

# **Estimating Future (Newly Arising) Housing Need**

**A technical Report on behalf of the  
South Housing Market Assessment**

**Produced by Research & Intelligence Unit  
Worcestershire County Council  
01905 766713**



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## 1. Background

The model outlined here has been used to estimate newly arising housing need across the South Housing Market Area and is broadly based on the housing needs assessment model outlined in ODPM draft guidance.

Whilst the model can be used to generate specific figures for a particular year, it is not designed for the purpose of target setting, as is the case with any work of this nature. Inherent in any model of this type are numerous assumptions and a high degree of uncertainty. The model should be used as a broad guide to identify the areas where there is a high level of housing need. The following detailed technical report explains the methods used and the reasons behind that choice. It also seeks to outline the areas where there is high degree of uncertainty.

Our model projects into the future the numbers of new households falling into need assuming the following remain constant: a) affordability remains constant i.e. % unable to afford to buy or rent b) the number of existing households falling into need, and c) in-migrants falling into housing need.

Although figures are provided up to 2026 it should not be used to obtain a total estimate for the entire period. For each target year an estimate is made of the number of households who are unable to access housing and is disaggregated by owner-occupier, private renting, low cost-market<sup>1</sup>, intermediate<sup>2</sup> and social rent. Although the model assumes that the level of affordability remains the same each year it does take account of the projected change in population/household numbers. It also goes further than traditional approaches by dis-aggregating newly arising need by household type and therefore the numbers of each property type required.

At the moment the model makes no account of housing benefit payments. Clearly there are some newly forming households who will be eligible for this kind of assistance which will allow them to access housing when they would otherwise be unable to do so. Although this does not affect the number of households unable to access owner occupier housing it would mean that some households who will be classified as in need of social housing may in fact have sufficient income to access private renting, assuming the supply is available. Unfortunately it has not been possible to obtain information on housing benefit payments across the SHMA but it is hoped that future updating will consider the implication of this.

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<sup>1</sup> Low Cost Market Housing can be defined as market housing at or below the lowest priced option available if it is adopted. An example might be Redrow debut homes.

<sup>2</sup> Intermediate housing refers to housing at prices and rents above those of social rent, but below market prices or rents, and which meet the criteria set out below.

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative housing provision.

These can include shared equity products (e.g. HomeBuy) or other low cost homes for sale and intermediate rent. (PPS3, 2006, DCLG).

The figures produced here should not be considered in isolation as there is the opportunity to develop policies which takes these numbers into account. For example, the decision could be to look to accommodate all of the one-person households in need or alternatively, to only look to cater for a proportion of these households.

There is a natural feedback mechanism here in that if properties are not provided or prices are too high then will these households actually form? Market forces in operation will mean that if the price is too high and households are not forming as a result then the market will have to adjust accordingly. It is important that the focus be on the totality of the system and not simply looking at one aspect in isolation.

## 2. Summary Table

Below is a brief summary of the numbers used in the following summary tables for 2006. Figures for 2011-2026 are contained in Appendix B.

### 1. Projected new household formation (gross, p.a.)

This refers to the number of new households that are expected to form each year. This is based on the approach outlined in Appendix 7 of the 2000 Local Housing Needs Assessment produced by ODPM. This is adjusted for each of the target years based on

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### 2. Proportion Unable to buy or rent in the market at current levels

This figure is based on dividing the number of newly forming households unable to buy or rent in the market (row 5) by the projection of new household formation (row 1). This assumes that the private rental sector can accommodate those unable to buy but can afford to rent privately rent

*Row 5 / Row 1 X 100*

### 3. Unable to buy with 10% deposit

Refers to the number of newly forming households unable to buy in the open market annually assuming they have a 10% deposit available.

### 4. Unable to buy with 0% deposit

Refers to the number of newly forming households unable to buy in the open market annually assuming they have a no deposit available i.e. 100% mortgage.

### 5. Number unable to buy or rent in the market

This actually refers to the number of newly forming households who are unable to rent in the open market annually. Purchasing in the open market is more expensive than renting and the model assumes that those who can afford to buy will do so. It is also assumed that those who cannot afford to buy but can afford to rent privately will do so. It is possible to work out the number of households that are expected to be accommodated in the private rental sector by subtracting row 6 from row 3 or 4 (dependent on the assumption on deposits).

### 6. Unable to afford by Household Type

Each row refers to the number of newly forming households unable to afford to buy or rent in the open market annually by household type. The sum of the four rows is equal to the figure in row 5.

$6a + 6b + 6c + 6d = \text{Row 5}$

### 7. Existing Households Falling into need

Refers to the number of existing households who can be expected to fall into housing need on an annual basis. This figure is based data taken from the P1E returns regarding homelessness.

**8. Migrants Falling into Need**

These figures are not available but they will hopefully be included in a future update. Detailed discussion on migrant need is discussed in Section 14

**9. Total New Need**

This refers to the number of newly forming households who are unable to buy or rent in the open market (row 5) + existing households falling into need (row 7)

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**10. Unable to buy at 75% market prices (lower quartile)**

This refers to the number of newly forming households who are unable to purchase at 75% of lower quartile market prices

**11. Unable to buy at 50% market prices (lower quartile)**

This refers to the number of newly forming households who are unable to purchase at 50% of lower quartile market prices

**12. Adjusted Total Need**

This refers to the number of newly forming households who are unable to buy at 50% of market prices (row 11) + existing households falling into need (row 7)

**Table 1: Newly Arising Need – District Summary Table - 2006**

<b>Local Authority District</b>									
	<b>Bromsgrove</b>	<b>Malvern Hills</b>	<b>Redditch</b>	<b>Worcester City</b>	<b>Wychavon</b>	<b>Wyre Forest</b>	<b>Stratford</b>	<b>Warwick</b>	<b>SHMA</b>
<b>1.</b> Projected new household Formation (gross, p.a.)	910	580	701	777	967	915	1124	1357	<b>7331</b>
<b>2.</b> Proportion unable to buy or rent in market at current levels	48.2	51.7	51.1	49.5	51.2	46.0	50.4	46.3	<b>49.0</b>
<b>3.</b> <i>Unable to buy with 10% deposit</i>	614	443	465	513	693	596	785	875	<b>4984</b>
<b>4.</b> <i>Unable to buy with 0% deposit</i>	648	455	491	533	723	628	817	910	<b>5205</b>
<b>5.</b> Number unable to buy or rent in market	439	300	358	385	495	421	566	628	<b>3592</b>
<b>6a</b> <i>One person Household</i>	206	145	175	207	240	216	294	342	<b>1825</b>
<b>6b</b> <i>Couple Household – No children</i>	109	76	77	78	125	87	134	123	<b>809</b>
<b>6c</b> <i>Couple Household – With Children</i>	72	45	51	49	77	61	84	82	<b>521</b>
<b>6d</b> <i>Lone Parent Household</i>	52	34	55	51	53	57	54	81	<b>437</b>
<b>7.</b> Existing Households falling into need	126	72	294	256	130	171	204	225	<b>1478</b>
<b>8.</b> <i>Migrants falling into need</i>	<i>Although not available yet a discussion of migrant households in need is examined in Section 14</i>								
<b>9.</b> Total Need*	565	372	652	641	625	592	770	853	<b>5070</b>
<b>Intermediate Sector</b>									
<b>10.</b> Number unable to buy at 75% market prices (lower quartile)	511	415	391	442	614	495	671	734	<b>4273</b>
<b>11.</b> Number unable to buy at 50% of market price (lower quartile)	349	295	272	310	419	340	461	509	<b>2955</b>
<b>12.</b> Adjusted Total Need**	475	367	566	566	549	511	665	734	<b>4433</b>

