across the county. The housing stock profile has changed significantly over the past ten years with an increase in smaller properties such as terraced houses and flats, particularly in high density urban developments.

Overcrowding has increased in all local authorities over the last ten years from 4.1% in 2001 to 4.8% in 2011 across Worcestershire. Levels of under-occupation have generally fallen slightly with the exception of Bromsgrove, which has seen a small proportional rise. Overcrowding presents a challenge to households and clearly it is an indication of a mismatch between supply and demand. When examining the waiting list data for all local authorities, 5.3% of households are classified as overcrowded.

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. Affordable housing stock has increased from 33,978 to 35,526 over the past decade, but at a slower rate than relative to the increase in private housing stock fuelled by the growth in private rented accommodation.

Local authorities in Worcestershire have all witnessed new housing development over recent years. Between 2001 and 2012 a total of approximately 19,072 new units have been delivered (gross), or 1,734 per annum. The pace of development has varied considerably over this time with a sharp decline since 2007/08, but in 2011/12 an upward trend has emerged with the first increase in gross completions for five years. Bromsgrove and Wychavon have had the greatest proportion of new development since 2001, whereas Malvern Hills and Redditch have experienced the least amount.

Affordable housing completions have also varied over recent years but opportunities to convert market housing into affordable units mean that the change hasn't been as dramatic. Redditch and Worcester have had the highest proportion of affordable housing completions over the past 11 years, 24.5% and 26.8% respectively. Across the county, 22.0% of gross housing completions have been affordable, either social rented or intermediate.

The Key Drivers underpinning Change in the Housing Market

The 2011 Census has provided us with the most recent and accurate count of the resident population of Worcestershire. Using the latest mid-2011 population estimates based on the 2011 Census, it shows that the county has a total population of 566,577 people, an increase of 24,324 or 4.5% since 2001. This compares to increases of 6.2% regionally and 7.8% nationally.

The 65-plus age group has increased by 20,000 in the same time frame, representing an increase of 22% and the majority of the population growth seen. This is more than twice the national average of 11%. The fastest-growing age group is the 85-plus population, which has increased by over a third (37%) since 2001. Comparatively, the 0-19 population has declined by about 2,500 persons (2%).

When examining Worcestershire's population change using the individual components of change, it shows that net internal UK migration is the major contributing factor followed by natural change (births minus deaths). The disaggregation of the components of change for the districts within Worcestershire is important as there are considerable differences in each local authority.

The relative economic performance of an area and the number of jobs available are major factors which influence the operation of the housing market and a driver for population and household growth. 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.

Pre-recession, the unemployment rate across Worcestershire was stable at around 2%, with individual districts varying between 1% and 4%. Since 2008, unemployment has increased reached a peak in August 2009 of 4.6% in the county and has subsequently remained relatively high compared to pre-2008 levels.

Across Worcestershire average incomes are relatively high, compared to both regional and national comparators. These trends however, can mask the fact that there are a significant number of households with considerably lower incomes whose ability to exercise choice in the housing market is considerably more limited. There is a positive skew of household incomes towards the lower income end of the spectrum; 34.9% having household income levels below £20,000 per annum, located largely in the urban areas of Redditch, Worcester and Kidderminster.

While household growth, employment status and the income of households form important drivers in understanding the operation of the housing market, house price transactions and rental activity represent a direct indicator of the health of the market. Across Worcestershire the analysis has shown that house prices now are considerably higher than they were in 2000. In terms of trends the market peaked across Worcestershire, as with the rest of the UK in mid-2007, at which point the average property price was around £190,000.

A period of marked decline resulted in prices dropping to around £157,000 in early 2009 prior to rising to the current average of approximately £164,000. Bromsgrove, Malvern Hills and Wychavon stand out as having higher average house prices with Redditch, Worcester and Wyre Forest recording notably lower than average prices.

The comparatively high average house prices continue to pose challenges in terms of affordability and the mobility of important parts of the housing market. Affordability ratios (lower quartile house prices against lower quartile incomes) are over 6.5 for all local authorities. Therefore this demonstrates a significant proportion of households are essentially unable to exercise genuine choice within the market as a result of their financial capacity. Low incomes coupled with the tightening mortgage lending regulations and low levels of savings or equity are common hurdles potential buyers currently have.

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. But as the sector has expanded, so have rental values, with average rent paid by private tenants reaching record highs in 2012 due to demand. The average cost of renting a property in Worcestershire is currently about £580 per month.

Estimating Future Demand for New Housing

The monitoring has used the same methodology as the Assessment when estimating future housing growth. This assists in providing an indication for the levels of housing for which authorities should plan for, set within the context of the current housing market and potential future supply. The household scenarios developed for the Assessment by GVA remain unchanged as new household and population projections are yet to be released and therefore the core scenarios will need to be updated in the next monitoring report.

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. Core Scenario 3 and Sensitivity Scenario 2 project household change to be between 37,500 and 47,300 for the period 2006-2030.

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.

The household projections are translated into hypothetical dwelling requirements. Across Worcestershire this suggests a total dwelling requirement of between 29,000 and 40,100 dwellings between 2012 and 2030. It will be important in the future that the levels of housing delivered, both market and affordable housing, meet levels of future household change in order to ensure a balance between supply and demand

There continues to be a rising demand for smaller properties based on the projected increase in couple and single person households, many of which are older persons

Understanding the Requirements in the Future for Affordable Housing

A number of factors such as tightening mortgage lending criteria, wage freezes, job losses and reductions in household size, have created significant pressure in terms of demand for affordable housing. The analysis around affordability benchmarking clearly illustrates this issue when comparing household income levels against the price of entry into different tenures.

The monitoring has re-run the calculation of housing need used in the Assessment and following the methodology set out in the DCLG SHMA guidance. The calculation of housing needs indicates that the authorities of Worcestershire will be required to provide for a net annual affordable housing need of approximately 1,495 dwellings per annum over the next five years, in order both to clear the existing backlog of households in need and meet future arising household need.

This requirement for affordable housing varies across the individual authorities. In absolute terms Worcester and Wyre Forest have the highest levels of need for new affordable properties, 415 and 304 per annum respectively. Malvern Hills and Wychavon have a lower level of need at 145 and 167 dwellings per annum respectively. But these figures are still high compared to historical rates of provision of approximately 60 per annum.

Acute affordability is visible across all areas of the county but in absolute terms, Redditch and Worcester have the highest numbers of households classified as having a 'significant need'. Compared to the total number of households this equates to about 3% of households in either district.

Addressing this need for affordable housing requires an understanding of the sizes of properties required. Analysis of waiting list data illustrates that a mixture of sizes of properties are needed but in particular, high demand for 1 and 2 bedroom properties, based on the application of the bedroom standard, representing 86% of the total demand. Bromsgrove and Redditch show the highest demand for larger 3 and 4 bedroom properties, 17% and 19% respectively.

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 recently produced Strategic Housing Market Assessment (SHMA), which was published in February 2012.

1.1 Purpose of the Monitoring

The Worcestershire Strategic Housing Market Assessment Monitoring 2011/12 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 an update to the following where possible:

- All data tables and charts with most recently available data
- Include all relevant available Census 2011 data
- 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, affordability and delivery 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 2007¹. 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.

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

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.

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, 2012

The economy in the UK has 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 robust 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.

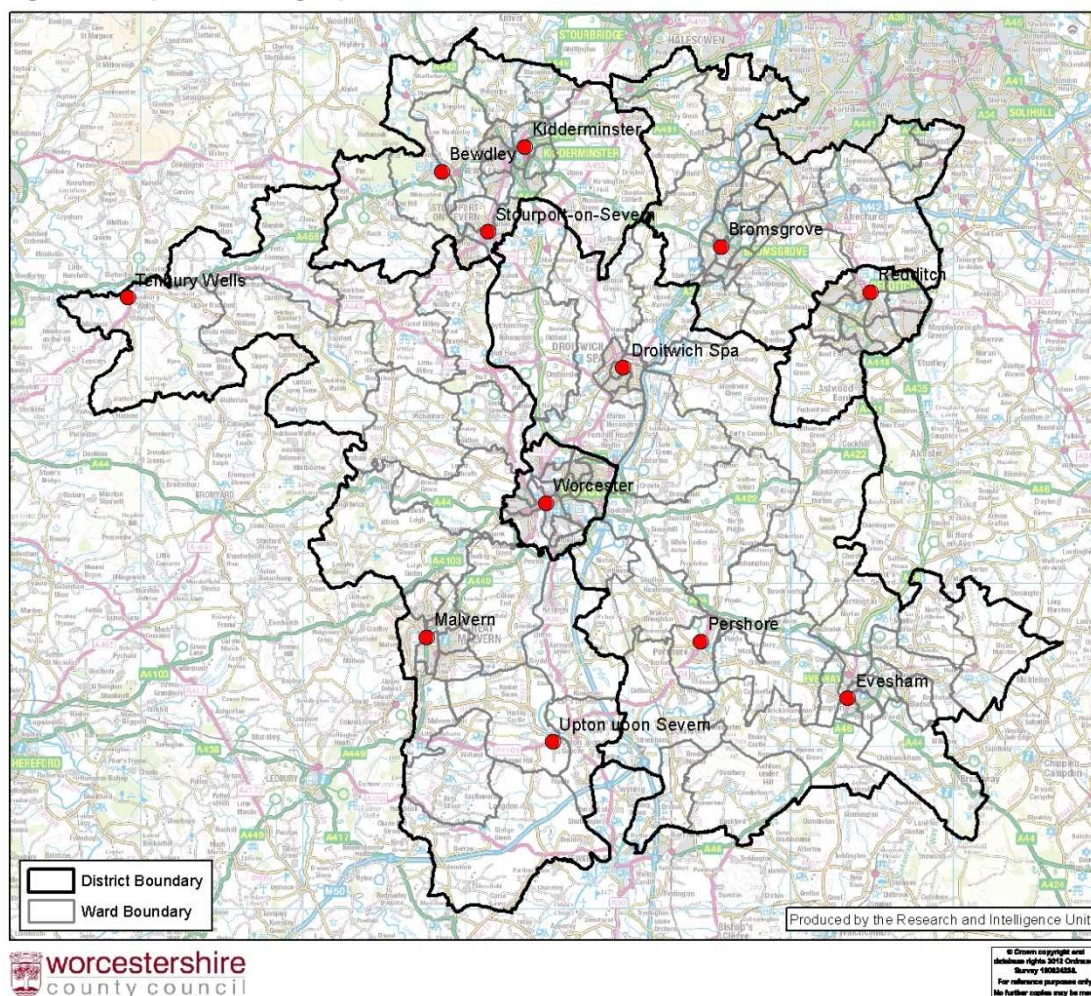
1.3 The Spatial Housing Geographies of the Research

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, 2012

1.4 Report Structure

This first 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 2010/11 Assessment 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 was given Royal Assent on the 15th November 2011, which 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 neighbourhood planning and housing.

The New Homes Bonus

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.

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.

The New Homes Bonus allocations for 2012-13 (totalling £431 million) were announced by the Housing and Local Government Minister, Grant Shapps MP on 1st February 2012. A further announcement was made by Mark Prisk MP on 10th December 2012 (totalling £661m), which is detailed in the table below.²

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

District	Year 1 Allocations	Year 2 Allocations	Provisional 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	£71,243	£379,728
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	£447,686	£1,296,057
Total for County	£2,156,271	£2,085,586	£2,238,429	£6,480,286

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.

Affordable Rent

The NPPF included a new definition of affordable rented housing:

"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% of the local market rent (including service charges, where applicable)." (NPPF, Annex 2: Glossary, March 2012)

The Affordable Homes Programme 2011-15 (AHP) aims to increase the supply of new affordable homes in England with investment of £4.5bn in affordable housing through the Affordable Homes Programme and existing commitments from the previous National Affordable Housing Programme. The majority of this new programme is made available as Affordable Rent with some for affordable home ownership, supported housing and in some circumstances, social rent.

Empty Homes

In May 2012, a further £145 million was announced to help communities tackle empty homes. Following bidding processes, 20 successful councils will each receive a slice of £60 million to tackle clusters of empty homes, and voluntary and community groups across the country will receive over £25 million to tackle individual empty properties in their area. On 26th November 2012 Communities Minister Don Foster MP announced a second round of funding aimed at bringing empty properties back into use. As well as tackling empty homes this new bid round has an additional emphasis on the refurbishment of empty commercial and non-residential properties as affordable housing.

² <https://www.gov.uk/government/news/mark-prisk-boost-to-councils-and-communities-through-the-new-homes-bonus>

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

Table 3: Empty Homes Element of New Homes Bonus Grant 2012/13 by District

District	October 2010 to October 2011	October 2011 to October 2012	Total Empty Homes Payment in 2012/13
Bromsgrove	12	28	£47,464
Malvern Hills	60	30	£154,925
Redditch	-9	-7	-£20,981
Worcester	197	-46	£333,895
Wychavon	171	43	£440,212
Wyre Forest	107	104	£311,008
Worcestershire	-	-	£316,631
Total for County	538	152	£1,583,154

Notes: 1. Negative numbers indicate areas where numbers of empty homes have increased. These can therefore reduce an authority's New Homes Bonus, which rewards increases in effective housing stock.

2. In two-tier areas, New Homes Bonus is split 80%-20% in favour of the district level, recognising the impacts on the respective responsibilities of the different types of authority.

Source: Communities and Local Government, 2012

FirstBuy

FirstBuy is a new product in the Government's HomeBuy range designed to help first time buyers into home ownership in a way they can afford. It has assisted 10,452 purchasers to buy a new home in 2011/12 since being announced in March 2011.

FirstBuy is part of the Government's wider proposals to boost growth by simultaneously stimulating demand, tackling supply-side barriers and supporting local priorities for supply. FirstBuy was aimed at maintaining capacity in the house building industry in the short-term while assisting deposit constrained first time buyers to realise their homeownership aspirations.

FirstBuy offered support through an equity loan funding of up to 20% of the purchase price split equally between the HCA and the house builder, with purchasers being required to raise funding (a mortgage plus deposit) of at least 80% of the purchase price.

NewBuy

NewBuy is a new Government initiative developed jointly by the Home Buildings Federation and Council for Mortgage Lenders, announced on 12th March 2012, whereby lenders and the government underwrite a mortgage secured on a new-build house or flat. The NewBuy scheme assists buyers who have a deposit of at least five per cent to buy a new build home, which is a smaller deposit than is normally required. The scheme should increase the availability of mortgages with a high loan-to-value (LTV) and the government estimates it will help up to 100,000 first-time buyers.

At the time of the schemes announcement, three high street lenders and seven of the country's biggest building firms began offering mortgages on newly-built properties to people with just a five per cent deposit; a financial product not available anywhere else in the market.

Right to Buy

The Right to Buy scheme was introduced in 1980 and gives qualifying social tenants in England the right to buy their home at a discount. Secure tenants of both local authorities and non-charitable housing associations have the Right to Buy if they have been public sector tenants for at least five years. The Right to Buy discount increases with the length of tenancy up to a maximum limit:

- Houses - the discount is set at 35 per cent of the property value plus 1 per cent for each year beyond the qualifying period up to a maximum of 60 per cent
- Flats - the discount starts at 50 per cent and rises by 2 per cent each year up to a maximum of 70 per cent.

On 12 March 2012, the Prime Minister announced that the Government was increasing the Right to Buy discount limit across England to £75,000, with 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. A new call centre and website have been set up as part of a wider campaign to make sure tenants have all the information they need to decide whether Right to Buy is the right option for them.

2.1.3 Regional Policy and Strategy

In June 2010 the regional policy tier was revoked and then reinstated in November 2010 following the CALA decision. The granting of Royal Assent to the Localism Act in November 2011 provides for the abolition of regional strategies in a two-stage process. The first stage, to remove the regional planning framework and prevent further strategies from being created, took effect when the Localism Act received Royal Assent. The second stage looks to abolish the existing regional strategies by secondary legislation, but any final decision on this must take account of assessments of, and consultation on, the possible environmental effects of revocation of each of the existing regional strategies.

The Government is now updating the environmental reports relating to the proposals on each of the other regional strategies, so that those proposals too can be the subject of additional consultation. In each case there will be an 8 week period for consultation responses. The proposed revocation of the Regional Strategies may be regarded as a material consideration by decision makers when determining planning applications and appeals.

In respect of plan-making, the National Planning Policy Framework implementation period provides councils with the incentive to get their plan policies up to date and in doing so they can have regard to the policy to revoke Regional Strategies and the new National Planning Policy Framework policies. A local plan document must be in general conformity with the regional strategy at the stage that the plan is submitted for examination but it is open to councils when preparing local plans to take account of the policy to revoke up to the time of submission.

Local authorities can also bring forward proposals (for example on housing targets) which have a local interpretation to them in their plans, based on their own sound evidence base where that is justified by the local circumstances. That evidence base is likely to be more up to date than that included in the Regional Strategies. Each case will depend on its particular facts.

The National Planning Policy Framework introduced in March 2012, states that Local Plans are the key to delivering sustainable development that reflects the vision and aspirations of local communities. Planning decisions must be taken in accordance with the development plan unless material considerations indicate otherwise.

Local planning authorities should set out the strategic priorities for the area in the Local Plan. This should include strategic policies to deliver:

- the homes and jobs needed in the area;
- the provision of retail, leisure and other commercial development;
- the provision of infrastructure for transport, telecommunications, waste management, water supply, wastewater, flood risk and coastal change management, and the provision of minerals and energy (including heat);
- the provision of health, security, community and cultural infrastructure and other local facilities; and
- climate change mitigation and adaptation, conservation and enhancement of the natural and historic environment, including landscape.

Furthermore, Local Plans should:

- plan positively for the development and infrastructure required in the area to meet the objectives, principles and policies of this Framework;
- be drawn up over an appropriate time scale, preferably a 15-year time horizon, take account of longer term requirements, and be kept up to date;
- be based on co-operation with neighbouring authorities, public, voluntary and private sector organisations;
- indicate broad locations for strategic development on a key diagram and land-use designations on a proposals map;
- allocate sites to promote development and flexible use of land, bringing forward new land where necessary, and provide detail on form, scale, access and quantum of development where appropriate;
- identify areas where it may be necessary to limit freedom to change the uses of buildings, and support such restrictions with a clear explanation;
- identify land where development would be inappropriate, for instance because of its environmental or historic significance; and
- contain a clear strategy for enhancing the natural, built and historic environment, and supporting Nature Improvement Areas where they have been identified.

The following table shows a comparison of previous regional housing targets compared to those from emerging/adopted core strategies.

Table 4: Previous Regional Housing Targets and Emerging/Adopted Core Strategy Housing Targets

District	RSS Revision Phase Two Preferred Option 2008 (Net)		RSS Revision Phase Two Examination in Public Panel 2008 (Net)		Emerging Core Strategy/Adopted Core Strategy 2011	
	2006-2026	Annual	2006-2026	Annual	2006-2026	Annual
Bromsgrove	2,100	105	4,000	200	4,000 ²	200
Malvern Hills	4,900	245	5,000	250	4,900 ¹	204
Redditch	6,600	330	7,000	350	3,200	160
Worcester	10,500	525	11,000	550	9,400 ^{1,4}	392
Wychavon	9,100	455	9,500	475	8,900 ¹	371
Wyre Forest	3,400	170	4,000	200	4,000 ³	200
Worcestershire	36,600	1,830	40,500	2,025	34,400	1,527

¹ 2006-2030 timeframe for South Worcestershire Development Plan (SWDP), i.e. 24 years

² 2006-2021: Partial review in 2021 with potentially 2,000-3,000 further dwellings up to 2026

³ Wyre Forest District Council adopted their Core Strategy in December 2010

⁴ Worcester City's Total Includes the Wider Worcester Area allocations of 3,900

Source: RSS Revision (2007) and Worcestershire District Core Strategies (as available in July 2012)

It is important to note that the spatial distribution of the numbers for the RSS Revision Phase Two Preferred Option included a number of cross boundary distribution points, namely:

- Redditch figure of 6,600 includes 3,300 in Redditch and 3,300 adjacent to Redditch town in Bromsgrove and/or Stratford upon Avon Districts; and
- Of the figure of 10,500 in Worcester; 3,200 will be within Worcester City and 7,300 will be adjacent to the city within the surrounding districts of Malvern Hills and Wychavon.