\* Number unable to buy or rent in the market + Existing households falling into need

\*\*Number unable to buy at 50% of market price + Existing households falling into need

**Table 2: Newly Arising Need – Local Housing Market Area Summary Table - 2006**

<b>HMA</b>										
	<b>Bromsgrove</b>	<b>Droitwich</b>	<b>Evesham</b>	<b>Malvern</b>	<b>Pershore</b>	<b>Redditch</b>	<b>Stratford</b>	<b>Warwick &amp; L'ton</b>	<b>Worcester</b>	<b>Wyre Forest</b>
<b>1.</b> Projected new household Formation (gross, p.a.)	558	226	386	358	99	818	694	1397	1051	944
<b>2.</b> Proportion unable to buy or rent in market at current levels	48.4	51.3	51.0	51.7	51.5	51.0	50.3	47.1	50.0	46.3
<b>3.</b> <i>Unable to buy with 10% deposit</i>	377	162	276	273	71	547	485	916	717	619
<b>4.</b> <i>Unable to buy with 0% deposit</i>	398	169	288	281	74	576	504	953	744	652
<b>5.</b> Number unable to buy or rent in market	270	116	197	185	51	417	349	658	526	437
<b>6a</b> <i>One person Household</i>	127	56	96	89	24	205	181	355	275	223
<b>6b</b> <i>Couple Household – No children</i>	67	29	50	47	13	91	83	135	114	92
<b>6c</b> <i>Couple Household – With Children</i>	44	18	31	28	8	60	52	88	71	64
<b>6d</b> <i>Lone Parent Household</i>	32	12	21	21	5	61	33	80	67	58
<b>7.</b> Existing Households falling into need	67	28	47	41	15	315	130	224	297	172
<b>8.</b> <i>Migrants falling into need</i>	<i>Although not available yet a discussion of migrant households in need is examined in Section 14</i>									
<b>9.</b> Total Need*	337	144	244	226	66	732	479	882	823	609
<b>Intermediate Sector</b>										
<b>10.</b> Number unable to buy at 75% market prices (lower quartile)	314	143	245	256	63	462	414	772	629	517
<b>11.</b> Number unable to buy at 50% of market price (lower quartile)	215	98	167	182	43	320	285	534	440	356
<b>12.</b> Adjusted Total Need**	282	126	214	223	58	635	415	758	737	528

\* Number unable to buy or rent in the market + Existing households falling into need

\*\*Number unable to buy at 50% of market price + Existing households falling into need

Note: Figures are based on apportioning district level figures (see section 17). These figures do not include the areas of the Malvern Hills, Worcester City and Wyre Forest HMA's that fall outside the SHMA boundary.

**Table 3: Newly Arising Need – Local Housing Market Area Summary Table Continued – 2006**

<b>HMA</b>										
<b>(These do not originate in the SHMA but partly fall within the boundary)</b>										
	<b>Banbury</b>	<b>Birming- ham</b>	<b>Broadway - No Linkage</b>	<b>Chelten- ham</b>	<b>Coventry</b>	<b>Dudley</b>	<b>Gloucester</b>	<b>Solihull</b>	<b>Tenbury – No Linkage</b>	<b>SHMA</b>
<b>1.</b> Projected new household Formation (gross, p.a.)	37	318	24	39	227	102	6	17	31	<b>7331</b>
<b>2.</b> Proportion unable to buy or rent in market at current levels	51.4	48.4	50.0	51.3	46.3	48.0	50.0	47.1	51.6	<b>49.0</b>
<b>3.</b> <i>Unable to buy with 10% deposit</i>	26	215	17	28	146	68	5	11	24	<b>4984</b>
<b>4.</b> <i>Unable to buy with 0% deposit</i>	27	227	18	29	152	72	5	12	25	<b>5205</b>
<b>5.</b> Number unable to buy or rent in market	19	154	12	20	105	49	3	8	16	<b>3592</b>
<b>6a</b> <i>One person Household</i>	10	73	6	10	57	23	2	4	8	<b>1825</b>
<b>6b</b> <i>Couple Household – No children</i>	4	38	3	5	21	12	1	2	4	<b>809</b>
<b>6c</b> <i>Couple Household – With Children</i>	3	25	2	3	14	8	0	1	2	<b>521</b>
<b>6d</b> <i>Lone Parent Household</i>	2	18	1	2	14	6	0	1	2	<b>437</b>
<b>7.</b> Existing Households falling into need	7	54	5	6	43	20	1	5	4	<b>1481</b>
<b>8.</b> <i>Migrants falling into need</i>	<i>Although not available yet a discussion of migrant households in need is examined in Section 14</i>									
<b>9.</b> Total Need*	26	208	17	26	148	69	4	13	20	<b>5073</b>
<b>Intermediate Sector</b>										
<b>10.</b> Number unable to buy at 75% market prices (lower quartile)	22	180	15	25	123	57	4	9	22	<b>4273</b>
<b>11.</b> Number unable to buy at 50% of market price (lower quartile)	15	123	11	17	85	39	3	7	16	<b>2955</b>
<b>12.</b> Adjusted Total Need**	22	177	16	23	128	59	4	12	20	<b>4436</b>

\* Number unable to buy or rent in the market + Existing households falling into need

\*\*Number unable to buy at 50% of market price + Existing households falling into need

Note: Figures are based on apportioning district level figures (see section 17)

### **3. Key Points**

- Assuming the rental sector can cater for those households unable to buy approximately half of all newly forming households will not be able to buy or rent on the open market given the current relationship between property prices and incomes.
- Over 50% of this need is one-person households. This assumes all of these will be housed where there is need. Therefore, if households delayed their formation by sharing, this would significantly reduce newly arising need.
- The percentage of new households unable to buy or rent in the open market is fairly consistent across the 8 districts of the SHMA. In terms of numbers, newly arising need is highest in the high priced areas of Stratford and Warwick.
- Of those unable to buy there is a significant number of new households who could afford to access housing via private renting or the intermediate sector (at 75% of market prices) if the supply of these properties was available.
- If intermediate housing can be made available at 50% of lower quartile prices then this would help further reduce the need for social housing.
- Low Cost Market Housing is another housing product which could help reduce newly arising need. Applying an existing study across the SHMA shows that this product would help reduce need from couple households with no children. Figures suggest that this type of product would not reduce the newly arising need significantly for other household types but would allow many the opportunity of owner occupation as opposed to private renting.
- The model works on the assumption that housing need will be met where it arises. Although it is clear this will not be the case for all households, it has not been possible to quantify here the number of new households who would move to another area to satisfy their housing need. This may be because house prices are cheaper elsewhere thus meaning some households classified as unable to access the market could do elsewhere, or it may simply be a lifestyle choice to live somewhere else.
- Analysis of the 2005 West Midlands Regional Lifestyle Survey suggests that living close to family and friends is an important factor for young people in the SHMA when deciding where to live. The survey also suggests that over two-thirds of people aged 18-34 planning to move in the next two years are only planning to move between 1-10 miles away.
- Two important factors which cannot be quantified here but will be examined further are the degree to which new households may move to a nearby cheaper priced area to access housing and those households who will choose to move away on the basis of a lifestyle choice.