2.1.4 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

Every local authority is required to produce a Local Plan (Core Strategy) under the National Planning Policy Framework. At the heart of the National Planning Policy Framework is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking.

Local Plans are the key to delivering sustainable development that reflects the vision and aspirations of local communities. They should address the spatial implications of economic, social and environmental change. Local Plans should set out the opportunities for development and clear policies on what will or will not be permitted and where.

Summaries of the local plan for each district (correct as at December 2012) as outlined below.

Bromsgrove

The Draft Core Strategy 2 (DCS2) is the most recent document produced by Bromsgrove District Council, with the consultation ending on 15th April 2011. Following the publication of the National Planning Policy Framework (NPPF) the Council now intends to produce a publication version of the Bromsgrove District Plan in September 2013. This document will supersede the DCS2 but the Bromsgrove District Plan is broadly similar to the DCS2 setting out the visions and objectives for the future growth and development of the District until 2030.

The Bromsgrove District Plan proposes development of approximately 7,000 dwellings to be completed in the District between 2011 and 2030. The Bromsgrove District Plan identifies the sites that will deliver 4,500 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 2,500 homes in the period 2023-2030.

Redditch

A Revised Preferred Draft Core Strategy was consulted on between January and March 2011, however the Borough Council has opted to revert back from a Core Strategy format to a Local Plan. Draft Local Plan No.4 will be 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 will be carrying out joint consultation with Bromsgrove District Council regarding the locations for cross boundary growth in Bromsgrove District to meet these needs. Following consultation, the Council will work up the document for publication and, submission at the end of 2013. Independent examination is scheduled for April 2014, and adoption is scheduled for September 2014.

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.

Following extensive consultation on the Site Allocations and Policies document over a number of years, Wyre Forest District Council produced a submission version in July 2012. This document, together with the Kidderminster Central Area Action Plan, was submitted to the Planning Inspectorate at the end of October and an Independent Examination is due to be held in late January with final adoption of these plans scheduled for July 2013.

Malvern Hills, Worcester and Wychavon (South Worcestershire)

On 10th December 2012 (18th December Wychavon) the three South Worcestershire authorities 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.

In previous stages of plan progression, on 3rd July 2012 the three South Worcestershire Councils all passed the resolution that the proposed Significant Changes should go forward to a targeted consultation, which took place between 6th August and 14th September 2012.

The proposed significant changes followed a public consultation held last year about the initial proposals contained in the SWDP Preferred Options document, published in September 2011. The changes included an increase the number of homes to be built in South Worcestershire of 23,000, up from 20,360. But in practice the number of additional homes is likely to be fewer than that, because of changes to national planning policies, notably the inclusion of bringing empty homes back into use and windfall sites. These are sites that are not specifically identified in the plan but which subsequently come forward for housing development.

2.2 Housing Market Challenges

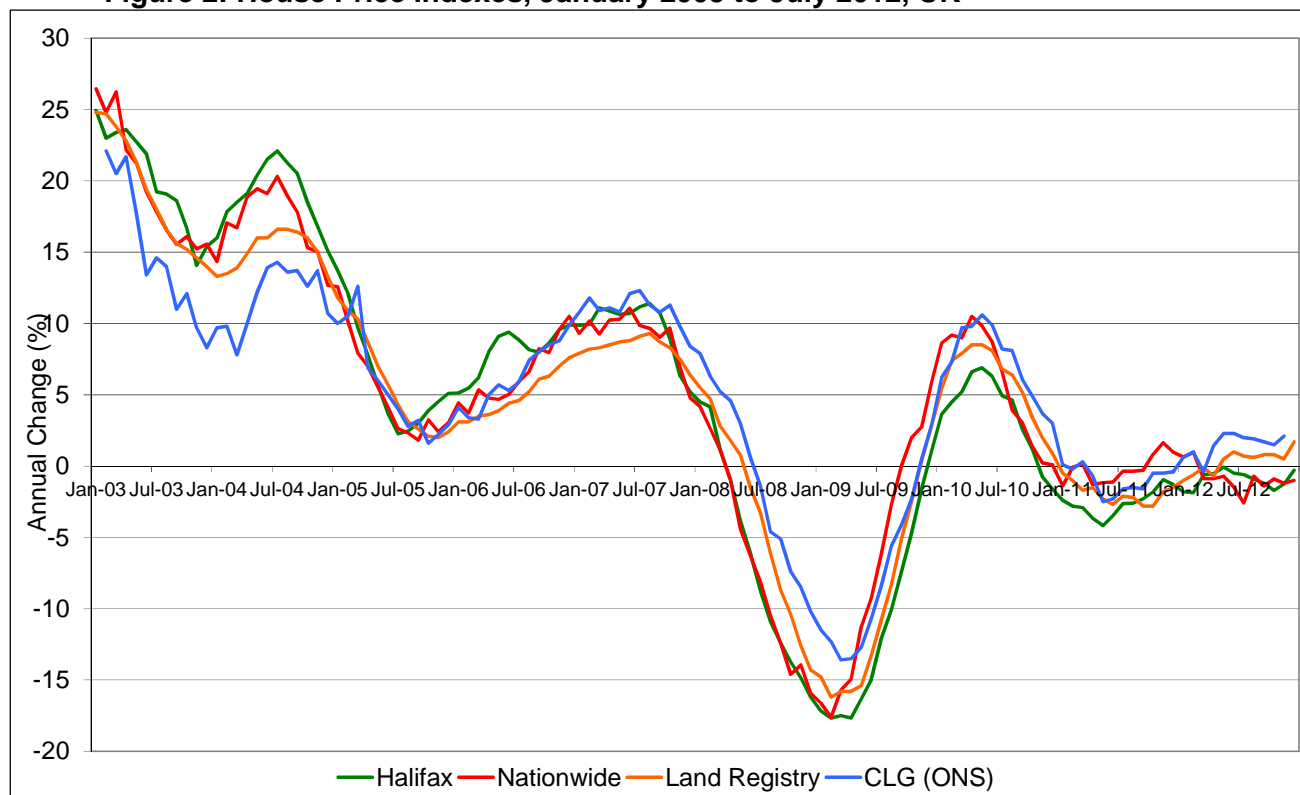
The Government is trying to get a stalled housing market moving through a number of proposals, building on existing policy. It wants to achieve the following:

- 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 recent Worcestershire Housing Strategy³. The document contains four primary goals aimed at delivering sustainable communities, providing value for money, enabling equality of access to all and helping to combat climate change.

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. Recently house prices have stayed relatively flat or seen small decreases as a result of a continued depressed economic situation and difficulty in accessing finance to support house purchases. The following graph shows how four different house price indices have fluctuated since January 2003, but generally have followed a very similar pattern to one another. The last 18 months shows a clear stagnation within the market.

Figure 2: House Price Indexes, January 2003 to July 2012, UK



Source: Halifax, Nationwide, Land Registry and CLG (ONS), 2012

³ <http://redditch.whub.org.uk/cms/housing/housing-policy/housing-policy/worcestershirehousing-strategy.aspx>

2.2.1 Earnings and Household Income

Mean gross annual earnings⁴ (residence based) of all employees for 2011 increased in Worcester and Wychavon but decreased in all other districts compared with 2010 figures. Wychavon has the highest annual gross mean earnings of £28,688 and Redditch has the lowest at £20,506.

Table 5: Annual Gross Mean Earnings for All Employees by District, 2011

District	Residence based Earnings	Workplace based Earnings
Bromsgrove	£26,652	£19,420
Malvern Hills	£25,169	£21,068
Redditch	£20,506	£22,292
Worcester City	£25,887	£21,236
Wychavon	£28,688	£22,294
Wyre Forest	£21,402	£16,971
Worcestershire	£24,921	£20,746

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 20%.

Source: Annual Surveys of Hours and Earnings 2011, ONS

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 £7,000 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 incomes⁵ decreased in 2012 from the previous year by 1%, but were marginally above the figure in 2010. Regionally household incomes have increased by 0.5%, whereas nationally they have decreased by 0.3%. Bromsgrove has the highest mean household income in Worcestershire at £41,354, a small decrease on the previous year. The only district to see an increase in household income is Worcester, with a 0.7% rise. Wyre Forest has the lowest mean household income at £33,923, equivalent to a 1% reduction.

2.2.2 Economy and Employment

Over the past year there have been a number of signs that the UK economy has begun to weaken since returning to growth in 2010. The UK formally entered recession in Q1 2012, after two successive quarters of contraction of 0.4% between October and December 2011 and 0.3% between January and March 2012.⁶ Gross Domestic Product (GDP) figures released by the Office for National Statistics in August 2012 show the economy contracting by 0.7% between April and June 2012. The contraction was much bigger than expected and due to a sharp slowdown in the construction sector.

⁴ Annual Survey of Hours and Earnings (ASHE), ONS, 2012.

⁵ PayCheck 2012, CACI.

⁶ Office for National Statistics, 2012.

The number of residents claiming Jobseekers Allowance has been fluctuating since mid-2009 but overall has reduced. The claimant count rate for Worcestershire has consistently been lower than that of the West Midlands region and nationally.

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 annual 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 and subsequent monitoring reports. The final report was published in February 2012 entitled Worcestershire Strategic Housing Market Assessment – Main Report (February 2012)⁷. 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 first of those reports.

⁷ <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 Assessment was published in February 2012.

3.1 Current Dwellings and Vacancy Rates

The most recent estimates, as of October 2011, show that Worcestershire has 247,251 dwellings, of which 6,983 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 (3.1%) and England (3.1%). The following table presents this assessment of vacancy, showing the different levels across each of the districts.

Table 6: Vacancy Rates for All Tenures by District, 2011

District	Total Dwellings	Vacancies	Vacancy Rate
Bromsgrove	39,148	1,000	2.6%
Malvern Hills	33,524	1,119	3.3%
Redditch	35,182	858	2.4%
Worcester	43,168	1,261	2.9%
Wychavon	51,484	1,322	2.6%
Wyre Forest	44,745	1,423	3.2%
Worcestershire	247,251	6,983	2.8%

Source: Council Tax Base (CTB), CLG Live Tables, 2012

Malvern Hills and Wyre Forest both have a vacancy rate above 3%, whilst Redditch has the lowest rate in the county, 2.4%. 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 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.⁸

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 Census⁹ has provided an opportunity to update in detail the type and size profile of dwelling stock within Worcestershire.

The 2011 Census shows that the largest proportions of dwellings in the county are either detached (33.4%) or semi-detached (33.0%). 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.

⁸ <http://www.communities.gov.uk/news/newsroom/2047660>

⁹ 2011 Census took place on 23rd March 2011

Worcester has had a huge growth in flats, which accounted for just 8.7% of the total stock in 2001 and now accounts for 20.2%, due to major redevelopment schemes in the Diglis area of the city.

Table 7: Housing Stock Type by District, 2011

District	Detached	Semi-detached	Terraced	Flats	Other
Bromsgrove	37.5%	36.2%	14.5%	10.9%	1.0%
Malvern Hills	43.8%	30.6%	11.0%	13.4%	1.3%
Redditch	26.8%	29.9%	27.2%	16.0%	0.1%
Worcester	21.9%	34.7%	23.0%	20.2%	0.2%
Wychavon	41.3%	29.6%	16.9%	10.7%	1.6%
Wyre Forest	29.2%	36.6%	18.5%	12.6%	3.0%
Worcestershire	33.4%	33.0%	18.6%	13.8%	1.2%

Source: 2011 Census, ONS

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 8: 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

The following table shows the average number of people, rooms and bedrooms by authority across Worcestershire.

Table 9: 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. 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 the table below shows a comparison between 2001 and 2011 Census data. 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% but 4.8% were overcrowded. Overcrowding has increased in all local authorities but 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, 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

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 un-used capacity which exists within the existing housing stock.

An examination of waiting list data held by the Local Authorities provides an indication of the level of overcrowding experienced by those households nominating themselves as requiring social rented stock. The following table illustrates the proportion of all households on the waiting list as of July 2012 who are classified as overcrowded.

Table 11: Households on the Waiting List who are Overcrowded, July 2012

District	Overcrowded Households	Proportion of Total Waiting List	Proportion of All Households (2011 Census)
Bromsgrove	108	3.1%	0.3%
Malvern Hills	199	8.8%	0.6%
Redditch	172	5.1%	0.5%
Worcester	335	7.5%	0.8%
Wychavon	336	6.8%	0.7%
Wyre Forest	144	2.4%	0.3%
Worcestershire	1,294	5.3%	0.5%

Source: Local Authority Waiting List Data, 2012

The table clearly shows that overcrowding represents an important issue within the current social housing stock.

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 12: Tenure by District, Census 2001 and 2011

Tenure	Census	Bromsgrove	Malvern Hills	Redditch	Worcester	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	6.1%	10.7%	6.5%	11.1%	8.7%	9.0%	8.7%
	2011	9.9%	13.2%	12.8%	19.3%	12.4%	14.4%	13.7%

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.

Table 13: 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 demand from student households. The private rented market accounts for almost one fifth 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. New data available through Energy Performance Certificates (EPCs) allows us to assess the quality of privately owned or rented stock, where this hasn't been previously possible.

Table 14: Energy Efficiency and Housing Health and Safety Rating System (HHSRS), 2012, by District

District	Average EPC/SAP Rating of Private Sector Dwellings (A-G)	Percentage of Private Sector Dwellings with an EPC Rating Below 'E'	Percentage of Private sector dwellings with Category 1 Hazards (HHSRS)*	Percentage of Private Sector Dwellings made free of Category 1 Hazards*	Percentage of Dwellings Improved using Private Sector Housing Repairs Assistance
Bromsgrove	60.7 (D)	8.8%	20.78%	0.17%	0.05%
Malvern Hills	56.0 (D)	17.2%	-	-	0.02%
Redditch	62.9 (D)	4.6%	4.38%	0.16%	0.13%
Worcester	60.8 (D)	8.1%	20.66%	0.04%	0.04%
Wychavon	58.3 (D)	12.9%	4.34%	0.04%	0.02%
Wyre Forest	58.1 (D)	11.3%	24.77%	0.76%	2.38%
Worcestershire	59.3 (D)	10.6%	13.06%	0.20%	0.47%

Source: EPC Register Data and ELASH, Communities and Local Government, 2012
(percentages based on total number of private sector households, 2011 census)

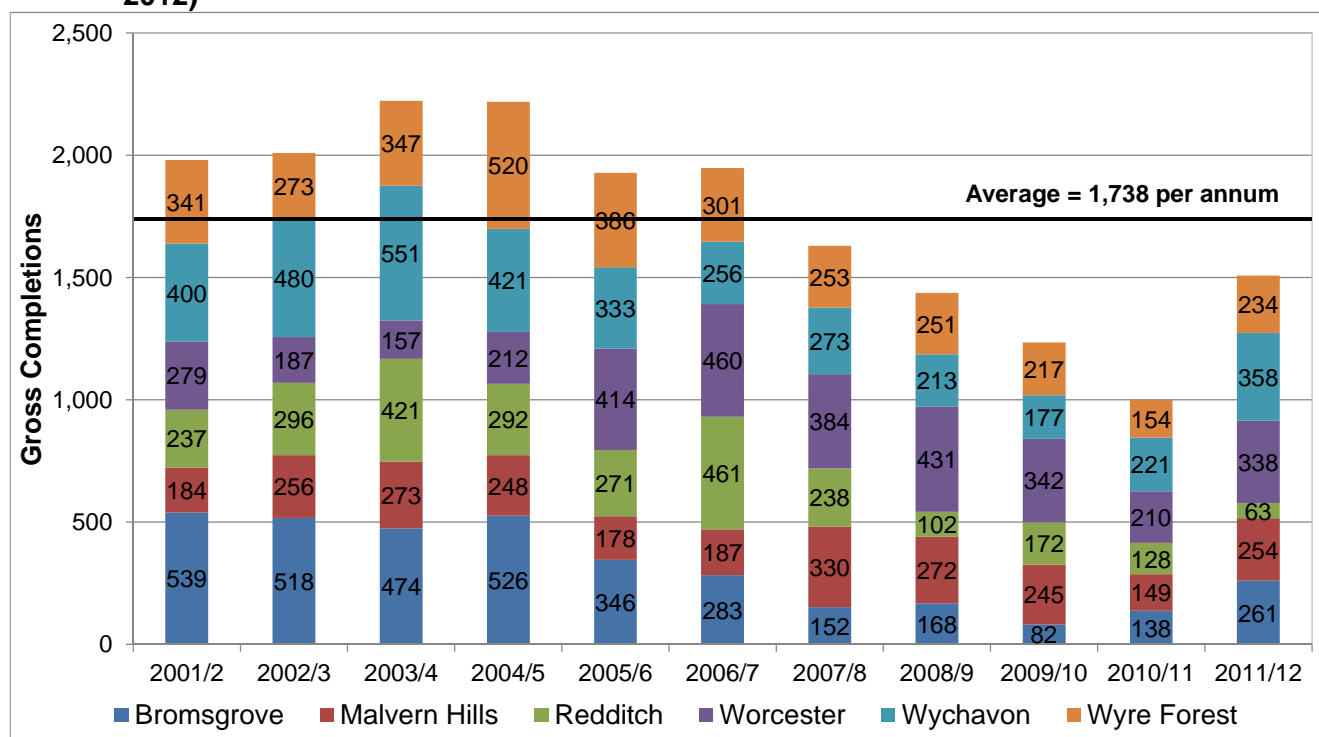
The average EPC rating across Worcestershire is 59.3 compared to 60.0 for England and Wales (out of 100). The range across all six districts is small but it is clear that Malvern Hills has the lowest average rating and the highest proportion of private sector dwellings rated below an 'E' (38 or lower).

There are a large number of private sector dwellings with Category 1 Hazards, using data from the English Local Authority Statistics on Housing (ELASH). New government policies including the Energy Company Obligation (ECO) and Green Deal, which will start in 2013 and are heavily linked, 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 completions have declined considerably within the authorities between April 2001 and March 2012. Over this period, a peak of 2,223 units were completed within the county in 2003/04. Gross 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. However, in 2011/12, gross completions increased significantly across the county to 1,508.

Figure 3: Gross Housing Completions in Worcestershire (April 2001 – March 2012)



Source: Worcestershire Local Authorities, 2012

From 2001/2 to 2006/7 Worcestershire delivered over 1,900 units per annum (gross). 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 11 years, there has been an average of 1,738 gross completions per annum. The distribution of new completions by local authorities is shown in the table below.