### **4. Further Work**

In addition to incorporating information on housing benefits one area in which there is a gap in the knowledge base relates to information about households which do not form because of problems with affordability. Data from the Survey of English Housing, Local Housing Needs Surveys and the information we use here from Barclays all refer to newly forming households who have managed to access the market. Where there is a lack of knowledge is how many new households will form in addition to those expected if housing affordability improves in the coming years. Not only will the proportions of new households able to access to housing increase but the total number of new households is likely to increase also.

Household projections are based on extrapolating information from the previous five years and 'projected' forward assuming these trends continue. During this time we have been through a period of significant housing affordability problems with house prices increasing at a very fast rate and low nominal interest rates. It could be argued that we have reached a peak in terms of affordability and that over the coming years the market will adjust and the situation improve. If so then the household formation rates we experience could be significantly different to those which have been projected. The counter argument to this is that increased mobility, polarisation of affluence and supply shortages will in fact lead to greater affordability problems in the short-term future. Continual monitoring of these assumptions will need to be undertaken to ensure the information presented represents what is actually going on.

Any model of this type has to make several assumptions related to income, property prices, household numbers etc. Whilst we have attempted to justify our choice of assumption we are aware that changing these may have significant implications in terms of the numbers generated. It is therefore important that some sensitivity testing is undertaken to reflect an ever-changing situation.

### **5. Possible sensitivity analysis**

Although there has not been time to undertake sensitivity analysis of the assumptions it is recommended that this is undertaken at a later stage or in the annual updates. Possible analysis includes:

- Changing House Prices
- Change in numbers of new households
- Change in lending multiples/nominal interest rates
- Change in affordability assumption for renting
- Change in new household incomes (e.g. CACI)
- Impact of households moving to cheaper zones
- Using bottom decile property prices instead of lower quartile.

The impact of using household income provided by CACI PayCheck is examined in Appendix F. Other affordability studies have used PayCheck as a basis for estimating newly forming households' income and it may be a more suitable method for future monitoring.

### **6. Gross Household Formation**

*Gross household formation* is defined as the number of separate households which form over the period of a year, which did not exist at the beginning of that year.

It is important to distinguish between net and gross household formation as net household change takes into account households dissolving due to death, moving to institutions etc. In the past some local needs assessments undertaken have used net household growth as a basis for projecting forward gross household formation. This is not strictly correct, although there may be a relationship between the numbers (DETR, 2000). Net household formation takes into account the dissolution of households. In many cases the dissolution of a household will not be freeing up a property that can be accessed by those in housing, and where it is the case this will be picked up in supply turnover figures included elsewhere.

Although household surveys are one way to assess the numbers of future households, new guidance suggests that survey data is less robust than secondary

data since surveys generally rely on asking households about their future intentions, which can be highly unreliable. In addition data is normally more unreliable for younger households, which are the most important group in terms of new household formation.

The approach here broadly follows the approach set out in DETR (2000) guidance, Appendix 7. In the absence of a survey this appears to be the most widely used and reliable method and is followed by Bramley in his work across Scotland and the West of England<sup>3</sup>. This is based upon demographic data on the age structure of the population and patterns of household headship within it. A brief description of this method is outlined below.

1. Headship rates (HR) for the target years across each area are calculated for the 16-29 and 30-44 age groups using the 2003 based household projections<sup>4</sup>.
2. The 'slope' of the increase in household headship rates per year is calculated, for the segments 16-29 and 30-44.

Slope 1: (16-29 years) known as S1  
**S1 = HR1/700**

Slope 2: (30-44 years) known as S2  
**S2 = (HR2-(2\*HR1))/700**

Where HR1 and HR2 are the average percentage headship rates for the two age groups. The value 700 is used as the model assumes that the slope of the line passes through the average headship rate for the group roughly in the middle of the age range (assuming an even distribution of ages within the cohort). 7 refers to 50% of the difference between the ages in the cohort (e.g. ((44 years – 30 years) / 2) and 700 converts this into a decimal number.

3. Projected population figures for the two age groups in the target years are taken from the 2004 sub-national population projections. The 16-29 population is adjusted to remove two-thirds of students, who are treated as a static population not contributing to new household formation. This adjustment is made using the number of full-time students aged 16-29 as per the 2001 Census, removing two-thirds and calculating this as a % of all 16-29 year olds in 2001. This rate is then applied to each target year. Obviously this uses the broad assumption that the rate of students remains similar to that observed in 2001.
4. The slopes identified in step 2 are multiplied by the populations aged 16-29 (NP1) and 30-44 (NP2) in the target year.

$$= (S1*NP1) + (S2*NP2)$$

5. In addition to this a constant (C) is applied to all households which is included in the model. The rationale for this is twofold. Firstly, there will be a certain amount of household formation in the older age groups as a result of marriage break-up and similar factors. Secondly the basis model glosses over the fact that what is measured is not true 'gross' household formation, but a

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<sup>3</sup> Local Housing Need and Affordability Model for Scotland - Update, Professor Glen Bramley, Heriot Watt University, June 2004

West of England Housing Affordability & Need, Glen Bramley, Heriot Watt University, 2004

<sup>4</sup> These are actually taken from Chelmer figures which have been run on the 2003 based household projections.

net increment over particular age ranges. This conceals the fact that there will always be a certain amount of individual churning up of households forming and dissolving at short notice even within the younger age groups (DETR, 2000).

In order to take account of this a balancing factor is added into the model. The constant is the value which controls the total newly forming households across the SHMA to be consistent with the national total recorded in the Survey of English Housing (SEH).

The 2003-04 SEH calculates that nationally 2.17% of all households can be classified as newly forming. In 2004 across the SHMA it is estimated that 1.93% of all households will be newly forming (a total of 6531). An additional 800 households would be needed in order for this figure to be consistent with the SEH figure of 2.17%. The value of C can be calculated by dividing the total number of additional households required by the total projected households across the SHMA.

$$\text{i.e. } 800/337,850 = 0.00237$$

For each area the constant is multiplied by the total projected households in the target year and then added onto the number generated at step 4.