Table 15: Gross Housing Completions by District (2001 – 2012)

District	Gross Completions	Average Annual Completions	Proportion of County Total
Bromsgrove	3,487	317	18.2%
Malvern Hills	2,576	234	13.5%
Redditch	2,681	244	14.0%
Worcester	3,414	310	17.9%
Wychavon	3,683	335	19.3%
Wyre Forest	3,277	298	17.1%
Worcestershire	19,118	1,738	100.0%

Source: Worcestershire Local Authorities, 2012

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

English Local Authority Statistics on Housing (ELASH) and the Housing Strategy Statistical Appendix (HSSA) data provides an indication of the numbers of affordable housing units delivered within local authorities over recent years. The following table presents the cumulative levels of affordable housing, completed between 2001/02 and 2011/12.

Table 16: Affordable Housing Completions by District (2001 – 2012)

District	Gross Completions	Average Annual Completions	Proportion of Total Gross Completions
Bromsgrove	734	67	21.0%
Malvern Hills	612	56	23.8%
Redditch	656	60	24.5%
Worcester	908	83	26.6%
Wychavon	646	59	17.5%
Wyre Forest	646	59	19.7%
Worcestershire	4,202	382	22.0%

Source: HSSA/ELASH, Worcestershire Local Authorities, 2012

The two most urban districts, Redditch and Worcester have had the highest proportion of affordable housing completions over the past 11 years. Across the county, 22.0% 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 below.

Table 17: Current and Future Projected Housing Supply by District

District	Available Now	0-5 years	5-10 years	More than 10 years	Total
Bromsgrove	122	1,823	1,958	414	4,317
Redditch	249	864	1,214	938	3,265
Wyre Forest	234	1,475	1,300	400	3,409
South Worcestershire	2,339	11,675	2,945	3,773	20,732
Worcestershire	2,944	15,837	7,417	5,525	31,723

Source: Local Authority SHLAA Datasets, 2012

The revised analysis presented in Table 17 shows a theoretical capacity for housing growth across the county of approximately 31,700 units, with over half of these being deliverable in the first five years. Additionally to 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 Assessment 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.

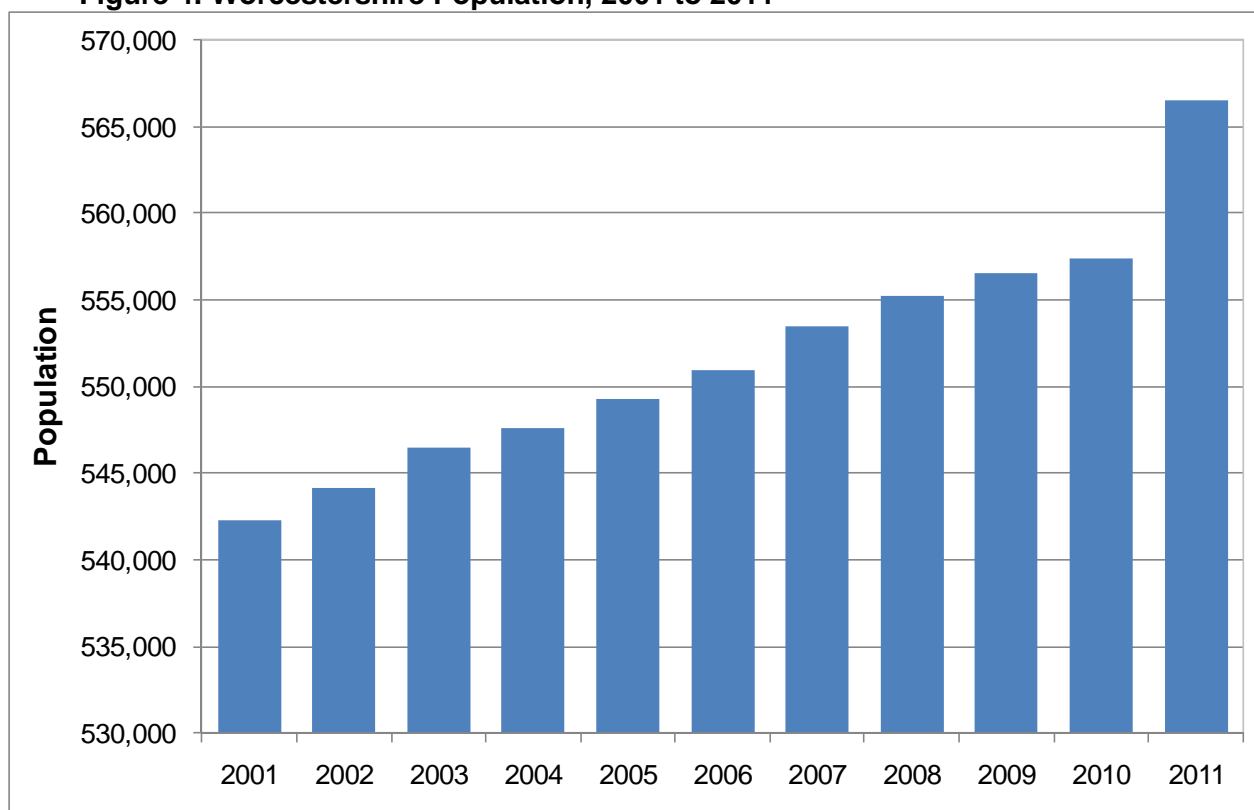
4.1 Current Demography and Components of Change

The 2011 Census has provided us with the most recent and accurate count of the resident population of Worcestershire. Using the latest mid-2011 population estimates based on the 2011 Census, it shows that the county has a total population of 566,577 people.

Since the last Census in 2001, the Office for National Statistics (ONS) has produced mid-year estimates of the population, taking account of the annual impact of births and deaths (natural change), internal migration and international migration (the components of change).

The graph below shows that the population in Worcestershire has increased steadily since 2001 but a large increase has been seen in 2011. For England and Wales this increase was almost half a million people. The reason for this large difference is due to the 2001 Census underestimating the population and net international migration being underestimated over the 10-year period. Therefore the mid-year population estimates from 2002 to 2010 will be re-based using what is now known from the 2011 Census.

Figure 4: Worcestershire Population, 2001 to 2011



Source: Mid-year Population Estimates, ONS

Population growth across Worcestershire has been driven by varying levels of population change across each of the individual authorities. Using the latest mid-2011 population estimates released by ONS the following table shows the increase in population with each authority between 2001 and 2011.

Table 18: Population Change, 2001 to 2011 by District

District	2001	2011	Change in Population	% Change in Population	Annual Growth
Bromsgrove	87,903	93,732	5,829	6.6	583
Malvern Hills	72,183	74,706	2,523	3.5	252
Redditch	78,786	84,318	5,532	7.0	553
Worcester	93,372	98,679	5,307	5.7	531
Wychavon	113,082	117,074	3,992	3.5	399
Wyre Forest	96,927	98,048	1,121	1.2	112
Worcestershire	542,253	566,577	24,324	4.5	2,430

Source: Mid-2001 and Mid-2011 Population Estimates, ONS

Generally, the population growth in Worcestershire has come from the more urban districts. Worcestershire's population has increased by 4.5% in the last 10 years. This compares to increases of 6.2% regionally and 7.8% nationally.

The population in the county has increased by 24,324 since 2001, with the 65-plus age group increasing by 20,000 in the same time frame, representing an increase of 22% on 10 years ago and the majority of the population growth seen. This is more than twice the national average of 11%. The fastest-growing age group is the 85-plus population, which has increased by over a third (37%) since 2001.

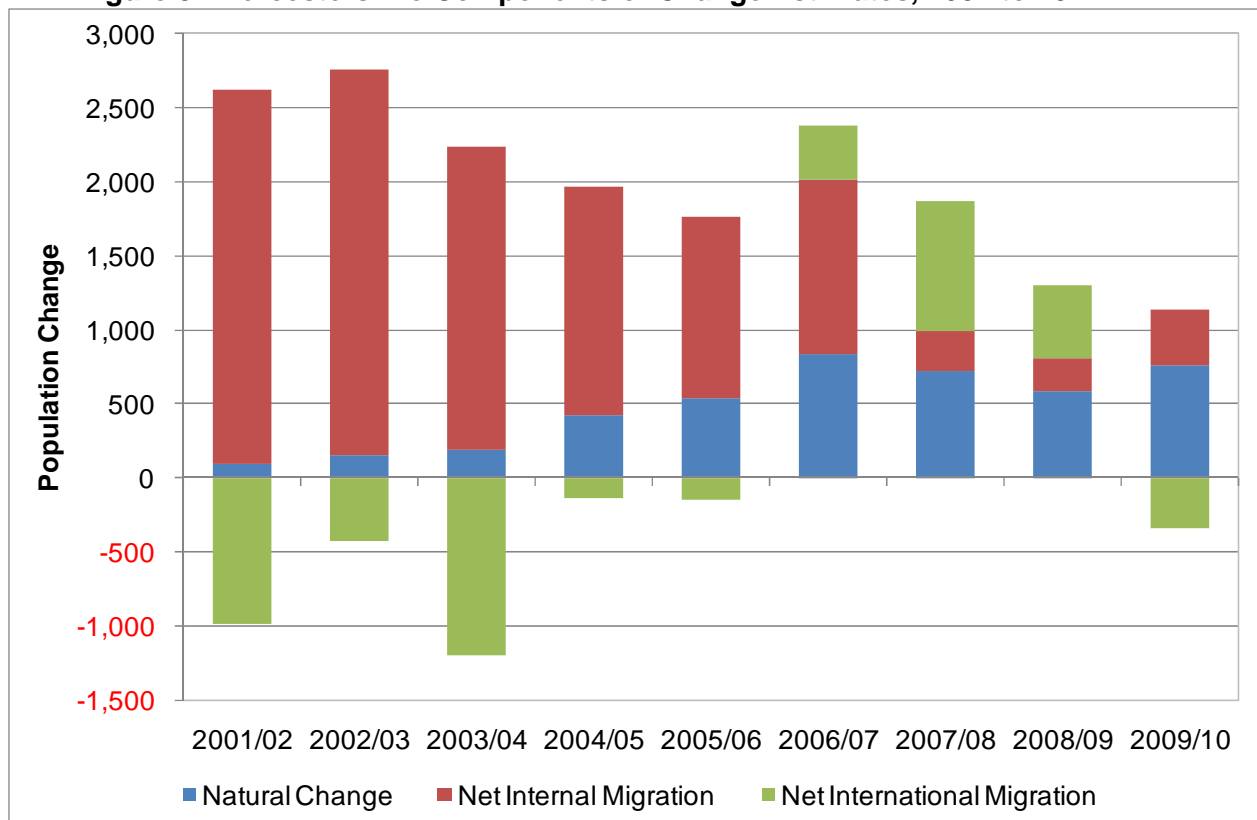
The 0-19 population has declined by about 2,500 persons (2%) since 2001. Decreases have been particularly prevalent in the 5-9 (almost 10%) and 10-14 (almost 8%) age ranges.

When examining Worcestershire's population change using the individual components of change, it shows the relative difference between natural change, net internal migration and net international migration¹⁰. The total population growth between 2001 and 2010 is estimated to be 14,790, with net internal UK migration contributing the majority of growth with 12,000 (81%). There is also a positive contribution throughout by Natural Change, with a contribution in total of 4,300 (29%). International migration, however, shows a net loss of -1,510 (-10%), with just 2006/07 to 2008/09 seeing a positive contribution year-on-year.

¹⁰ 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 2009/10 are displayed below.

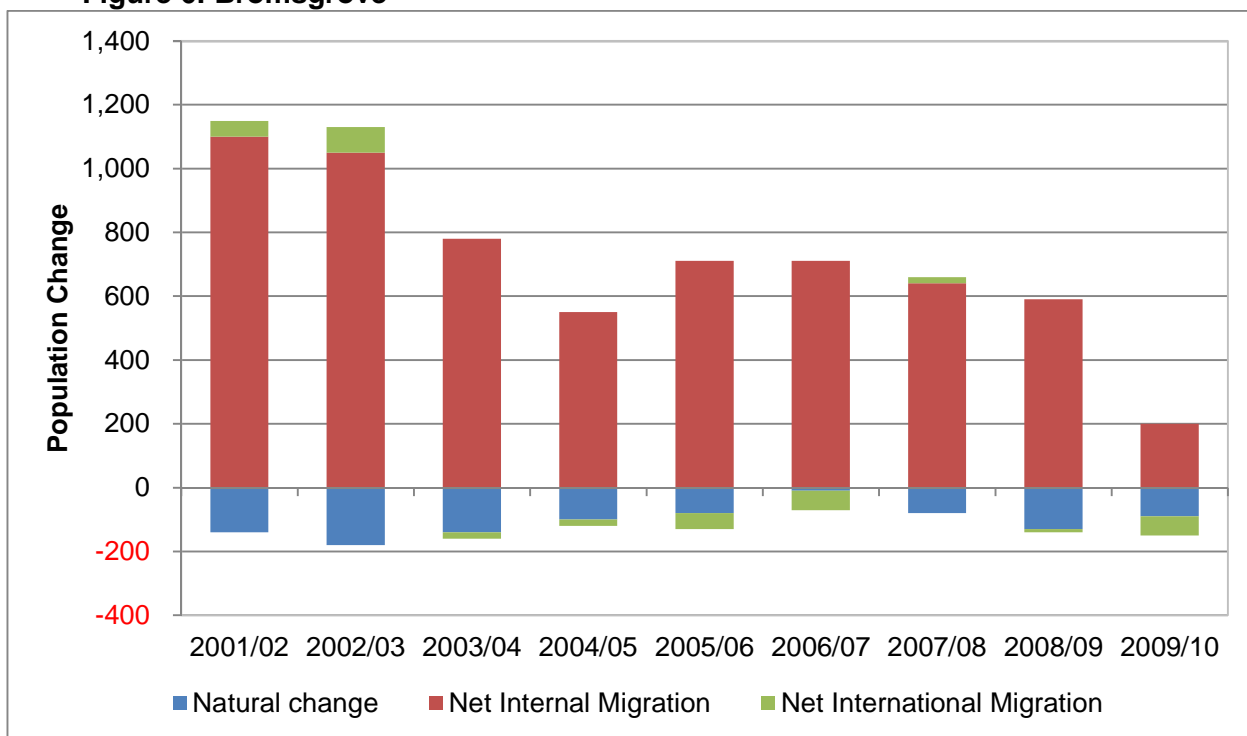
Figure 5: Worcestershire Components of Change Estimates, 2001 to 2011



Source: ONS Mid-Year Population Estimates, 2012

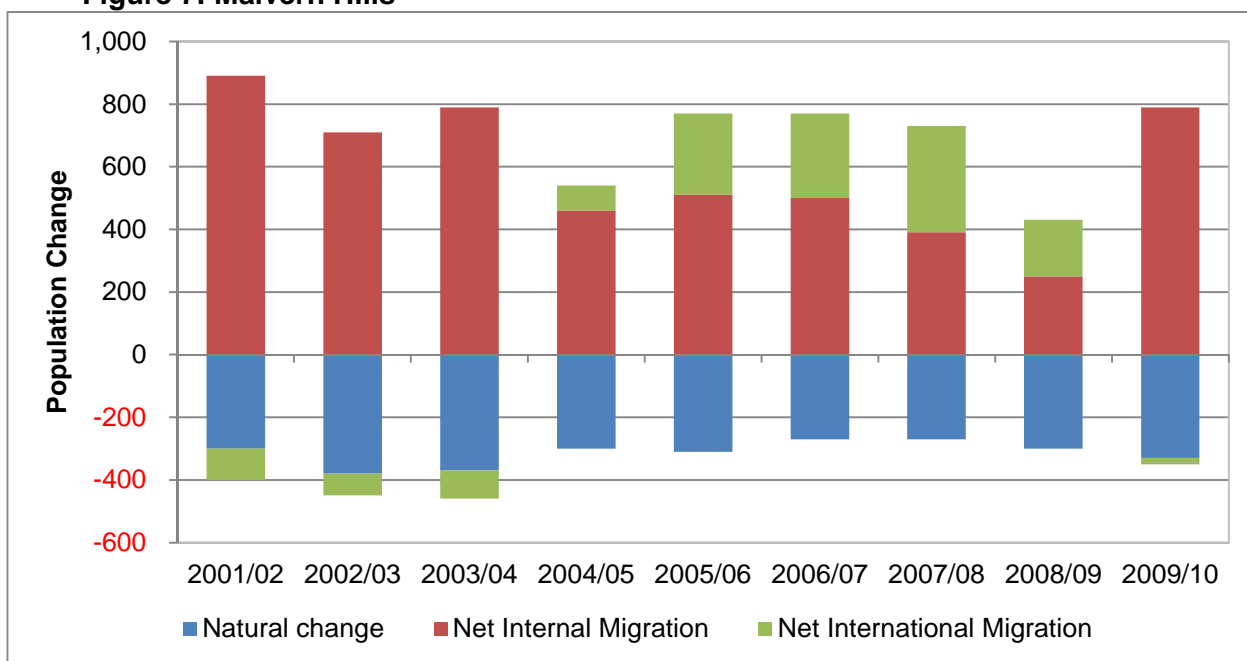
The disaggregation of the components of change for the districts within Worcestershire is important as there are considerable differences in each local authority. The following charts show the individual analysis of the mid-year estimates released by ONS and the role of the different components of change in driving growth or decline. It is noted that elements of these components of change, particularly internal and international migration, will be retrospectively altered in light of the 2011 Census results.