Therefore Gross Household Formation (GHF) is:

$$\text{GHF} = (\text{S1} * \text{NP1}) + (\text{S2} * \text{NP2}) + (\text{C} * \text{NH})$$

Where NH is the total number of household in the target year.

In the method outlined in Appendix 7 of the 2000 guidance an additional factor of headship growth is included in the model. This is because headship are not static but change over time. Within our model there is no need to include this factor as headship rates have been calculated using the population and household numbers projected in the target year. Therefore they are not assumed to be static but reflect trend-based projections.

This approach is open to some of the same criticism as using survey-based estimates of actual new households formed. If housing supply is restricted or prices very high, then the number of new households may be reduced (DETR 2000).

It is important to note that the official household projection figures used in this model are trend-based looking at the last 20 years at least. During this time it can be argued that housing affordability has reached an all time peak and that this will have significantly influenced the level of household formation. Projecting forward from this point is not ideal, as affordability along with a number of other factors will influence the level of future household formation. Housing affordability and household can be viewed as an interlinked process whereby as affordability worsens the propensity for households to form is reduced and vice versa. Therefore, caution should be taken when looking at estimates for target years which are well into the future.

**Table 4: Estimated Annual Gross Household Formation 2006-2026**

District	Year				
	2006	2011	2016	2021	2026
Bromsgrove	910	894	852	901	966
Malvern Hills	580	539	513	533	572
Redditch	701	684	674	689	731
Worcester	777	787	799	799	840
Wychavon	967	972	935	988	1051
Wyre Forest	915	893	877	899	945
Stratford-on-Avon	1124	1181	1175	1255	1367
Warwick	1357	1580	1691	1849	2085
<b>Total New Hholds</b>	<b>7,331</b>	<b>7,529</b>	<b>7,517</b>	<b>7,912</b>	<b>8,557</b>
<b>Total projected Hholds</b>	<b>346,699</b>	<b>366,083</b>	<b>386,620</b>	<b>405,270</b>	<b>422,163</b>
<b>% of all hholds</b>	<b>2.11</b>	<b>2.06</b>	<b>1.94</b>	<b>1.95</b>	<b>2.03</b>

*Calibration*

Although the draft guidance (ODPM, December 2005) does not advocate survey data above secondary data in projecting the change in future household numbers it is worth looking at the numbers generated in Table 5. In 2005 and 2006 Worcester City, Warwick and Stratford-on-Avon have all undertaken Housing Needs Assessments<sup>5</sup>.

Although Table 5 shows the difference between estimates from recent housing needs survey's across the SHMA against estimates of gross annual household model using the model above. We would expect differences to exist as they are entirely different approaches, but the numbers are still fairly similar in their magnitude.

**Table 5: Estimate Annual Gross Household Formation - comparison**

	Housing Needs Survey Estimate	SHMA estimate (2006)	Difference
Worcester City	606*	777	+171
Warwick	1091**	1357	+266
Stratford-on-Avon	1330**	1124	-206

\* Relates to 2005

\*\* Relates to 2006

**7. Household Income**

In order to assess what proportion of newly forming households will be unable to access market housing we need to identify the expected income distribution for newly forming households.

In the absence of local survey data we have developed an approach which draws on information from the Survey of English Housing and local level income data provided by Barclays Bank.

<sup>5</sup> Housing Requirements Study, Worcester City Council, 2005  
Housing Needs Assessment, Stratford-on-Avon District Council, 2006  
Housing Needs Assessment, Warwick District Council, 2006

### Survey of English Housing

The Survey of English Housing can be used to calculate the national-level income distribution of newly forming households by household type. The distribution here is expressed at the ratio of the value for deciles to the mean (Table 6). In order to increase the reliability of results we have merged the results 2002/03 and 2003/04 Survey of English Housing (adjusted for income<sup>6</sup>).

**Table 6: Income Distribution of Newly Forming Households by Type, England, 2002-04**

	All Newly Forming Households	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household	Multi-Person Household*
<b>Cases</b>	790	319	224	74	91	82
<b>Median</b>	15,600	14,300	28,422	18,057	6,500	10,008
<b>Mean</b>	18,821	16,361	28,968	20,219	8,338	11,056
<b>As a % of the mean</b>	<b>100.0</b>	<b>86.9</b>	<b>153.9</b>	<b>107.4</b>	<b>44.3</b>	<b>58.7</b>
<b>Percentiles (£ per annum)</b>						
<b>10</b>	2,897	2,600	9,100	5,354	3,335	0
<b>20</b>	5,004	3,951	16,063	9,136	4,680	2,533
<b>30</b>	9,100	6,500	20,800	12,460	5,004	3,929
<b>40</b>	11,700	10,008	23,992	14,471	5,794	9,038
<b>50</b>	15,600	14,300	28,422	18,057	6,500	10,008
<b>60</b>	19,188	16,796	31,606	20,494	8,215	11,700
<b>70</b>	22,789	20,544	35,556	23,441	9,100	14,300
<b>80</b>	29,432	22,387	39,051	32,543	11,700	18,437
<b>90</b>	36,610	29,432	51,672	39,423	15,957	22,387

Source: Survey of English Housing, 2002/04

\*As the question only asks for the gross income of the Household Reference Person and their spouse incomes of multi-person households will not be fully reflected in the analysis. This is not a problem as multi-person households are being removed from the analysis

Note: This is excluding any housing benefit households may receive.

**Table 7: Ratio of Decile Income to Mean**

	All Newly Forming Households	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
<b>10</b>	0.15394	0.15891	0.31415	0.26478	0.40000
<b>20</b>	0.26589	0.24147	0.55452	0.45185	0.56125
<b>30</b>	0.48351	0.39729	0.71805	0.61628	0.60014
<b>40</b>	0.62166	0.61173	0.82824	0.71571	0.69489
<b>50</b>	0.82888	0.87403	0.98117	0.89310	0.77952
<b>60</b>	1.01952	1.02659	1.09107	1.01362	0.98513
<b>70</b>	1.21086	1.25565	1.22745	1.15936	1.09132
<b>80</b>	1.56381	1.36833	1.34810	1.60956	1.40313
<b>90</b>	1.94519	1.79891	1.78379	1.94980	1.91372

Source: Survey of English Housing, 2002/04

<sup>6</sup> The adjustment for income involved using average inflation rates as per the consumer price index to adjust incomes in the 0203 SEH to make them in line with 0304 incomes.

## Barclays Bank

Via information supplied by Barclays we have obtained aggregated information about average incomes and mortgage payments of Barclays customers who are in their 20s. We have treated this group as a proxy for newly forming households since the information refers to households who have been able to access the market<sup>7</sup>. This method has been accepted by the Bank of England and is explained in further detail in Appendix C.

This analysis is not limited to customers with a Barclays (i.e. Woolwich) mortgage and translates to around 1.3 million people, providing a large sample which can be analysed at local level geographies such as local authority districts.

Table 8 shows the results for the 8 local authority districts of the South Housing Market. The figures have been converted from net to gross household income as per the draft guidance<sup>8</sup>. Since Barclays income information refers to new owner-occupier households we have adjusted this figure using SEH data to calculate an income figure for all newly forming households. We have then been able to adjust the mean figure for all new households to provide a mean income by household type. This has been achieved by again applying the patterns observed in the SEH (Table 7) to the data from Barclays. This assumes that the relationship between household type and income observed in the SEH is the same across the districts of the SHMA.

**Table 8: Incomes of Newly Forming Households by Household Type**

District	All Newly Forming Households*	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
Bromsgrove	£19,817	£17,221	£30,498	£21,283	£8,779
Malvern Hills	£17,636	£15,326	£27,142	£18,941	£7,813
Redditch	£17,957	£15,605	£27,636	£19,286	£7,955
Worcester	£18,933	£16,452	£29,137	£20,334	£8,387
Wychavon	£18,473	£16,053	£28,430	£19,840	£8,183
Wyre Forest	£17,854	£15,515	£27,477	£19,175	£7,909
Stratford-On-Avon	£20,752	£18,033	£31,937	£22,288	£9,193
Warwick	£22,615	£19,653	£34,805	£24,289	£10,019
<b>SHMA</b>	<b>£19,409</b>	<b>£16,867</b>	<b>£29,871</b>	<b>£20,846</b>	<b>£8,598</b>

Source: Research & Intelligence estimates using Barclay's income and SEH information

\*refers to Barclays customers in their 20s who are owner-occupiers adjusted for all households.

Note: multi-person households have been removed from the analysis for the reasons provided above.

<sup>7</sup> We accept that this is not a direct measure of the incomes of newly forming households but the SEH 0204 indicates that around 60 per cent of new households have a household reference person aged between 20-29 years.

<sup>8</sup> This was achieved using the 2006/07 income tax calculator provided by Prudential Finance which makes assumptions about the level of income tax and national insurance contributions individuals are required to pay (at [http://www.pru.co.uk/home/calculator/income\\_tax/](http://www.pru.co.uk/home/calculator/income_tax/))

### Example Calculation

In Bromsgrove, the income of newly forming households who are owner-occupiers is calculated to be £29,138. This was adjusted to all newly forming households by multiplying this figure by 0.6801 (the ratio between mean income of newly forming owner occupier households to all newly forming households observed in the 0204 SEH) to give a mean income of £19,817. In order to adjust this for one-person households we again use the relationship observed in the SEH 0204 that newly formed one-person households have a household income around 86.9% of all newly forming households (Table 6).

Therefore: £19,817 x 0.869 = £17,221

### Income Distribution

The income distribution of newly forming households (Table 9) is then applied to the mean incomes of newly forming households (Table 8) to produce an estimated income distribution of newly forming households by household type for the districts of the SHMA. An example is presented here for Bromsgrove District. The full list of district tables are contained in Appendix E.

**Table 9: Income Distribution of Newly Forming Households, Bromsgrove**

	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
10	£2,737	£9,581	£5,635	£3,511
20	£4,158	£16,912	£9,617	£4,927
30	£6,842	£21,899	£13,116	£5,268
40	£10,534	£25,260	£15,233	£6,100
50	£15,051	£29,924	£19,008	£6,843
60	£17,679	£33,275	£21,573	£8,648
70	£21,623	£37,435	£24,675	£9,581
80	£23,564	£41,114	£34,257	£12,318
90	£30,979	£54,402	£41,498	£16,800

## 8. Property Price Information

Although draft guidance suggests obtaining property price information via Land Registry this does not provide an indication of the number of bedrooms. In order to 'match' the property needed to the appropriate household it is important to have information on the number of bedrooms. We can then identify entry-level prices for each household type (see below):

<u>Household type</u>	<u>Property type required</u>
One-person households	1 bed flat/house
Couple households (with no children)	2 bed flat/house
Couple households (with children)	2 bed house
Lone parent household	2 bed house

It is important to recognise the distinction between aspiration and need. Whilst households may wish for a different property this is an assessment of what they actually and reasonably need.

A 2 bed house was chosen for households with children as evidence from the Survey of English Housing estimates that between 60-65% of newly forming households with children only have one child with a further 25% having two children. It is likely that many of these households with two children will still require only one bedroom for their children under the government bedroom standard<sup>9</sup>. Whilst it is clear that there will be some households with children who need a property with more than 2 bedrooms it was felt the most appropriate property in the vast majority of cases would be a 2-bed house.

This information was obtained from the UK's largest property website which covers around 75% of all homes for sale in the UK. This was made available by full postcode allowing us to aggregate up to the appropriate geography. It was recognised that this information related to asking price not actual sold price. Consequently we were also provided with the average difference between asking and sold price across the South Housing Market area. This figure of a 2.82% discount was obtained by matching land registry records of actual sales against those which were advertised on the property website. Each asking price was adjusted by this factor.

In order to ensure the sample was more representative we removed several categories deemed inappropriate (e.g. character, house/flat share, mobile park).

Entry Level prices (i.e. lower quartile) as recommended in the new draft guidance are provided for both sale and rental properties across the SHMA (Table 10 and 11). It is worth adding a cautionary note here that this makes not account of the supply of properties available at this price. Where overall supply is low lower quartile price may not be the most relevant priced property to examine.

**Table 10: Lower Quartile Price - Sale properties**

District	1 bed flat/house	2 bed flat/house	2 bed house
Bromsgrove	£93,524	£126,334	£136,003
Malvern Hills	£110,178	£152,658	£154,516
Redditch	£87,413	£113,215	£121,912
Worcester City	£94,262	£136,003	£140,862
Wychavon	£97,178	£136,003	£144,920
Wyre Forest	£82,603	£114,575	£116,567
Stratford on Avon	£105,926	£145,765	£150,602
Warwick	£111,113	£150,629	£155,488
SHMA	£97,131	£136,049	£140,911

<sup>9</sup> The government bedroom standard stipulates that a separate bedroom is required for each married or cohabiting couple, for any other person aged 21 or over, for each pair of adolescents aged 10 - 20 of the same sex, and for each pair of children under 10. Any unpaired person aged 10 - 20 is paired, if possible with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10

**Table 11: Lower Quartile Price - Rental properties (£pcm)**

District	1 bed flat/house	2 bed flat/house	2 bed house
Bromsgrove	£395.00	£525.00	£525.00
Malvern Hills	£355.00	£529.67	£537.50
Redditch	£396.25	£502.50	£525.00
Worcester City	£425.00	£525.00	£525.00
Wychavon	£396.25	£525.00	£525.00
Wyre Forest	£350.00	£450.67	£450.67
Stratford on Avon	£450.00	£575.00	£560.00
Warwick	£460.00	£595.00	£595.00
SHMA	£425.00	£550.00	£550.00

Whilst this is an accurate assessment of lower quartile prices it should not be considered a 'like for like' assessment across each area. It is a reflection of the profile of the properties available in that area. For example, in Worcester City the profile of one-bed flats is likely to be very different to say the profile of one-bed flats in Redditch and Wyre Forest. A significant amount of flats in Worcester City can be considered to be luxury style apartments which will be reflected in the price and thus the lower quartile price quoted here.