Figure 6: Bromsgrove



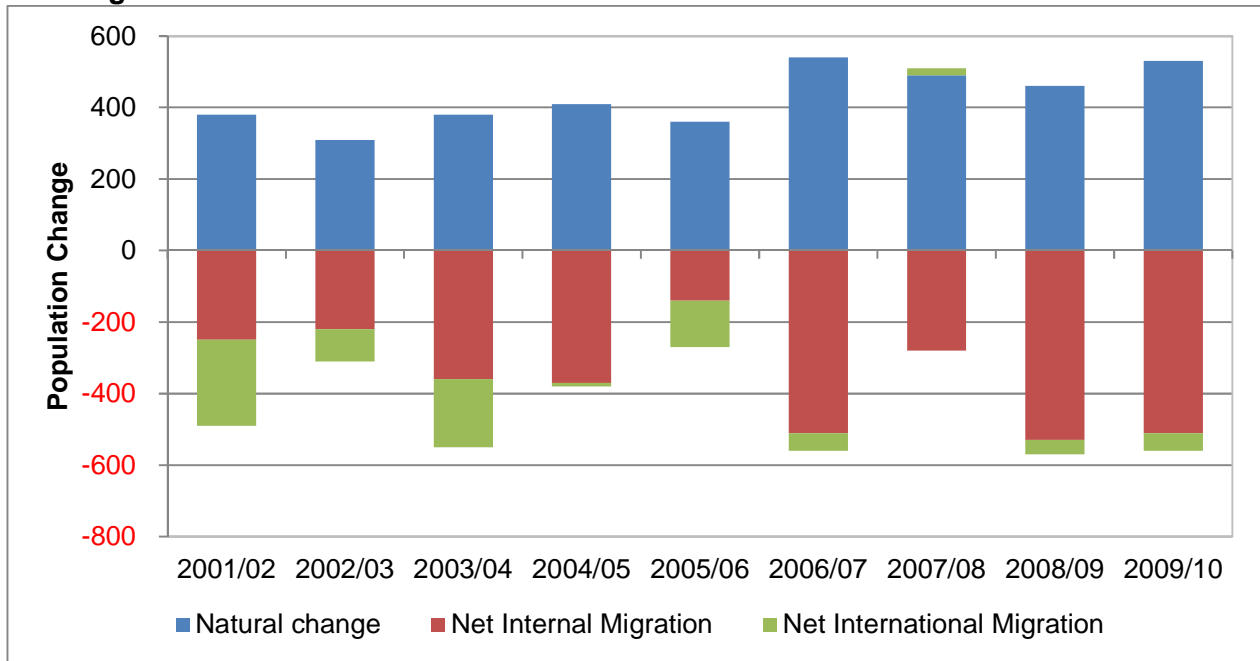
Source: ONS Mid-Year Population Estimates, 2012

Figure 7: Malvern Hills



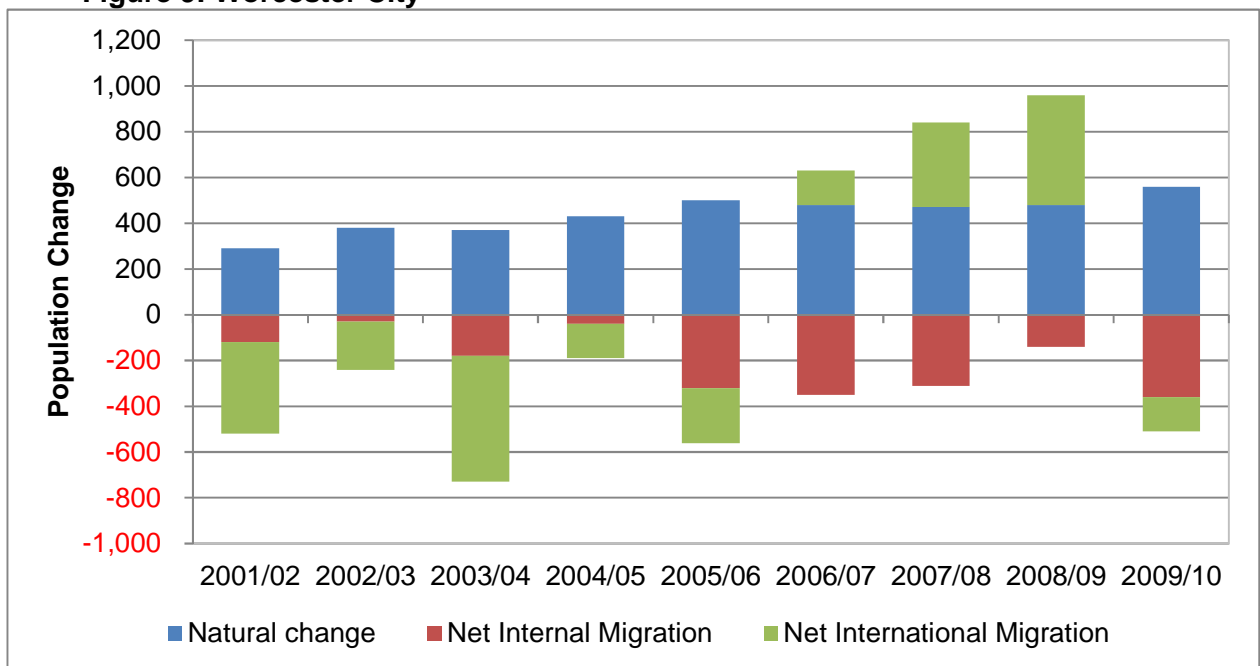
Source: ONS Mid-Year Population Estimates, 2012

Figure 8: Redditch



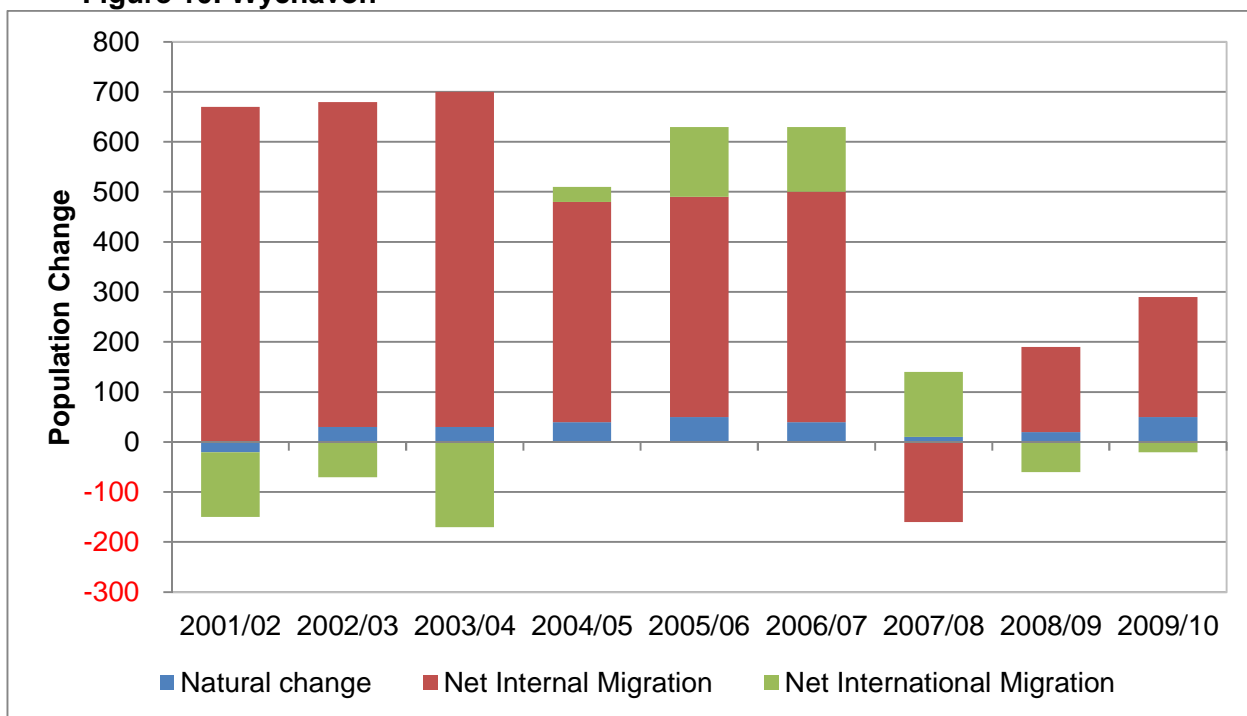
Source: ONS Mid-Year Population Estimates, 2012

Figure 9: Worcester City



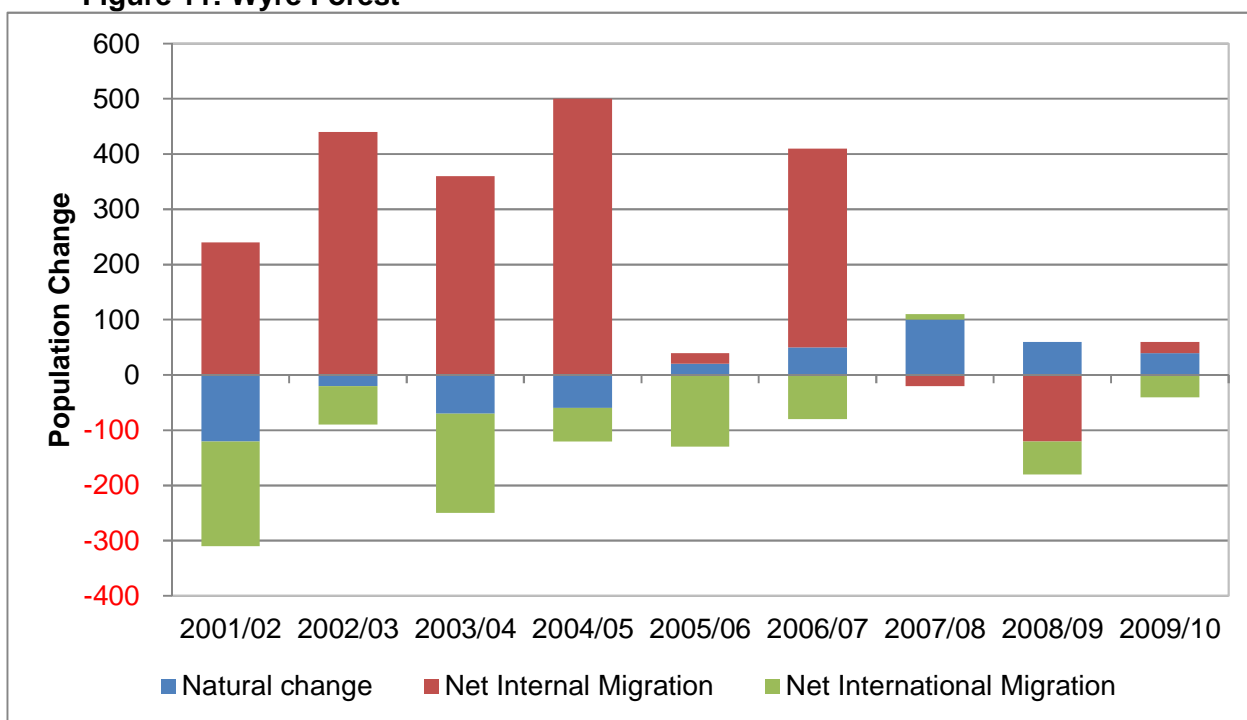
Source: ONS Mid-Year Population Estimates, 2012

Figure 10: Wychavon



Source: ONS Mid-Year Population Estimates, 2012

Figure 11: Wyre Forest



Source: ONS Mid-Year Population Estimates, 2012

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 Malvern Hills, Worcester City and Wychavon, although the other districts register a net loss due to international migration 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 section 6.

4.3 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 has 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.

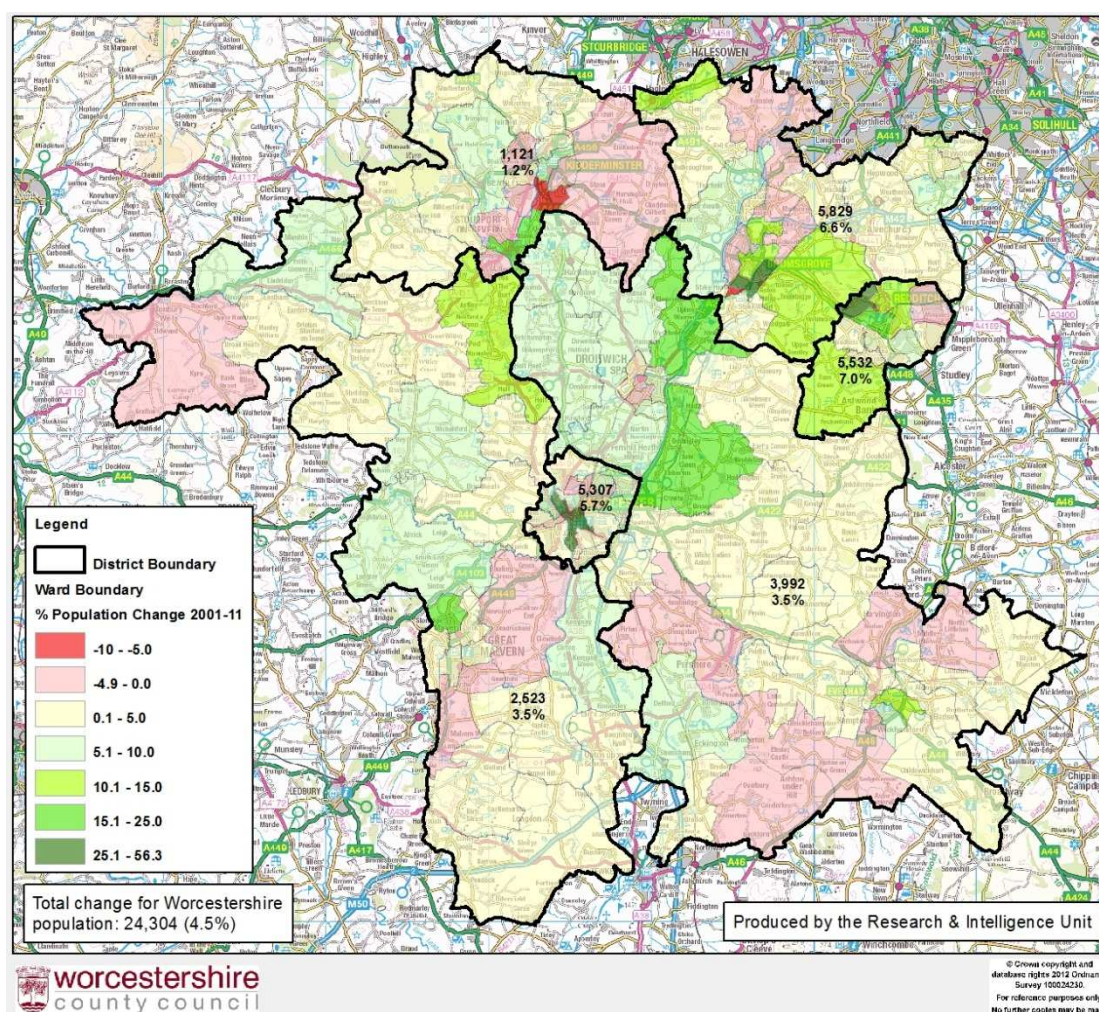
Looking at the age of migrants Worcester and Redditch both stand out as outliers compared to the other authorities. Worcester in particular stands out as a destination for younger age groups 15 – 30, with the attraction of the University of Worcester a clear driver. Bromsgrove and Redditch have also 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.

4.4 Lower Spatial Analysis

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

Figure 12: Percentage change in Ward Population, 2001 to 2011



Source: ONS Ward Mid-year Estimates 2001-10 and 2011 Census

An estimated 39% of Bromsgrove's total population growth has been concentrated in the Slideslow ward, which has experienced a population increase of over 60%. Charford, Hagley and Norton have also experienced double-digit growth between 2001 and 2010. These four wards of combined have accounted for 80% of Bromsgrove's population growth from 2001-2010.

Within Malvern Hills growth across the district has been much less concentrated than is the case in Bromsgrove. Four wards have experience a double-digit percentage growth - Baldwin, Dyson Perrins, Lindridge and Martley. But this accounts for less than 35% of the district total.

The static picture for Redditch overall disguises the significant population growth that has occurred in the Batchley & Brockhill ward since 2001; a 28% rise 2001-2010. Batchley's growth is linked to a large housing development of approximately 1,200 units at Brockhill on Greenfield ex-agricultural land. The Central ward and, to a lesser extent, the Astwood Bank & Feckenham ward, have also experienced growth since 2001, in contrast to the estimated population decline elsewhere. Again this is linked to high levels of development within the town centre area. These new flatted developments within Central ward have attracted high numbers of single and couple households who commute into Birmingham. This influx of development has also served to reinforce the private rental market in this location. Declines in population have been significant in the Headless Cross & Oakenshaw, Matchborough, Winyates and especially the Church Hill areas.

Within Worcester the ward picture suggests a mix of population growth and decline across the district. Since 2001, Cathedral ward shows the greatest population growth, experiencing a 16% increase since 2001. This also represents 85% of the total growth within Worcester City. Warndon, Warndon Parish North and Warndon Parish South each also experienced growth in 2001-01. In contrast, Gorse Hill has declined by almost 10% over the time period.

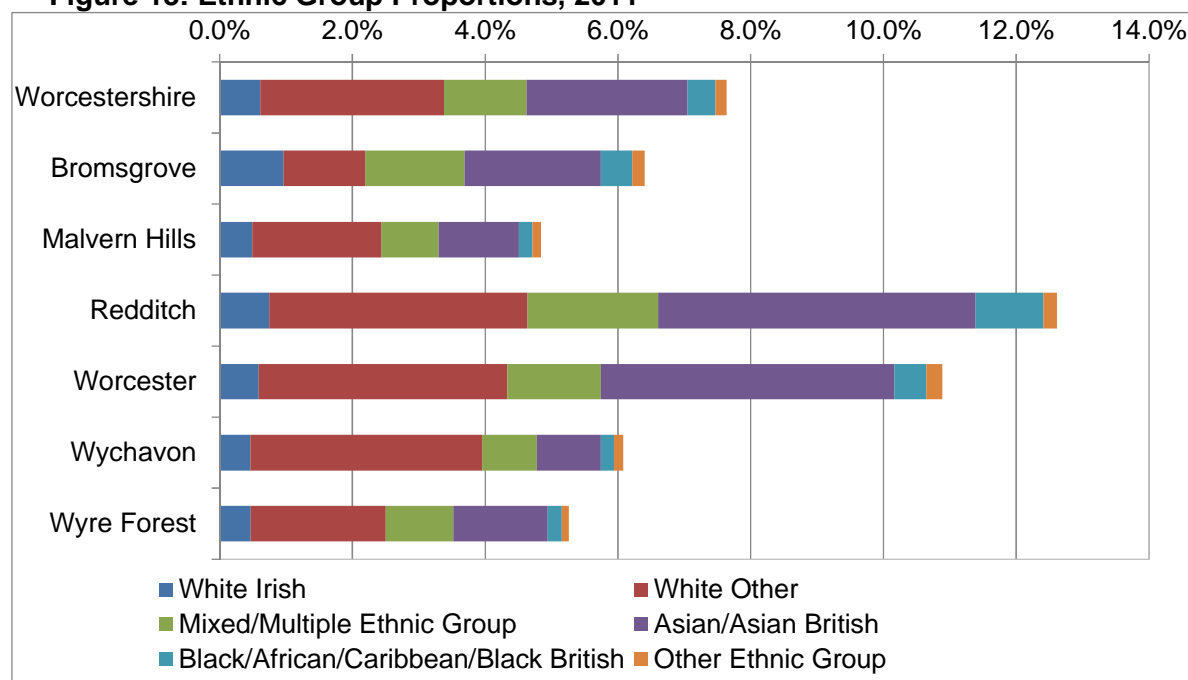
Within Wychavon the wards of Bengeworth, Bowbrook, Dodderhill, Honeybourne & Pebworth, and Lovett & North Claines all experienced double-digit percentage increases in population. Together these wards accounted for almost 60% of the population growth recorded between 2001 and 2010.

Within Wyre Forest the wards of Mitton and Rock have experienced growth of 10% or more, whilst Greenhill and Wribbenhall have also increased notably in population terms. Mitton has achieved the highest absolute growth, equivalent to a 15% rise. A number of areas show evidence of population decline, most notably Aggborough & Spennells, Franche, and Offmore & Comberton.

4.5 Population & 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 13: 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 around 6% of their population classified as BME.

4.6 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 19: Change in Households 2001-11

	2001	2011	Change in No. of Household 2001-11	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 City	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 20: Change in Average Household Size, 2001-11

	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 City	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 fell 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.

4.7 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.

4.7.1 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 Area of Outstanding Natural Beauty, a protected area of countryside 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 ongoing 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 centered on the three thriving district 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 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 CrownGate 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 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 in August 2011 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 dueling of the Cotswold 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. Kidderminster is a town in transition with large-scale regeneration projects in progress and in the pipeline. Further regeneration of the town centre is a primary aim of the ReWyre Initiative, which seeks to lever around £300 million of private investment. A Prospectus highlights the desire to improve the accessibility of the town, safeguard and create more jobs, encourage entrepreneurship, regenerate brownfield sites and improve the quality of the environment.

Historically a major centre for carpet manufacture, the industry still employs around 2,000 people. The town and wider area continue to be a base for several major companies manufacturing such diverse products as ocean-going cruisers, high technology industrial ceramics, and wheels for earthmoving vehicles, spectacle and contact lenses. Other major businesses include construction, recycling and IT services. Kidderminster's retail offer includes three modern shopping centres and Crossley Retail Park.

The Prospectus also highlights major proposals to regenerate the town centre; the creation of a new urban village at Churchfields (to the north of the town centre); and the creation of a new Business and Nature Park focused on the 24 hectare former British Sugar site in the south of the town.