## **9. Proportion of Newly Forming Households Unable to Buy or Rent in the Market**

Now we have established the entry-level prices required by different households to access the market (Tables 10 and 11) and calculated the income distributions of newly forming households, we can now estimate the % of new households (by type) who will be unable to afford to buy or rent in the open market.

This requires several assumptions to be made which are based partly on existing guidance and on 'real' data.

### *Income Multiples*

Draft guidance suggests that a "household is considered to be able to afford to buy a home if it costs 3.5 times the gross household income for a single earner or 2.9 times the gross household income of dual income households" (ODPM, 2005). Recent research shows that this multiple rises as housing becomes more expensive (Financial Times, 2006).

Given the recent rise in nominal interest rates and the fact that the period of extremely low interest rates we have experienced over the past few years is not likely to continue in the future we accept that the income multiples suggested are sensible under current conditions. This has been further confirmed by looking at the income multiples currently being offered by mortgage lenders<sup>10</sup>. Although some mortgage lenders are willing to offer up to 5 times gross household income,

<sup>10</sup> We looked at Barclays, Birmingham Midshires, Britannia, HSBC, Abbey and Bank of Ireland.

these mortgages are not aimed at newly forming households, as they often require incomes exceeding £50,000 and significantly large deposits.

### *Deposits*

The guidance is not clear on this and simply states, “where possible, allowance should be made for existing equity that could be used towards the cost of home ownership” (ODPM, 2005). There are no existing datasets available which enable this type of information to be easily estimated across a set of localities and it is therefore felt that the most appropriate method is to take a scenario approach.

The model will be run on the basis of a 100% mortgage (i.e. no deposit) and a 10% deposit being made available<sup>11</sup>. This will produce two separate affordability measures that may reasonably expect to provide upper and lower limits. There is a growing trend for some first time buyers to receive help with their deposits, e.g. from relatives.

### *Minimum Income required to purchase*

Given the assumptions made above on income multiples it is possible to calculate the minimum income required to purchase for various property types across the eight districts of the SHMA. Table 12 and 13 calculate these assuming no deposit and a 10% deposit as indicated above.

Please note that the split by property type and bedrooms is for the purpose of matching to the appropriate household (see section 8). Since the assumption is that couple households with children (dual earners) and lone parents (single earners) need a 2 bed roomed house we have provided both figures.

### *Example Calculation*

In Stratford it has been calculated that the lower quartile price of a one-bed flat/house is £105,926. As this property has been matched in terms of housing need to one-person households who on average will be offered 3.5 their income we can calculate the minimum income required to purchase assuming a 0% and 10% deposit being put up

$$0\% \text{ deposit} = £105,926 / 3.5 = £30,265$$

$$10\% \text{ deposit} = (£105,926 * 0.9) / 3.5 = £27,238$$

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<sup>11</sup> The Regulated Mortgage Survey undertaken by the Council of Mortgage Lenders suggests that the average deposit for first time buyers is around 10%. There will obviously be some newly forming households who are able to access a higher deposit, but 10% is the traditional figure and more in line with what can reasonably be expected as a maximum given the current climate of high affordability and house prices.

**Table 12: Minimum Income required to Purchase – 0% Deposit (i.e. 100% mortgage)**

District	1 bed flat/house (3.5x)	2 bed flat/house (2.9x)	2 bed house (2.9x)	2 bed house (3.5x)
Bromsgrove	£26,721	£43,563	£46,898	£38,858
Malvern Hills	£31,479	£52,641	£53,281	£44,147
Redditch	£24,975	£39,040	£42,039	£34,832
Worcester City	£26,932	£46,898	£48,573	£40,246
Wychavon	£27,765	£46,898	£49,972	£41,406
Wyre Forest	£23,601	£39,509	£40,196	£33,305
Stratford on Avon	£30,265	£50,264	£51,932	£43,029
Warwick	£31,747	£51,941	£53,617	£44,425
<b>SHMA</b>	<b>£27,752</b>	<b>£46,913</b>	<b>£48,590</b>	<b>£40,260</b>

Note: Worcester City and Wychavon figures for 2 bed flat/house are the same as indicated

**Table 13: Minimum Income required to Purchase – 10% Deposit**

District	1 bed flat/house (3.5x)	2 bed flat/house (2.9x)	2 bed house (2.9x)	2 bed house (3.5x)
Bromsgrove	£24,049	£39,207	£42,208	£34,972
Malvern Hills	£28,331	£47,377	£47,953	£39,733
Redditch	£22,478	£35,136	£37,835	£31,349
Worcester City	£24,239	£42,208	£43,716	£36,222
Wychavon	£24,989	£42,208	£44,975	£37,265
Wyre Forest	£21,241	£35,558	£36,176	£29,974
Stratford on Avon	£27,238	£45,237	£46,739	£38,726
Warwick	£28,572	£46,747	£48,255	£39,983
<b>SHMA</b>	<b>£24,977</b>	<b>£42,222</b>	<b>£43,731</b>	<b>£36,234</b>

The actual calculation for the proportion of newly forming households unable to buy is achieved by determining at which point on the income distribution the minimum income required to purchase lies. This provides an estimate of the proportion of households of different types who earn incomes below that required (Table 14 and 15).

**Table 14: Proportion of New Household Unable to Buy – 0% Deposit**

District	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
Bromsgrove	84.3	81.8	93.5	100.0
Malvern Hills	91.3	93.9	100.0	100.0
Redditch	85.4	81.5	93.2	100.0
Worcester City	86.2	86.0	96.1	100.0
Wychavon	88.4	86.9	97.9	100.0
Wyre Forest	83.5	82.1	92.0	100.0
Stratford on Avon	87.2	85.2	95.3	100.0
Warwick	85.7	83.3	93.6	100.0
<b>SHMA</b>	<b>86.4</b>	<b>85.1</b>	<b>95.3</b>	<b>100.0</b>

**Table 15: Proportion of New Household Unable to Buy – 10% Deposit**

District	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
Bromsgrove	80.7	74.8	90.5	100.0
Malvern Hills	90.2	89.1	98.1	100.0
Redditch	81.7	73.6	90.4	100.0
Worcester City	82.4	82.3	92.8	100.0
Wychavon	84.4	83.1	93.0	100.0
Wyre Forest	80.0	75.5	88.1	100.0
Stratford on Avon	83.3	81.6	92.0	100.0
Warwick	82.0	79.6	90.5	100.0
<b>SHMA</b>	<b>80.6</b>	<b>81.5</b>	<b>94.4</b>	<b>100.0</b>

*Rental Market*

Draft Guidance indicates that consideration should be given to the rental market potentials to accommodate the newly arising need.