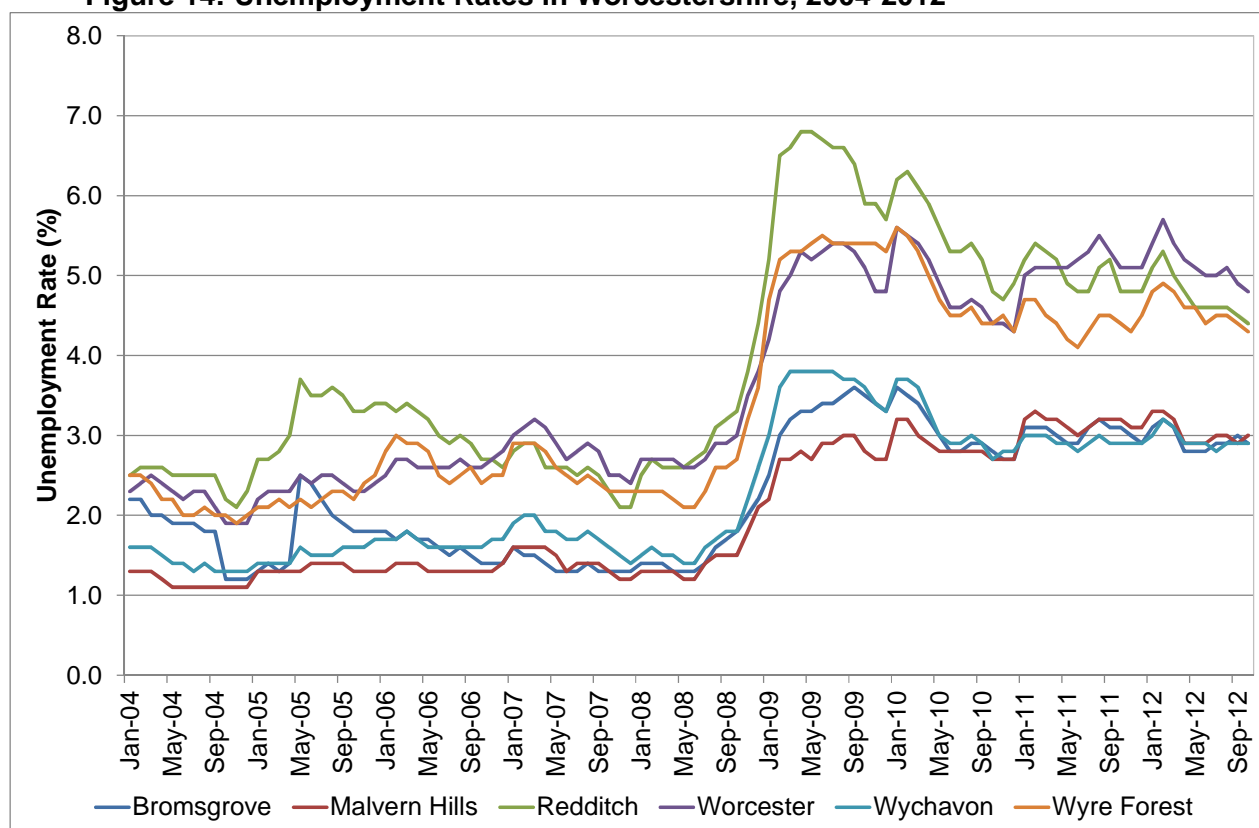
Stourport-on-Severn, once the busiest inland port after Birmingham, lies at the junction of the Staffordshire and Worcestershire Canal and the River Severn. The town is a popular day visitor destination with many fine Georgian buildings, historic Canal Basins, riverside attractions and a good range of shops, pubs and cafes.

The area is already home to a number of tourist attractions, including the Wyre Forest itself, West Midland Safari Park, two Arboretums and the Severn Valley Railway, which works its way through Bewdley, a popular Georgian town on the River Severn boasting many listed buildings, a museum, independent retailers, pubs, restaurants and craft shops.

4.7.2 Current Economic Activity/Unemployment

The level of unemployment in each of the six Worcestershire districts from 2004 to 2012 is shown in the figure below.

Figure 14: Unemployment Rates in Worcestershire, 2004-2012



Source: ONS Claimant Count Rates, NOMIS 2012

From 2004 to October 2008 the unemployment rate across Worcestershire was fairly stable at around 2%, with individual districts varying between 1% and 4%. After then the rate of unemployment has grown, and although reached a peak in August 2009 of 4.6% in the county, has remained relatively high compared to pre-2008 levels.

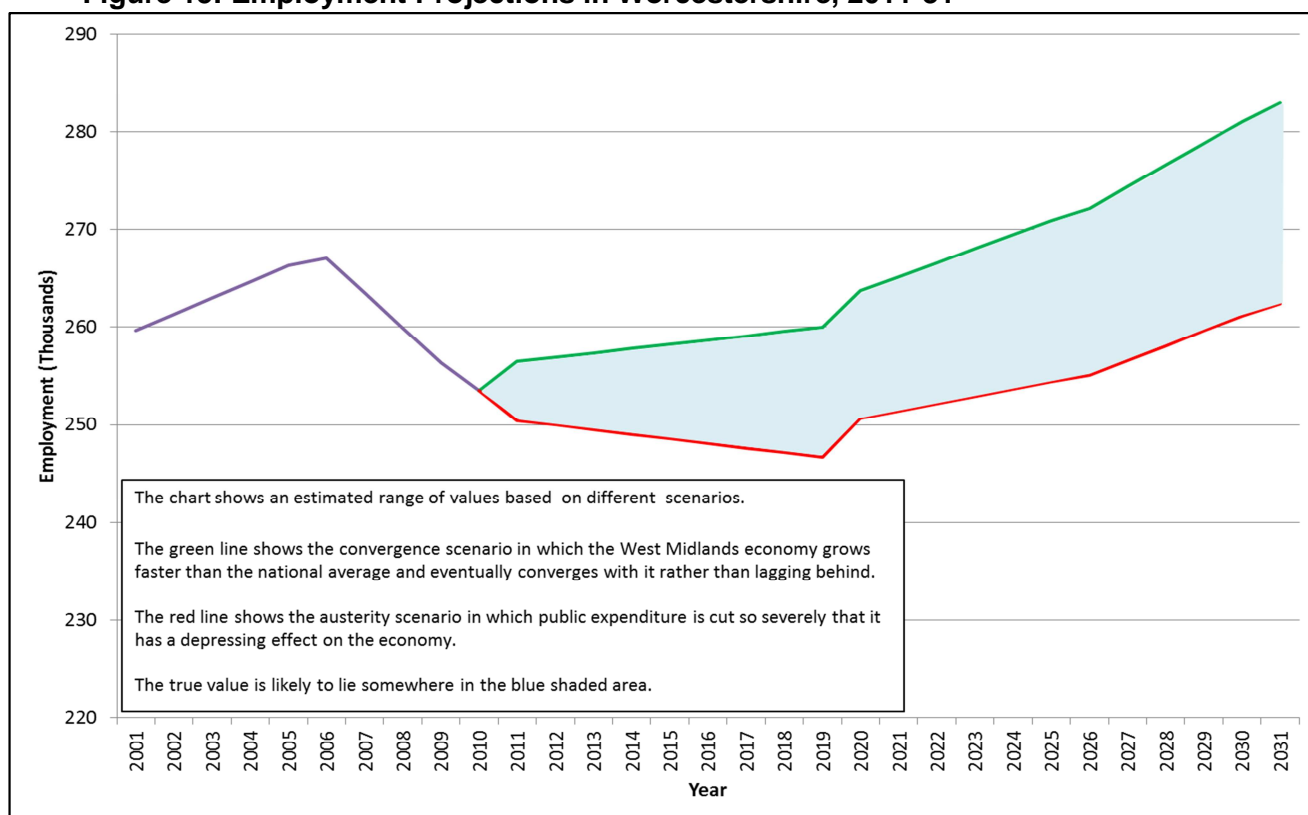
On the whole Redditch has had the largest proportion of people of economically active people claiming unemployment benefit, although in recent months Worcester City has overtaken Redditch. Most recent figures show unemployment at 3.8% across the whole of Worcestershire, with the highest rate being in Worcester City (4.9%). Redditch and Wyre Forest both also have relatively high rates of unemployment at around 4.5%, whilst Bromsgrove, Malvern Hills and Wychavon each currently have unemployment rates at around 3%.

4.7.3 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.

The chart 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 15: Employment Projections in Worcestershire, 2011-31



Source: Cambridge Econometrics, 2010

In order to provide some context to future economic projections, the following list below provides the key employment proposals within Worcestershire that could have a positive effect on employment generation in the county.

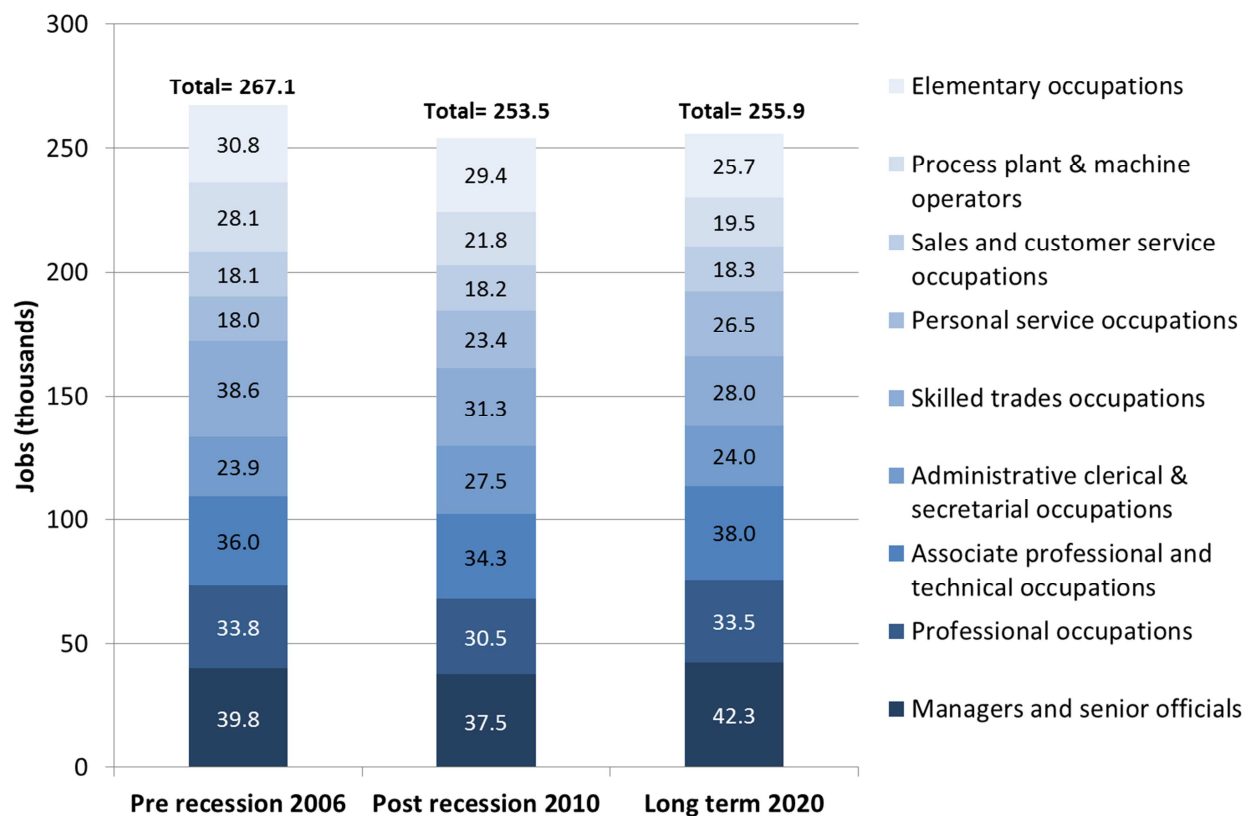
Key Employment Proposals within and adjacent to Worcestershire

- Worcester Technology Park
- Worcester Woods Business Park
- Grove Farm
- Longbridge
- South Kidderminster Enterprise Park
- Blackmore Park
- Qinetiq/Malvern Hills Science Park
- Stonebridge Cross, Droitwich (10ha extension)
- Throckmorton Airfield
- Vale Park West

4.7.4 Changes in Occupation Groups

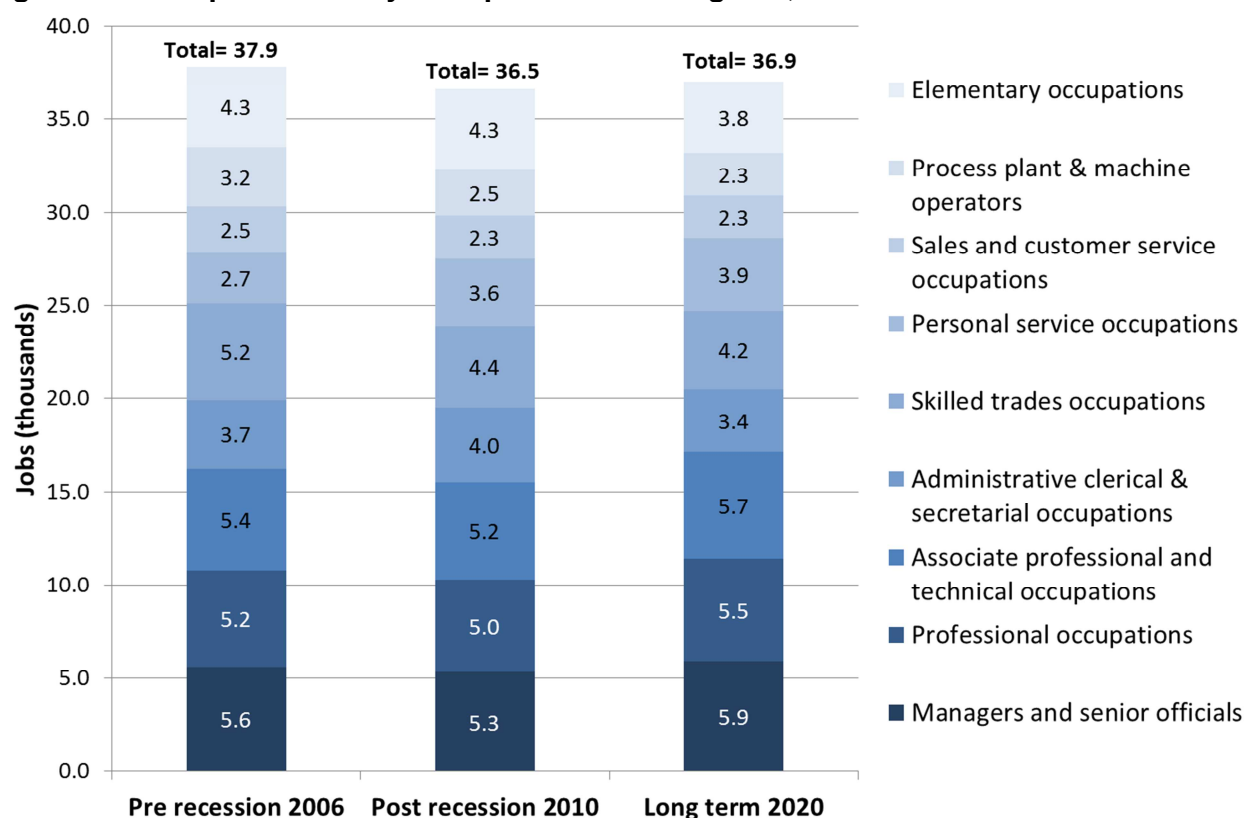
The projections do not indicate that a large number of new jobs will be created over the next decade, especially with further losses anticipated as the Government implements deficit reduction measures. However there is an indication that there will be a demand for a more skilled workforce with a reduction 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 16: Workplace Jobs by Occupation in Worcestershire, 2006-20