This model assumes that households will always choose to move into the owner-occupier sector where incomes allow. We know that this is not always the case and for some households the rental market is the preferred tenure. However, private renting is predominantly a transitional tenure and is not seen as a long-term solution by most households or local authorities. This is because it lacks the security of tenure, in normal circumstances it represents poorer value for money than home ownership and typically there are a markedly higher incidence of problems in house condition and suitability. In addition, evidence suggests that aspirations for owner occupation are still high amongst households. It is for these reasons that the model assumes the rental sector will only look to accommodate those people for whom home ownership is not an option.

It should be noted that choosing to rent does offer the flexibility and mobility a significant number of households, particularly those which are newly forming, prefer. Home ownership is often a long-term option and is not always the most appropriate solution for households. In addition to issues of affordability there are societal factors in operation which mean the rental sector will remain a significant

part of the market even if housing becomes more affordable to buy. For example, an increase in one-person and multi-person households, a mobile and flexible workforce looking for short-term housing solutions, the increasing age for getting married or starting a family are all factors which lend themselves to renting as opposed to owner occupation.

Analysis of the rental sector needs to set aside the surge we have experienced in the buy-to-let sector in recent years. This might only be a short-term trend but there is the possibility that this will continue to play a significant role in the housing market in future years.

It is a policy judgement for local authorities how far they believe they can rely on the rental sector to meet elements of need. If, in the future affordability improves then private renting may not be any more affordable than purchase.

The numbers we provide here need to be considered against the size of the sector, its annual turnover and the likely behaviour of supply in the future. It also worth noting that this marginal affordability group will overlap other groups at the same time, those moving to cheaper zones and those who might be helped by 'shared ownership' and other similar products.

Draft guidance suggests "a household is considered to be able to afford market housing in cases where the rent payable would constitute no more than 25% of their *gross household income*" (ODPM, 2005).

Although this is the norm, it is worth checking data on actual local behaviour as there is evidence in some high price housing markets that households will devote significantly more than this. Barclays data on mortgage affordability shows that across the SHMA the average percentage of *gross income* spent on mortgage payments each month is around 24%. Therefore, we feel it is appropriate to apply the 25% affordability assumption outlined in the guidance.

Using the same method outlined above for home ownership we can estimate the proportion of new households who will be unable to rent in the open market (Table 16). Once again the lower quartile rent prices are used and the appropriate property is matched to household type.

**Table 16: Proportion of New Household Unable to Rent or Buy in the Market**

<b>District</b>	<b>One-Person Household</b>	<b>Couple Household - No Children</b>	<b>Couple Household - With Children</b>	<b>Lone Parent Household</b>
Bromsgrove	63.2	39.8	70.5	95.9
Malvern Hills	63.7	47.1	74.5	98.6
Redditch	68.4	41.1	73.3	97.8
Worcester City	69.3	42.4	71.8	96.8
Wychavon	66.9	43.8	72.5	97.2
Wyre Forest	62.5	36.3	67.9	95.1
Stratford on Avon	67.5	42.4	71.0	96.3
Warwick	64.2	39.3	70.4	95.8
<b>SHMA</b>	<b>68.0</b>	<b>43.6</b>	<b>72.4</b>	<b>97.2</b>

## 10. New Household Split

In order to calculate what the proportions cited in Tables 14, 15 and 16 we need to split the gross household formation figures by household type.

As mentioned above we have taken the decision to exclude multi-person households. These are complex households that can include flat sharers, households containing more than one couple/family etc. These households are often short-term solutions in response to a wide range of circumstances and do not suffer from the same element of housing need as other groups. In terms of policy, therefore, households classified as multi-person will not be a group included in the assessment of need for affordable housing. The short-term transient character of these households is reflected in the fact that around 80% of newly forming multi-person households access housing via the private rental sector.<sup>12</sup>

It is, of course, possible that multi-person households have been formed in response to the problem of housing affordability: In a time of high affordability problems it might be expected that a higher percentage of newly forming households will be of this type. Conversely, if affordability improves it is possible the numbers will reduce, as households are able to access housing separately and not look for alternative solutions.

However, we do need to adjust our household formation figures to take into account that there will always be a certain number of newly forming multi-person households who do not represent a need for affordable housing. Since no data is available across the SHMA on the household type of newly forming households we have modelled the SEH data against 2003 household projections.

1. The SEH allows us to examine the relationship between all households and newly forming households by type. For example, across all households 9.8% are lone parents. In terms of newly forming households this figure is 11.4%.
2. This gives us a factor of 0.9 for the generation of newly forming lone parents households from the existing household structure (9.8/11.4).
3. This can be replicated for all of the household types.
4. Assuming this relationship is the same across the SHMA we can use the 2003 household projection figures to calculate the structure of newly forming households for each target year<sup>13</sup>.

This method also assumes that a change in the structure of households will be reflected in the type of new households that are forming. Again there will be uncertainties with this, since other factors will impinge on the generation of new households. However, this method has the advantage of using data from the SEH whilst taking into account local differences in household structure and adjusting projections into the future to reflect expected changes.

We can now apply the proportions unable to afford against the number of newly forming households by type for each of the target years in order to obtain an overall number of new households who are unable to buy. As noted earlier this excludes

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<sup>12</sup> Based on national figures from the Survey of English Housing.

<sup>13</sup> Although the 2003 household projections are broken down by household composition they do not split between couples with children and without, rather they state married or co-habiting. Consequently we had to use the split in the SEH in order to calculate how many couples (married + co-habiting) would have children and those who would not.

multi-person households and is calculated using the 0% and 10% deposits in order to provide a range.

**Table 17: Number of New Household Unable to Buy – 0% Deposit, 2006**

District	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household	Total
Bromsgrove	275	224	95	54	648
Malvern Hills	208	152	60	34	455
Redditch	218	152	65	57	491
Worcester City	257	158	66	53	533
Wychavon	317	248	104	54	723
Wyre Forest	288	197	82	60	628
Stratford on Avon	380	269	112	56	817
Warwick	456	261	109	84	910
<b>SHMA</b>	<b>2399</b>	<b>1661</b>	<b>693</b>	<b>452</b>	<b>5205</b>

**Table 18: Number of New Household Unable to Buy – 10% Deposit, 2006**

District	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household	Total
Bromsgrove	263	205	92	54	614
Malvern Hills	206	144	59	34	443
Redditch	209	137	63	57	465
Worcester City	246	151	63	53	513
Wychavon	303	237	99	54	693
Wyre Forest	276	181	79	60	596
Stratford on Avon	363	258	108	56	785
Warwick	436	249	106	84	875
<b>SHMA</b>	<b>2302</b>	<b>1562</b>	<b>669</b>	<b>452</b>	<b>4984</b>