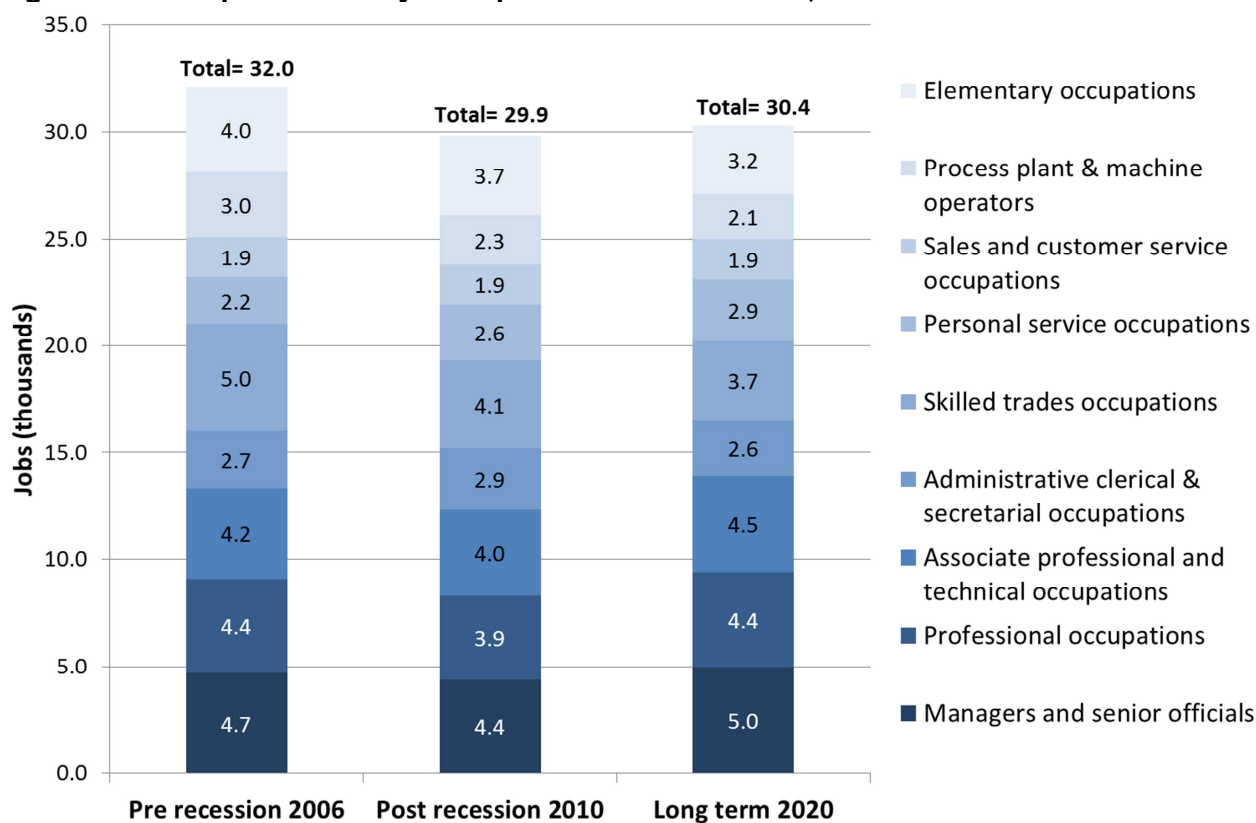
Source: Cambridge Econometrics, 2010

Figure 17: Workplace Jobs by Occupation in Bromsgrove, 2006-20



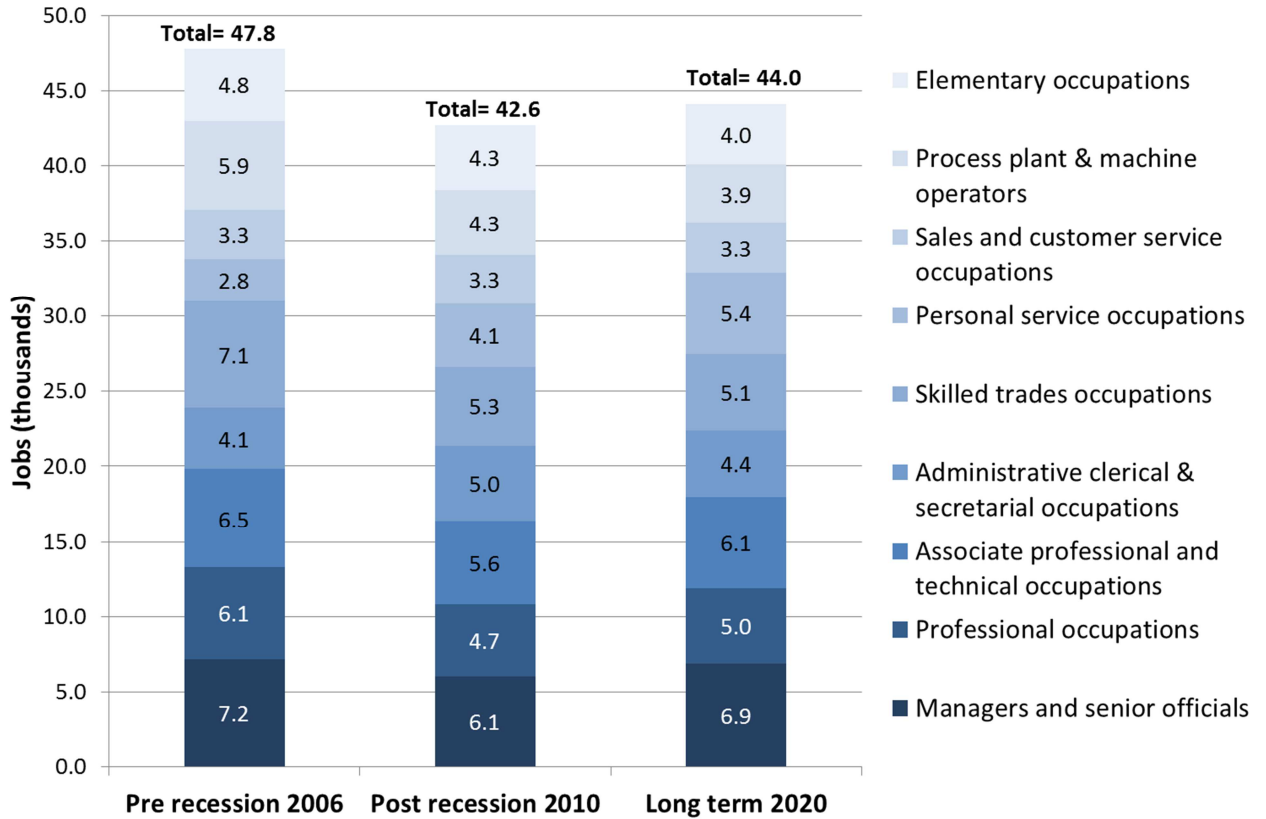
Source: Cambridge Econometrics, 2010

Figure 18: Workplace Jobs by Occupation in Malvern Hills, 2006-20



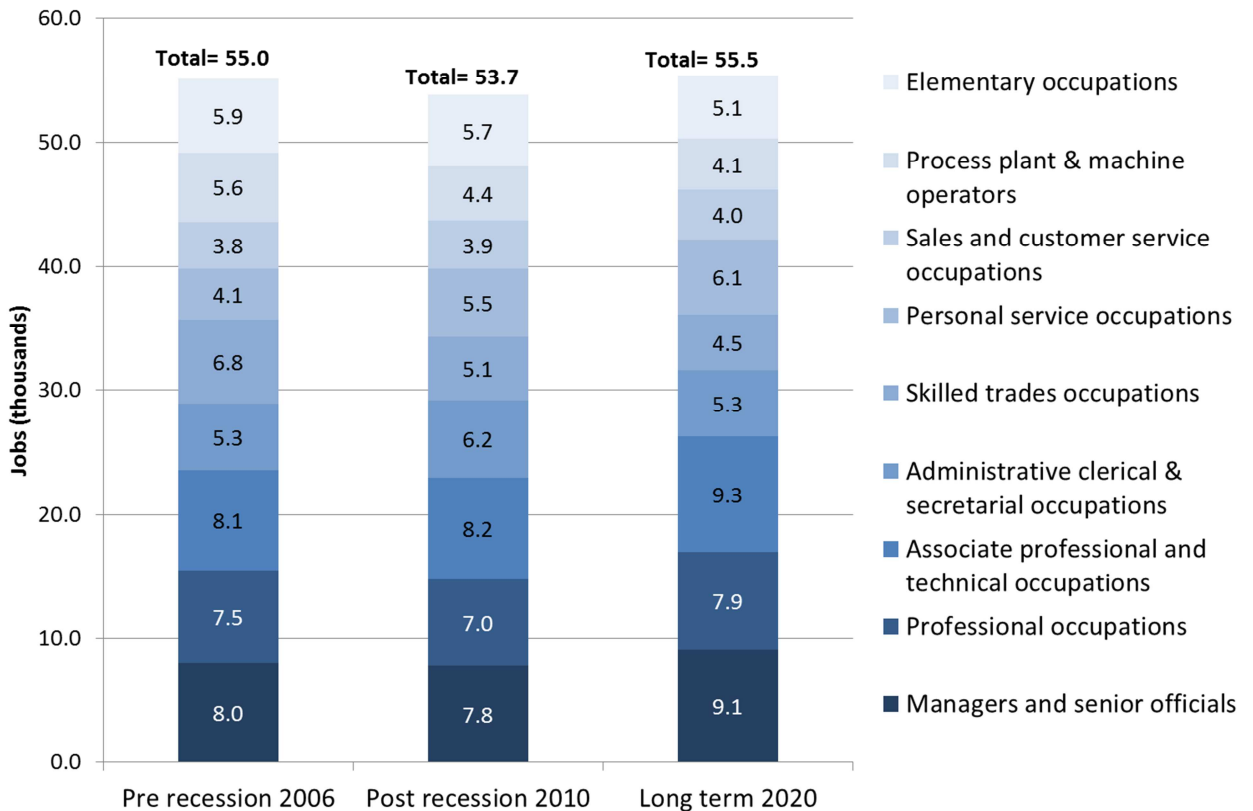
Source: Cambridge Econometrics, 2010

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



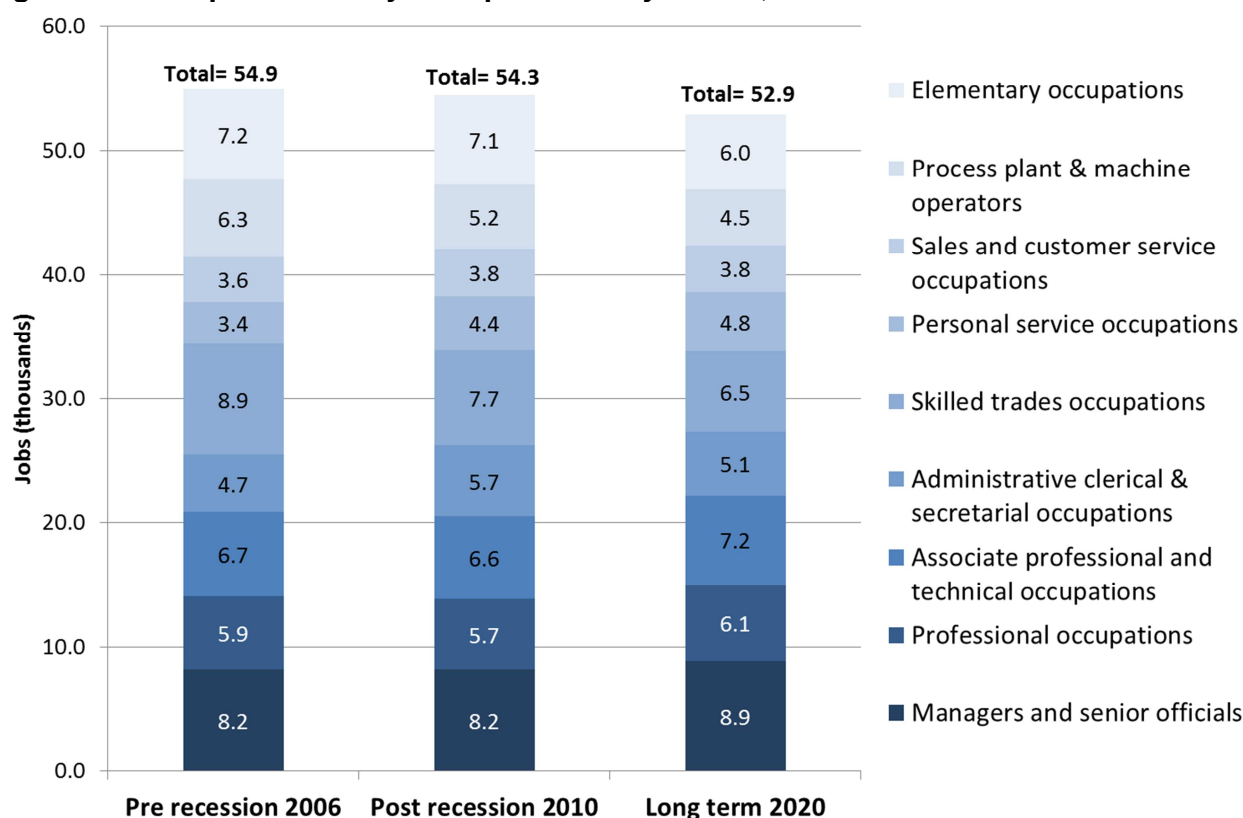
Source: Cambridge Econometrics, 2010

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



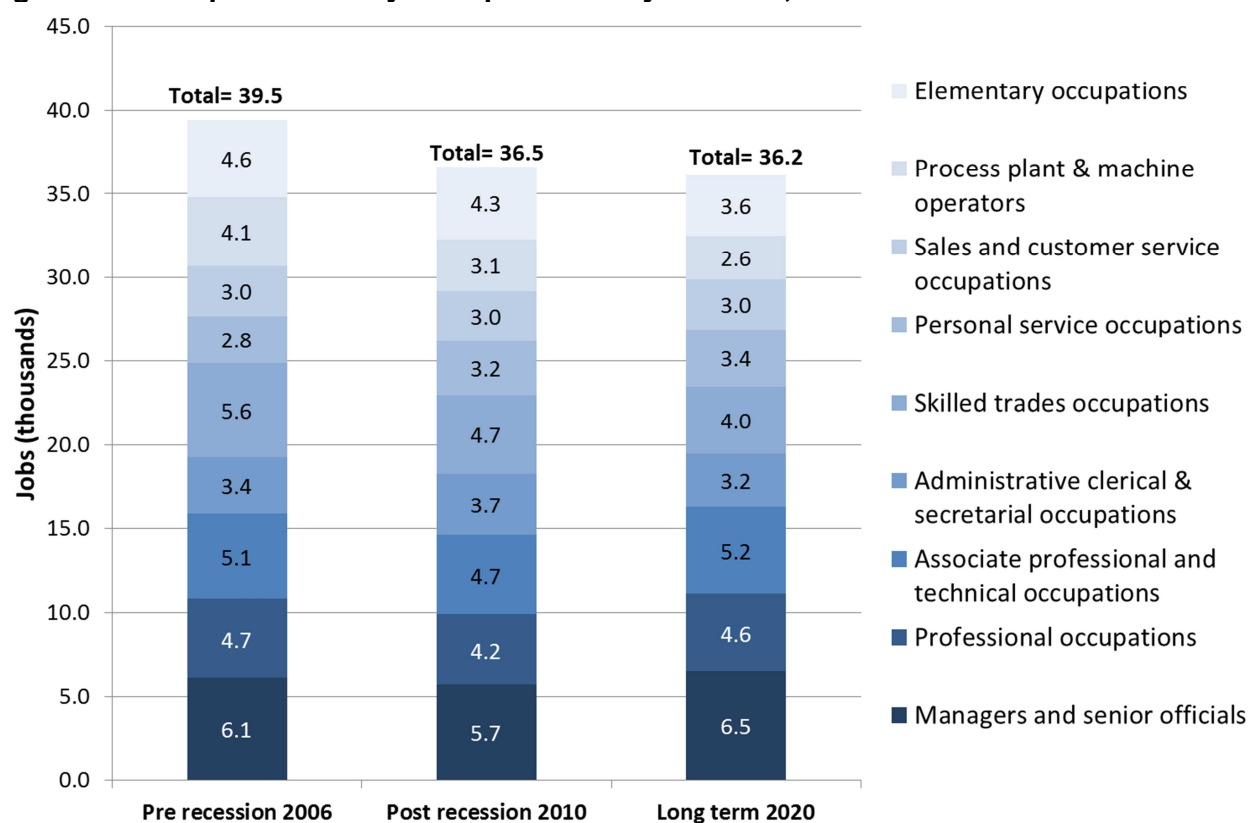
Source: Cambridge Econometrics, 2010

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



Source: Cambridge Econometrics, 2010

Figure 22: Workplace Jobs by Occupation in Wyre Forest, 2006-20



Source: Cambridge Econometrics, 2010

4.8 Linking Employment & Housing – Commuting Trends and Relationships

The relationship between the workplace and home is a daily occurrence and we are able to quantify the relationship through analysing commuting patterns. This represents an important linkage between the two key drivers of change considered within this section, demography and economics.

4.8.1 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 21: Change in Commuting Ratios, 2001-11

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 City	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. 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.

4.9 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 24,300 (or 4.5%) between 2001 and 2011. In 2011 there were an estimated 566,577 residents across the county. Redditch and Bromsgrove have experienced the greatest levels of growth, with the population in Redditch rising by 5,500 (7.0%) and in Bromsgrove by 5,800 (6.6%). 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. It is noted that levels of internal and international migration will be re-assessed in light of the results of the 2011 Census.
- **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, including for example, Smallwood in Redditch, Lowesmoor in Worcester and parts of Kidderminster for example the Horsefair and Clensmore areas. Seasonal employment in particular in the agricultural sector can also have a more temporary impact in terms of local BME communities, particularly in the more rural areas.
- **Household Composition:** The 2011 Census identifies a total of 239,717 households across Worcestershire in 2011. This current total of households represents a growth of 16,700 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 2012 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 has the highest level of unemployment at 4.9% of economically active people, whilst Redditch and Wyre Forest, both at 4.5%, also have relatively high unemployment rates compared to the county average of 3.8%. 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 Assessment 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 sharply 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 both for overall market demand, but also, particularly the assessment of the number of households that are currently in need of affordable housing or will be in the future.

The monitoring of the housing market continues to analyse 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 22: Average Sale Prices and Number of Sales by District – 2010/11 and 2011/12

District	2010/11		2011/12		Annual Change
	Average Sale Price	Number of Sales	Average Sale Price	Number of Sales	
Bromsgrove	£237,241	1,115	£236,129	1,152	-0.5%
Malvern Hills	£249,151	867	£241,224	1,027	-3.3%
Redditch	£164,627	916	£158,614	1,009	-3.8%
Worcester	£175,411	1,236	£177,575	1,305	1.2%
Wychavon	£248,263	1,410	£235,989	1,503	-5.2%
Wyre Forest	£174,558	948	£171,360	1,107	-1.9%
Worcestershire	£210,055	6,492	£204,973	7,103	-2.5%

Source: Land Registry Bespoke Report, 2012

Table 22 shows mean house prices have fallen slightly since 2010/11 with only Worcester seeing a small increase. Interestingly, the number of sales increased across the county for the second year running.

5.1.2 Median House Prices

Table 23: Median Sale Prices by District – 2010/11 and 2011/12

District	2010/11 Median Sale Price	2011/12 Median Sale Price	Annual Change
Bromsgrove	£199,975	£202,500	1.2%
Malvern Hills	£213,500	£201,500	-6.0%
Redditch	£150,000	£142,750	-5.1%
Worcester	£158,000	£160,000	1.3%
Wychavon	£200,000	£195,000	-2.6%
Wyre Forest	£149,500	£145,000	-3.1%
Worcestershire	£175,000	£172,000	-1.7%

Source: Land Registry Bespoke Report, 2012

The median sale price across Worcestershire has fallen slightly over the past year with rises seen in just Bromsgrove (1.2%) and Worcester (1.3%). Bromsgrove has the highest median sale price, whereas Redditch has the lowest.

5.1.3 Lower Quartile House Prices

The table below provides the lower quartile house price comparisons for 2010/11 and 2011/12, 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 Worcester and Redditch.

It is not surprising that the annual change is less than the median and mean price variations, but interestingly, Bromsgrove and Worcester saw small increases, as they did with median prices. Redditch saw a relatively large decline in the lower quartile price, and has the cheapest entry point into the housing market across the county.

Table 24: Lower Quartile Sale Prices by District – 2010/11 and 2011/12

District	2010/11 Lower Quartile Sale Price	2011/12 Lower Quartile Sale Price	Annual Change
Bromsgrove	£150,000	£152,000	1.3%
Malvern Hills	£158,000	£153,500	-2.9%
Redditch	£117,000	£110,000	-6.4%
Worcester	£130,000	£131,250	1.0%
Wychavon	£151,000	£148,000	-2.0%
Wyre Forest	£116,000	£115,000	-0.9%
Worcestershire	£133,000	£132,000	-0.8%

Source: Land Registry Bespoke Report, 2012

The next table 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.

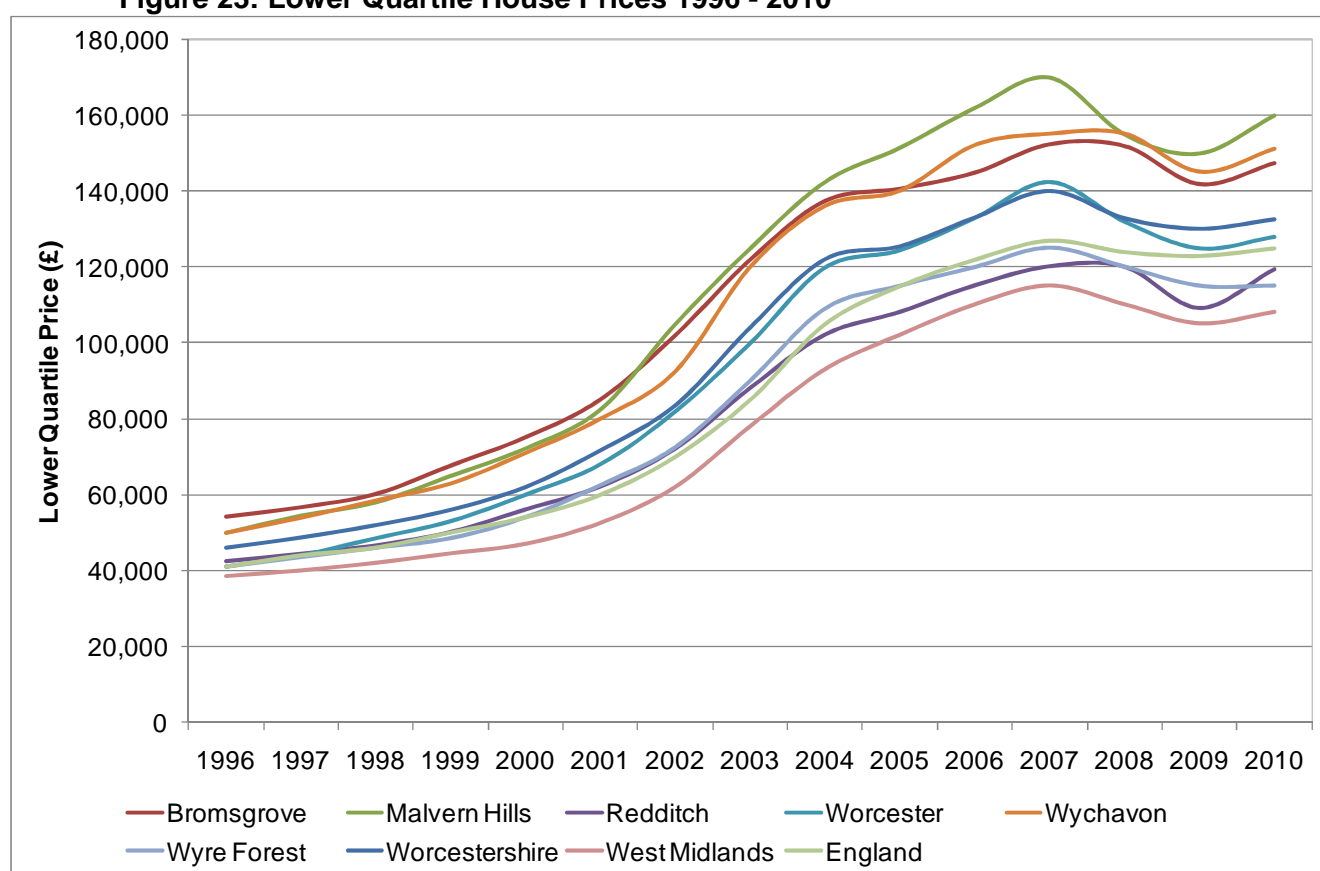
Table 25: Lower Quartile Sale Prices by Property Type and District, 2011/12

District	Detached	Semi-detached	Terraced	Flat/Maisonette	All Sales
Bromsgrove	£232,000	£151,000	£132,000	£86,750	£152,000
Malvern Hills	£225,000	£153,125	£121,500	£99,000	£153,500
Redditch	£182,750	£126,625	£100,000	£74,688	£110,000
Worcester	£192,625	£133,875	£125,000	£86,000	£131,250
Wychavon	£225,000	£150,000	£120,900	£84,750	£148,000
Wyre Forest	£168,500	£119,000	£98,275	£78,000	£115,000
Worcestershire	£205,000	£135,000	£113,500	£83,500	£132,000

Source: Land Registry Bespoke Report, 2012

Figure 17 shows how lower quartile prices have changed annually since 2006 including regional and national comparators.

Figure 23: Lower Quartile House Prices 1996 - 2010



Source: CLG Live Tables, 2012

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 here is lower quartile earnings as specified within the Housing Market Information: Advice Note¹¹ and relates to an individual rather than a 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 26: Housing Affordability Ratio by District, 2001 - 2011 (Lower Quartile Earnings^{1,2})

District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Bromsgrove	5.98	7.35	8.24	9.18	9.45	9.14	9.90	9.65	8.52	8.93	9.40
Malvern Hills	5.97	7.04	9.33	10.09	10.05	10.25	10.84	10.12	7.98	9.67	9.22
Redditch	4.61	4.87	6.07	6.44	6.97	7.54	7.89	7.46	6.42	6.66	6.51
Worcester	5.03	5.33	6.63	7.65	8.26	8.27	8.66	8.38	7.22	6.81	7.73
Wychavon	5.94	6.65	8.00	8.48	9.22	9.35	9.35	9.40	7.36	8.71	8.83
Wyre Forest	4.86	5.48	6.28	7.93	8.37	7.59	7.74	7.72	6.94	7.23	7.44
Worcestershire	5.32	5.92	7.05	7.98	8.39	8.27	8.46	8.27	7.27	7.61	7.93

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.

The affordability ratio is highest in Bromsgrove, Malvern Hills and Wychavon, where lower quartile house prices are high relative to the rest of Worcestershire. Affordability ratios decreased between the peak in 2007 and 2009 but over the past couple of years have begun to increase again. Redditch and Wyre Forest have the lowest ratios and this is where house prices are lowest relative to Worcestershire, 6.51 and 7.4 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.

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. However, this applies to single households looking to buy on their own or with financial assistance. It does not account for joint incomes of couple households or those looking to buy with friends, which has become ever more popular over recent years.

¹¹ Housing market core indicator 1, Housing Market Information: Advice Note (Communities and Local Government: London, May 2007)

5.2 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 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.

In a recent report by Halifax¹², on average, a homeowner spends around £130 per month less than a typical tenant renting an identical property. The report looks at a three-bedroom house, which currently costs £157,400 on average. For the homeowner, the average monthly mortgage payment, including other 'buying' costs, is £600, but for the tenant, the monthly rent bill is £732. 'Buying costs' are mainly the loan repayments, but also include the cost of household repair bills, minor alternations and insurance. This results in a difference of £132, or 18 per cent, the widest gap ever recorded by the Halifax since it started to conduct the annual survey in 2008. The report also says that buying a house is 'more affordable' than renting in all 12 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.

The following table presents the average rental levels across Worcestershire, using data collected from the Valuation Agency Office¹³. The different indicators, including mean, median, lower and upper quartile, are shown by bedroom numbers.

Table 27: Worcestershire Rental Levels by Number of Bedrooms – July 2011 to June 2012

	1 bedroom	2 bedroom	3 bedroom	4+ bedrooms	Total*
Count of Rents	585	1,267	795	269	3,255
Average	£449	£566	£657	£1,002	£580
Lower Quartile	£400	£525	£575	£795	£465
Median	£450	£560	£650	£925	£550
Upper Quartile	£495	£595	£725	£1,100	£650
80% Median	£360	£448	£520	£740	£440

*Total includes room and studio lettings

Source: Valuation Office Agency, 2012

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

¹² http://www.lloydsbankinggroup.com/media1/press_releases/2012_press_release_brands/halifax/1509_cheaper.asp

¹³ http://www.voa.gov.uk/corporate/statisticalReleases/120823_PrivateResidentialRentalMarketStatistics.html

Table 28: Rental Levels by Number of Bedrooms by District – July 2011 to June 2012

Property Size	Area	Count of rents	Average	Lower quartile	Median	Upper quartile	80% Median
1 bedroom	Bromsgrove	21	£476	£435	£475	£510	£380
	Malvern Hills	65	£443	£400	£435	£495	£348
	Redditch	65	£452	£430	£450	£475	£360
	Worcester	228	£475	£425	£475	£523	£380
	Wychavon	66	£465	£425	£450	£495	£360
	Wyre Forest	140	£396	£363	£395	£425	£316
2 bedrooms	Bromsgrove	61	£591	£550	£595	£625	£476
	Malvern Hills	144	£561	£500	£550	£595	£440
	Redditch	141	£563	£525	£550	£595	£440
	Worcester	417	£589	£550	£575	£625	£460
	Wychavon	212	£588	£525	£578	£625	£462
	Wyre Forest	292	£516	£475	£520	£550	£416
3 bedrooms	Bromsgrove	51	£735	£625	£725	£795	£580
	Malvern Hills	94	£676	£595	£685	£750	£548
	Redditch	97	£626	£575	£625	£695	£500
	Worcester	199	£689	£645	£695	£725	£556
	Wychavon	113	£727	£650	£725	£775	£580
	Wyre Forest	241	£585	£530	£575	£625	£460
4 or more bedrooms	Bromsgrove	37	£1,160	£925	£999	£1,295	£799
	Malvern Hills	50	£1,041	£775	£950	£1,250	£760
	Redditch	27	£851	£750	£825	£950	£660
	Worcester	55	£913	£795	£850	£950	£680
	Wychavon	62	£1,134	£900	£1,000	£1,250	£800
	Wyre Forest	38	£816	£675	£750	£850	£600
Total (including room and studio)	Bromsgrove	177	£726	£550	£625	£799	£500
	Malvern Hills	363	£630	£495	£575	£695	£460
	Redditch	403	£543	£455	£550	£600	£440
	Worcester	1,100	£557	£450	£550	£650	£440
	Wychavon	474	£663	£515	£595	£725	£476
	Wyre Forest	738	£523	£450	£525	£585	£420

Source: Valuation Office Agency, 2012

Rental levels above have been broken down by district and show some interesting differences. Bromsgrove has the highest mean rents across all property sizes 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 - 2016¹⁴ 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

¹⁴ Worcestershire Housing Strategy 2011 - 2016, <http://www.worcester.gov.uk/index.php?id=2235>

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 2012.¹⁵

Table 29 below shows both Local Authority and RSL weekly rents for the past 11 years, with the difference narrowing in 2011/12. Rental levels in the social sector are significantly lower than open market rents.

Table 29: RSL and Local Authority Average Weekly Rents in Worcestershire

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

Source: Communities for Local Government, Live Tables, 2012

Average weekly rents in the social rented sector across Worcestershire are £67 for Local Authority properties (Redditch) and £74 for RSL properties.

The Regulatory and Statistical Return (RSR) captured a wide variety of information from each Private Registered Provider (PRP) about all properties owned by that provider. From 2012 this has been 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+¹⁶, and provides a Statistical Data Return (SDR) based on the survey data. The SDR was published for the first time on 24th August 2012, with data collected between 1st April 2011 and 31st March 2012. The data below relates to 22,383 records for general needs owned bed spaces/units.

¹⁵ <http://www.communities.gov.uk/publications/housing/allocationaccommodationguide>

¹⁶ <https://nroshplus.homesandcommunities.co.uk/>

Table 30: Private Registered Providers Weekly Social Rents by Bedroom Number and District – 2011/12

Property Size	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
Bedsit	£58	£56	N/A	£52	£57	£59	£54
1 bedroom	£63	£72	£67	£61	£69	£62	£66
2 bedrooms	£75	£82	£78	£74	£80	£74	£77
3 bedrooms	£85	£93	£86	£81	£90	£82	£85
4 bedrooms	£95	£105	£101	£93	£95	£88	£95
All properties	£77	£84	£76	£74	£82	£77	£79

Source: Statistical Data Return (SDR), NROSH+, CLG, 2012

The information in table 30 relates to all rents (not just those from new lets) collected by PRPs (including Housing Associations but *not* Local Authorities) across the year. 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. As this tenure is relatively new there is not a big sample, just 143 records, and therefore the data has been presented for Worcestershire by number of bedrooms.

Table 31: Weekly Affordable Rents by Bedroom Number – 2011/12

Property Size	Number of Properties	Worcestershire
1 bedroom	57	£88
2 bedrooms	64	£110
3 bedrooms	22	£128
4 bedrooms	-	-
All properties	143	£104

Source: Statistical Data Return (SDR), NROSH+, CLG, 2012

It is clear from a small sample of affordable rents, that they are approximately 25-30% more expensive than social rents for the equivalent number of bedrooms. The average weekly affordable rent across Worcestershire is £104 per week compared to £79 per week for social properties.

5.3.1 Social Lettings

In total, there were 2,724 social lettings to households (including transfers) on the waiting list across Worcestershire in the last year. The following figure illustrates this broken down to each local authority and by size (number of bedrooms). This is a large increase on the number of lettings in 2010/11 (28%).

Table 32: Social Lettings by Number of Bedrooms – 2011/12

District	0/1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Bromsgrove	38.4%	44.7%	15.3%	1.6%	365
Malvern Hills	39.3%	41.3%	18.2%	1.2%	341
Redditch*	65.7%	22.1%	12.2%		575
Worcester	53.8%	31.2%	13.8%	1.1%	455
Wychavon	46.7%	34.8%	16.1%	2.5%	604
Wyre Forest	45.8%	35.1%	18.2%	0.9%	456
Worcestershire	42.6%	39.8%	17.6%		2,724

Source: Local Authority Lettings data, July 2012

*Redditch data provided as 0/1 bedrooms, 2 bedrooms and 3+ bedrooms only

5.3.2 Waiting List

As of July 2012 there were 24,531 households registered as awaiting affordable housing across Worcestershire on local authorities' waiting lists, an increase of approximately 800 households from last year. When this is compared to the annual level of lettings considered in Table 32 (11% 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.

The following table presents the waiting list for affordable housing is broken down by each individual authority.

Table 33: Households on the Waiting List

District	Total Households (2011 Census)	Households on Waiting List (July 2012)	Proportion of Total Households
Bromsgrove	38,290	3,432	9.0%
Malvern Hills	32,212	2,274	7.1%
Redditch	34,722	3,337	9.6%
Worcester	42,042	4,496	10.7%
Wychavon	49,466	4,975	10.1%
Wyre Forest	42,985	6,017	14.0%
Worcestershire	239,717	24,531	10.2%

Source: 2011 Census and Local Authority Waiting List data, 2012

The two highlights from the table above are Malvern Hills has a significantly lower proportion of households registered on the waiting list and Wyre Forest has a significantly higher proportion than the county as a whole.

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

Table 34: 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	9.7%	22.1%	32.3%	10.7%	5.7%	19.5%	3,432
Malvern Hills	7.0%	29.1%	34.0%	9.1%	5.3%	15.4%	2,274
Redditch	8.2%	22.7%	30.9%	24.7%	2.4%	11.1%	3,337
Worcester	4.4%	25.7%	30.5%	7.6%	8.0%	23.8%	4,496
Wychavon	7.0%	19.5%	25.2%	3.4%	5.1%	39.9%	4,975
Wyre Forest	12.7%	23.0%	27.1%	10.4%	5.6%	21.0%	6,017
Worcestershire	8.5%	23.2%	29.2%	10.3%	5.5%	23.3%	24,531

Source: Local Authority Waiting List data, 2012

Interestingly, the majority of households on the waiting list for affordable housing are already in social rented accommodation. 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.

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 9,501 households. Couple and 'other' households appear to be placing the lowest level of pressure on affordable housing. Pensioner households make up 15.8% of households in Worcestershire on the waiting list.

Table 35: Households on the Waiting List by Household Type

District	Couple	Family	Single	Pensioner	Other	Total
Bromsgrove	7.5%	42.9%	28.1%	15.0%	6.4%	3,432
Malvern Hills	10.9%	37.3%	31.4%	17.0%	3.4%	2,274
Redditch	12.4%	38.5%	38.2%	11.0%	0.0%	3,337
Worcester	7.9%	42.8%	38.7%	9.8%	0.8%	4,496
Wychavon	8.1%	34.4%	37.3%	17.7%	2.5%	4,975
Wyre Forest	8.9%	37.7%	31.4%	21.4%	0.5%	6,017
Worcestershire	9.0%	38.8%	34.4%	15.8%	2.0%	24,531

Source: Local Authority Waiting List data, 2012

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 36: Home Choice Plus Banding System

Band	Description	Time Limit
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
Bronze Plus	Local connection and low housing need	No limit
Bronze	No local connection and low housing need	No limit

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 37: 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 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
- Silver or Silver Plus (for Redditch those with 80+ points)

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, are let to households in the Bronze Plus or Bronze categories.

The following table 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 38: Households on the Waiting List classified as in Significant Need

	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcestershire
Households in 'Significant Need'	415	467	1,156	1,120	897	893	4,948
Proportion of Total Waiting List	12.1%	20.5%	34.6%	24.9%	18.0%	14.8%	20.2%
Proportion of Total Households	1.1%	1.4%	3.3%	2.7%	1.8%	2.1%	2.1%

Source: Local Authority Waiting List data, 2012.

There are a total of 4,948 households categorised as having a significant level of need for affordable housing¹⁷, albeit a small decrease from last year of 5,107. This represents approximately one fifth 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 mobility between tenures is key to a functional housing market. Blockages, associated for example with affordability issues, represent a challenge that unless overcome will continue to sustain imbalances in housing markets leading to market vulnerability and wider socio-economic issues.

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 2011 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 increase 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 particular the owner-occupier market, remains the tightening of mortgage finance by

¹⁷ This total includes households that are classified statutory homeless and/or in temporary accommodation and requiring housing, new registrations and existing tenants requesting transfer.

financial lending institutions since the start of the economic downturn in 2008 and subsequent double-dip 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. Figures from the Council for Mortgage Lenders¹⁸ indicate the number of first time buyers in the West Midlands has been falling annually from a peak of 49,600 in 1999 to 15,100 in 2011. The median age of a first time buyer is 28 and the average deposit required is £23,500 but their annual income is £30,000, which illustrates the difficulties that first time buyers 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 example 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 but generally have a typical interest rate of between 6% or more.

Table 39: Mortgage Best Buys – 90% Loan to Value (December 2012)

Lender	Interest Rate	Fee	Period	Mortgage Type	LTV
HSBC	3.84%	£999	2 Years	Discount	90%
Britannia BS	3.99%	£0	2 Years	Fixed	90%
Chelsea BS	4.19%	£1,495	2 Years	Fixed	90%
Yorkshire	4.24%	£995	2 Years	Fixed	90%
HSBC	4.69%	£899	5 Years	Fixed	90%
Natwest	4.79%	£0	5 Years	Fixed	90%

Source: MoneySupermarket.com, 2012.

At present the average home buyer purchasing a lower quartile priced property (circa £132,000) in Worcestershire requires a deposit of some £13,200, 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).

The following table 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 4.5%
- 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.

¹⁸ First time buyers: Lending and Affordability (ML2WM)

Table 40: Mortgage Repayment Costs for First Time Buyers (FTB) by District – 2011/12

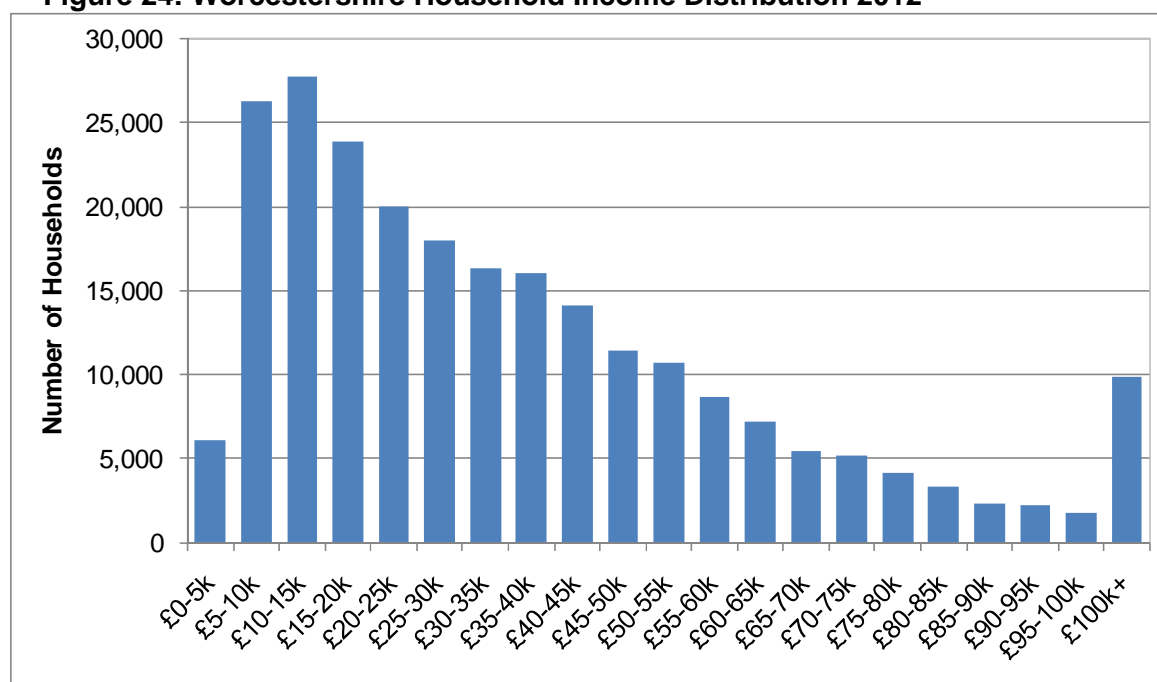
District	Lower Quartile House Price	90% Mortgage	Monthly Payments	
			Repayment Mortgage	Interest Only Mortgage
Bromsgrove	£152,000	£136,800	£761	£513
Malvern Hills	£153,500	£138,150	£768	£519
Redditch	£110,000	£99,000	£551	£372
Worcester	£131,250	£118,125	£657	£443
Wychavon	£148,000	£133,200	£741	£500
Wyre Forest	£115,000	£103,500	£576	£389
Worcestershire	£132,000	£118,800	£661	£446

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

The cost of servicing a typical repayment mortgage on a lower quartile house in Worcestershire would vary from £551 per month in Redditch up to £768 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 £11,000 in Redditch and £15,300 in Malvern Hills.

5.5.2 Incomes

Figure 24: Worcestershire Household Income Distribution 2012



Source: PayCheck 2012, 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 18 illustrates the income distribution of residents across Worcestershire. This demonstrates the positive skew of household incomes towards the lower income end of the spectrum; 34.9% having household income levels below £20,000 per annum and 57.4% below £35,000. At the other end of the scale there are also a significant proportion of higher income households in Worcestershire, with 25.3% 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 Assessment¹⁹, this recommends the following standardised assumptions when assessing affordability (this is utilised within the calculation of housing need in Chapter 7):

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

The table below illustrates the annual income required to enter different tenures based on the assumptions detailed on the previous page.

Table 41: Affordability Benchmarks – Annual 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	£39,086	£28,368	£35,280	£22,694	£28,224	£15,600
Malvern Hills	£39,471	£26,928	£32,448	£21,542	£25,958	£17,056
Redditch	£28,286	£27,024	£30,048	£21,619	£24,038	£16,224
Worcester	£33,750	£28,272	£33,072	£22,618	£26,458	£15,392
Wychavon	£38,057	£28,224	£34,896	£22,579	£27,917	£16,640
Wyre Forest	£29,571	£24,768	£28,080	£19,814	£22,464	£15,392
Worcestershire	£33,943	£27,168	£31,536	£21,734	£25,229	£16,016

Source: Land Registry, Valuation Office Agency, Statistical Data Return (SDR), NROSH+, CLG, 2012

¹⁹ CLG SHMA Guidance (August 2007)

Table 41 shows the considerable income difference 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 required 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 Assessment and since the population and household projects 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.²⁰ This assists in providing an indication for the levels of housing for which authorities should plan for, set within the context of the current housing market and potential future supply. 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

²⁰ Worcestershire Strategic Housing Market Assessment – Main Report (February 2012), GVA

6.2 The Core Scenarios

The 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 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 creating a robust spectrum underpinning the evidence base for the SHMA, are shown in the following table.

Table 42: Household Projections – 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 figures 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 43: 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

In terms of Core Strategies, the position is unchanged to 12 months ago with Wyre Forest being the only local authority to have an adopted Core Strategy. The strategy shows an average annual requirement of 200 dwellings per annum which falls within the range identified in Table 43. This forms an important context for the future process of setting housing requirements for the remaining authorities across Worcestershire.

6.3 Projected Household Profile

The government guidance²¹ 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.

²¹ CLG SHMA Guidance (August 2007)

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

Household Type	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcs
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

Table 45: Projected Household Change in Broad Household Types (2006 – 2030) – Sensitivity Scenario 2

Household Type	Bromsgrove	Malvern Hills	Redditch	Worcester	Wychavon	Wyre Forest	Worcs
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

The projected trends identified above around the changing demographic profile of the county are likely to alter the types and sizes of houses which will be required in the future.

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. In fact, a key point to note **across the county** is that the analysis suggests that there may be a high demand for smaller properties suitable for meeting the needs of older person households. This should be considered by all districts as the key future trend.

In **Bromsgrove, Malvern Hills Wyre Forest** and, most notably, in **Wychavon**, the number of family households is set to decline overall. However, it is important to recognise that this is not true for all age groupings and therefore there is likely to be a sustained demand for traditional housing units (3 and 4 bedroom stock), recognising that moderate and larger properties represent the aspiration for many households of different ages in these four districts.

The trend in **Redditch** is slightly different with Sensitivity Scenario 2 suggesting the number of family households is set to increase overall, with particularly strong growth in households where the head of household is aged between 35 and 54.

This suggests that under the assumptions underpinning Sensitivity Scenario 2 that there may be a sustained demand for traditional housing units (3 and 4 bedroom stock).

In **Worcester** the analysis also indicates that there may be a level of demand for housing suitable to meet the needs of young couple households; this could include smaller family homes as well as apartments. There is also projected to be a sustained demand for family households suggesting that there may be a sustained demand for more traditional housing units (i.e. 3 or 4 bedroom stock). It is also important to recognise that moderate and larger properties represent the aspiration for many households of different ages and this will continue to influence market demand.

For more information on the district level impact of the scenario analysis, please see the appendices from the Strategic Housing Market Assessment published in February 2012.

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 particular 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 monitoring 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 and across the county. 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).²²

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.

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.

²² <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

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 – Main Report (February 2012). This was a completely new housing market assessment that built on a previous assessment and subsequent monitoring reports.

The Worcestershire Strategic Housing Market Assessment (February 2012) found that there was an annual shortfall of 1,355 affordable dwellings across Worcestershire, which was marginally below the 1,402 figure produced in the Worcestershire Housing Market Assessment Monitoring Report (2009/10). Key contributing factors included:

- Estimated backlog need of 3,351 across Worcestershire. Subtracting the total affordable housing supply available of 720 and then applying a five year period to address need (i.e. 20% reduction per annum) equates to an annual backlog of 526 households.
- New gross household formation of 4,796 per annum with 54% unable to afford market housing (buy or rent) equating to 2,598 newly forming households in need per annum.
- 332 existing households falling into need on an annual basis.
- Gross annual housing need (backlog, newly-forming and existing) of 3,456 households.
- Existing supply – 1,994 social re-lets identified per annum (not including transfers) and 107 intermediate affordable dwellings for re-let or resale at sub-market levels.
- New dwelling supply - An additional 813 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 monitoring has updated the calculation of affordable housing need for Worcestershire and each local authority using the same model as employed within the Assessment and is 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 46: 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	28	13	24	55	51	37	208
1.2 Number of Overcrowding and concealed households	Choice Based Lettings Waiting List – 'significant need' (Taken as single Step)	415	467	1,156	1,120	897	893	4,948
1.3a Other Groups								
1.3b Other Groups - Transfers	Of which transfers - current occupiers of affordable housing in 'significant need'	254	215	502	402	349	350	2,072
1.4 Total current housing need (gross)	(1.1 + 1.2 + 1.3a) - 1.3b	189	265	678	773	599	580	3,084

Source: GVA, Worcestershire County Council, 2012

Table 47: 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 Household formation (annual)	Household Projections (Gross Formation - Natural Change Scenario – aged 15-44 years)	706	571	715	1,033	868	903	4,796
2.2 Newly forming households in need (annualised)	Proportion of households unable to afford to purchase or rent in the open market (Assumes PRS absorbs need – LQ)	58%	56%	55%	57%	56%	55%	56%
	Number of households unable to afford to purchase or rent in the open market (Assumes PRS absorbs need – LQ)	411	319	395	585	485	499	2,694
2.3 Existing households falling into need	CBL Waiting List - Households registering as in significant need (annual)	41	37	107	82	69	88	423
2.4 Total newly arising need (gross per year)	(2.1 x 2.2) + 2.3	452	355	502	667	554	587	3,117

Source: GVA, Worcestershire County Council, 2012

Table 48: 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	15	8	4	0	27
3.3 Committed supply of new affordable housing	Social Housing and Affordable Rent	62	71	50	87	89	68	427
3.4 Units to be taken out of management	Demolitions (programmed) and Right to Buy (trend)	0	0	11	0	40	0	51
3.5 Total affordable housing stock available	3.1 + 3.2 + 3.3 - 3.4	62	71	54	95	53	68	403

Source: GVA, Worcestershire County Council, 2012

Table 49: 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 (2010/11) (3 year average in Redditch)	245	220	344	376	445	365	1,995
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	Intermediate dwellings committed for development (annualised across next 5 years)	27	29	25	11	51	20	163
3.8 Annual supply of affordable housing	3.6 + 3.7	272	249	369	387	496	385	2,158

Source: GVA, Worcestershire County Council, 2012

Table 50: 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	1.4 - 3.5	127	194	624	678	546	512	2,681
Annual flow	20% of total net need (Assume five year period to relieve backlog of need)	25	39	125	136	109	102	536
Net annual housing need	(2.4 + Annual flow) - 3.8	205	145	258	415	167	304	1,495

Source: GVA, Worcestershire County Council, 2012

The housing needs analysis indicates that Worcestershire will be required to provide for a net annual affordable housing need of approximately **1,495 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 almost 150 from the Assessment due to a number of small factors but the largest influence being that the total affordable housing stock has reduced considerably, particularly committed supply of new affordable housing, after a large number of completions in 2010/11.

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 51: Estimated Size Requirements for Affordable Housing, based on estimated bedroom need for 'significant need' households

District	1 bedroom	2 bedroom	3 bedroom	4+ bedrooms
Bromsgrove	45%	35%	13%	6%
Malvern Hills	54%	28%	13%	5%
Redditch	41%	24%	18%	17%
Worcester	45%	37%	13%	5%
Wychavon	48%	35%	14%	3%
Wyre Forest	55%	29%	13%	3%
Worcestershire	47%	31%	14%	7%

Source: Local Authority Waiting Lists, 2012

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 (47%) and two (31%) bedroom properties.

It is important to note that smaller properties tend to have a higher turnover rate than larger ones, as tenants of one or two bedroom properties are more likely to fall in to need of a larger property, and those in larger properties are more likely to find the home suits their needs for longer. So although the majority of the current need of housing register applicants is for smaller properties, this is balanced out to some extent by the rate of turnover, and in order to meet the longer term needs of households in housing need and provide sustainable accommodation, there will be a need to develop a range of accommodation types and sizes. This should be considered when planning additional properties across the county.

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 52: 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 (2011/12)	Turnover of 1 Bedroom Sheltered Housing as % of Total Stock
Bromsgrove	501	816	75	9.2
Malvern Hills	424	482	49	10.2
Redditch	499	1,214	94	7.7
Worcester	380	843	96	11.4
Wychavon	724	652	122	18.7
Wyre Forest	1,085	345	113	32.8
Worcestershire	3,613	4,352	549	12.6

Source: Local Authority Waiting Lists and Lettings Data, 2012

The analysis indicates that there are currently just over 3,600 households in Worcestershire that are registered as being in need of 1 bedroom sheltered housing, extremely similar to the figure calculated last year. This constitutes a considerable level of backlog demand for smaller affordable housing and the turnover rate is generally quite low with the exception of Wyre Forest. 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 47) 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 53: Income Thresholds for Affording Intermediate Tenure Housing

District	Household Income below which Social Housing Required	Household Income Required to Access Open Market
Bromsgrove	£22,236	£28,368
Malvern Hills	£21,578	£26,928
Redditch	£17,806	£27,024
Worcester	£20,340	£28,272
Wychavon	£21,285	£28,224
Wyre Forest	£17,072	£24,768
Worcestershire	£19,525	£27,168

Source: Worcestershire County Council Analysis, 2012

Looking at Worcestershire overall, the table above shows that intermediate housing costs are accessible to households earning between £19,525 and £27,168. 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 53, 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 1,315 units of social rented housing and 254 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 (1,086 and 269 respectively) and the county level the split has increased towards intermediate housing, 84%:16% in favour of social rented housing compared to 80%:20% a year ago. At the individual local authorities there are considerable differences in the split with Malvern Hills and Wychavon, generally the most expensive and least affordable area, having a much higher split for social rented housing.

Table 54: Annual Affordable Housing Need (5 Years) by Affordable Housing Type (Intermediate/Social Rent)

District	Social Rented			Intermediate		
	Supply	Net Need (Total)	Net Need (%)	Supply	Net Need (Total)	Net Need (%)
Bromsgrove	245	172	84%	27	33	16%
Malvern Hills	220	141	94%	29	9	6%
Redditch	344	196	76%	25	61	24%
Worcester	376	387	88%	11	52	12%
Wychavon	445	178	94%	51	12	6%
Wyre Forest	365	241	74%	20	86	26%
Worcestershire	1,995	1,315	84%	163	254	16%

Source: Worcestershire County Council Analysis, 2012

7.3.4 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 offer for the range of people accessing 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 government has introduced a series of other measures such as changes to tenure (no longer a requirement to offer lifetime tenancies, flexibility to offer shorter terms with a minimum of two years); greater flexibility for local authorities in their strategic housing role and options to increase mobility for social tenants.

The differential between Affordable Rent charged at 80% and 70% of the open market rent²³, 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.

Table 55: Cost Differential - Social Rent and Affordable Rent

District	Total (Monthly)			3-Bedroom Properties (Monthly)		
	Social Rent	80% Market Rent	70% Market Rent	Social Rent	80% Market Rent	70% Market Rent
Bromsgrove	£334	£581	£508	£368	£588	£515
Malvern Hills	£364	£504	£441	£403	£541	£473
Redditch	£329	£434	£380	£373	£501	£438
Worcester	£321	£446	£390	£351	£551	£482
Wychavon	£355	£530	£464	£390	£582	£509
Wyre Forest	£334	£418	£366	£355	£468	£410
Worcestershire	£342	£464	£406	£368	£526	£460

Source: VOA (2012), RSR (2011), Worcestershire Analysis, 2012

The analysis above 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 £247 and £185 per month for 80% market rent, and £174 and £109 per month for 70% market rent respectively.

The increase in rent is almost certainly going to have 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. The following figure illustrates the proportion of households in each authority that would be excluded from affordable rent housing on affordability grounds.

²³ 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 56: Proportion of 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	38.6	47.5	58.0	80.6
Malvern Hills	35.6	45.6	55.0	75.3
Redditch	35.4	45.0	55.7	65.7
Worcester	36.7	46.3	55.1	68.9
Wychavon	35.6	45.6	55.6	75.9
Wyre Forest	34.8	45.2	47.8	69.0

Source: CACI PayCheck 2012, Worcestershire Analysis 2012

Table 56 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 around a third 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 summaries the analysis contained within this Worcestershire SHMA Monitoring Report to provide an update to the Worcestershire SHMA Main Report published in February 2012 by GVA.

The approach used in this monitoring report has been to follow the Assessment 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

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

Worcestershire contains a total of 247,251 dwellings of which 6,983 are vacant, resulting in a vacancy rate of approximately 2.8%, as at 2011/12²⁴. In terms of the individual authorities Wychavon represents almost 21% of total stock at almost 51,550 properties. Worcester and Wyre Forest also both contain over 40,000 properties, with Bromsgrove containing just over 39,000. Malvern Hills and Redditch are the two smallest authorities in terms of dwelling numbers with Redditch having almost 35,200 and Malvern Hills just over 33,500 properties.

Only Malvern Hills and Wyre Forest 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 their existing housing stock.

Between 2001 and 2012, there have been a total of 19,072 gross completions equating to an average of just over 1,734 per annum. The number of gross completions really fell away after 2006/07 linked to the economic climate and

²⁴ These dwelling figures are based on those in the Council Tax Base from CLG Live Tables and NOT those published from the 2011 Census

recession within the UK, but in 2011/12 completions rose significantly to 1,458, however still below the historical average.

Over the last decade, Worcestershire's housing stock has become more dominated by the private rented sector. In 2001 approximately 13,000 (5.9%) of 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 17.5% 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 (33.4%) or semi-detached (33.0%). 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 26,000 across the county, using data from the English Local Authority Statistics on Housing (ELASH).

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 2011 the population in Worcestershire has increased by 24,324 (4.5%), compared to 6.2% regionally and 7.8% nationally. This growth across the area is driven by varying levels of population change across each of the individual local authorities. with Redditch experiencing the highest growth proportionally (7.0%) and Wyre Forest the lowest (1.2%).

The majority of population growth can be seen in the 65-plus age group increasing by 20,000 over the past decade, representing an increase of 22% on 10 years ago and likely to have a significant effect on certain housing products. In comparison, the 0-19 population has declined by about 2,500 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 have seen an overall net inflow due to internal migration, particularly from the West Midlands conurbation. Worcester has experienced a negative net balance of migration since 2002, with a higher outflow than inflow to the district.

The migration of people across the county and to and from surrounding areas represents a complex mix of inflows and outflows. 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). 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.

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 3% and 5% 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, but as with the rest of the UK, they peaked in mid-2009. The mean price for Worcestershire in 2011/12 was just under £205,000 and the median value £172,000. Bromsgrove, Malvern Hills and Wychavon stand out as having higher average house prices across the county 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.

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 £580 per month.

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.

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

There has 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 3,084 households are identified as being in 'significant need', using waiting list data. This includes 208 households classified as homeless or in temporary accommodation, but excludes existing social tenants requesting a transfer from their current social dwelling as they wouldn't free up any accommodation.

In absolute terms, Redditch and Worcester have the highest number of households classified as having a 'significant need', both over 1,000. But Redditch has the highest proportion of in significant need (3.3% of total households). Across each of the other authorities approximately between 1% and 2% of households are classified as in significant need.

The housing needs model identified 56% of newly forming households are unable to afford to purchase or rent in the open market. There are only small differentials between local authorities from 55% in Redditch to 58% in Bromsgrove, but shows 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 Bromsgrove, 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 nine times greater than lower quartile incomes. Affordability ratios are lower in more urban areas, such as Redditch, Worcester 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.

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 3,117 households across Worcestershire. This total includes two elements, the number of newly forming households classified as in need (based upon an affordability test) of 2,694 households, and the number of households falling into need on an annual basis, 423.

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 **1,495 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 and Wyre Forest have the highest levels of need for new affordable properties, 415 and 304 respectively. Malvern Hills and Wychavon have much lower levels of need at 145 and 167 respectively, although this is still high when compared to past rates of provision.

The analysis in Chapter 7 shows that a large proportion of need can be addressed through traditional social housing products, 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 5:1 ratio for social rent to intermediate housing.

Core Output 6: Estimate of future households requiring market housing

The requirement of market housing can be extracted from the calculation of newly forming households requiring affordable housing, that just over half (57%) of newly forming households will require affordable housing. The demand for market housing in the future will therefore depend on a household's ability to access the open market 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, will have an impact on the types and sizes of properties required. 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 households, 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.

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 (59%) and 2 (27%) bedroom properties, based on the application of the bedroom standard. Bromsgrove and Redditch show the highest demand for larger 3 and 4 bedroom properties, 17% and 19% respectively. However, it should be noted that this only looks at those households considered having a 'significant need', which represents about 20% of all households on a waiting list.

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 2012. Evidence of market deviation from the future trends and assumptions presented will need to be taken into account in the development of policy. This approach is part of the plan, monitor and manage approach required for the LDF evidence base.