**Table 19: Number of New Household Unable to Buy or Rent 2006**

District	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household	Total
Bromsgrove	206	109	72	52	439
Malvern Hills	145	76	45	34	300
Redditch	175	77	51	55	358
Worcester City	207	78	49	51	385
Wychavon	240	125	77	53	495
Wyre Forest	216	87	61	57	421
Stratford on Avon	294	134	84	54	566
Warwick	342	123	82	81	628
<b>SHMA</b>	<b>1825</b>	<b>809</b>	<b>521</b>	<b>437</b>	<b>3592</b>

### Example Calculation

It is estimated that in 2011 there will be 784 new households forming in Worcester City (Table 4). Modelling data from the Survey of English Housing and 2004 Household projections we estimate that in 2011 22.4% of newly forming households will be couple households without children i.e. 177. Income and house price data indicate that 82.3% of couple households with no children (assuming 10% deposit) cannot afford to buy a 1-bed flat/house in the open market. In terms of the rental sector it has been calculated that 42.4% cannot afford to rent in the open market. Therefore, it is expected that 75 couple households (with no children) will not be able to afford to buy or rent in the open market. This assumes that households will buy if they have the opportunity and if not will rent if they can afford to do so. It also assumes that the rental market has the capacity to provide for the 70 couple households requiring a one-bed flat/house who cannot afford to buy but can afford to rent.

This was repeated for each area, household type and target year.

## 11. Target Years

**Table 20: Total New Households Unable to Afford to Buy**

District	2006	2011	2016	2021	2026
Bromsgrove	614 - 648	609 - 642	585 - 617	622 - 656	674 - 710
Malvern Hills	443 - 455	416 - 426	397 - 406	412 - 422	444 - 454
Redditch	465 - 491	455 - 480	448 - 473	458 - 483	484 - 510
Worcester	513 - 533	516 - 536	523 - 544	523 - 544	554 - 576
Wychavon	693 - 723	696 - 726	667 - 696	701 - 732	746 - 779
Wyre Forest	596 - 628	583 - 613	573 - 603	588 - 618	619 - 651
Stratford-on-Avon	785 - 817	830 - 864	828 - 863	884 - 921	958 - 998
Warwick	875 - 910	1027 - 1068	1105 - 1149	1209 - 1258	1366 - 1421
<b>Total Hholds unable to afford to buy</b>	<b>4984 - 5205</b>	<b>5132 - 5355</b>	<b>5126 - 5351</b>	<b>5397 - 5634</b>	<b>5845 - 6099</b>

Note: The lower figure in each case represents a 10% deposit and the higher figure a 0% deposit (i.e. 100% mortgage).

It is now possible to repeat the calculations for the proportion of newly forming households unable to rent or buy in the open market.

**Table 21: Total New Households Unable to Afford to Rent or Buy**

District	2006	2011	2016	2021	2026
Bromsgrove	439	437	422	451	491
Malvern Hills	300	283	271	282	304
Redditch	358	352	347	356	378
Worcester	385	388	396	398	424
Wychavon	495	499	481	508	541
Wyre Forest	421	413	407	421	444
Stratford-on-Avon	566	601	603	647	704
Warwick	628	741	801	881	998
<b>Total Hholds unable to afford to rent</b>	<b>3592</b>	<b>3714</b>	<b>3728</b>	<b>3944</b>	<b>4284</b>

## 12. Intermediate Housing

In line with draft guidance it is important to consider the role of intermediate housing in meeting newly arising need. The numbers of households requiring intermediate housing is likely to fluctuate, reflecting changing relationships between house prices, market rents and incomes.

The approach we have taken is to examine the number of newly forming households who are unable to afford 75% and 50% of the lower quartile market prices.

The rationale for this is that Homebuy<sup>14</sup> is based on a 25% grant to acquire an open market property, with no rent charged - and it would be reasonable to assume that such a property would be within the lower quartile figure. Shared ownership at 50%, is also expected to amount to a reduction in overall cost of around 25% - and as long as the rent is charged at a half the level of the mortgage interest rate (which it normally is) that will be the case. This is the reason for choosing 75%, as this will be accepted norm for cost of intermediate housing.

However, it is well recognised that a 25% reduction from open market cost will exclude many households who will neither want, nor qualify for, social rented housing. Where local authorities have set target income levels for intermediate housing, and non-RSL providers have used fixed equity models to meet these targets, the equity share purchased has often been around 50% - with no rent charged on the balance - and the provider has procured the built properties at a sufficient discount to enable this. The precedent of choosing 50% is seen as a way of filling the gap between social rent and the shared ownership norm.

Tables 22 and 23 show the number of expected newly forming households who will not be able to afford to buy at 75% and 50% of lower quartile price. There is a degree of overlap between those households who can only afford to rent privately and those who can afford to buy at 75% of market price. This suggests that both of these housing products, supply permitting, can meet some of the newly arising need for households unable to afford to buy on the open market.

**Table 22: Total New Households Unable to Afford at 75% of Lower Quartile Market Price**

District	2006	2011	2016	2021	2026
Bromsgrove	511	506	486	517	560
Malvern Hills	415	389	371	386	415
Redditch	391	382	376	384	406
Worcester	442	444	449	449	475
Wychavon	614	617	591	621	660
Wyre Forest	495	483	475	486	512
Stratford-on-Avon	671	710	708	755	818
Warwick	734	863	929	1017	1149
<b>Total Hholds unable to afford to rent</b>	<b>4273</b>	<b>4394</b>	<b>4385</b>	<b>4615</b>	<b>4995</b>

<sup>14</sup> This is a government scheme, branded as Homebuy, to help people get a foot on the property ladder. There are three parts to the Homebuy scheme: New Build HomeBuy – where you share ownership of your home with a HA, Open Market HomeBuy – where you part-buy a property and get a loan from the government for the rest. Social HomeBuy – where HA and LA tenants are helped to buy their current home.

**Table 23: Total New Households Unable to Afford at 50% of Lower Quartile Market Price**

District	2006	2011	2016	2021	2026
Bromsgrove	349	347	334	356	386
Malvern Hills	295	278	265	276	297
Redditch	272	266	263	268	283
Worcester	310	311	315	314	332
Wychavon	419	421	403	423	449
Wyre Forest	340	332	327	335	353
Stratford-on-Avon	461	488	487	520	563
Warwick	509	600	648	710	803
<b>Total Hholds unable to afford to rent</b>	<b>2955</b>	<b>3043</b>	<b>3042</b>	<b>3202</b>	<b>3466</b>

### 13. Low Cost Market Housing (LCMH)

Although not classified as affordable housing in the new PPS3 definition, it is interesting to consider the implications if LCMH could be provided across the SHMA. Low Cost Market Housing can be defined as market housing at or below the lowest priced option available if it is adopted.

An example of this type of housing might be Redrow debut homes. Although no such housing has been set up across the SHMA there are properties of this type in nearby Castle Vale, Birmingham. The price for a one bed, one storey apartment was £60,000 and the price for a two bed, two storey apartment was £110,000. If we assume that one-person households and couple households with no children can be housed in the one bed apartment whilst couple households with children and lone parents can be housed in the two bed apartment we can take a look at the numbers who would be able to afford.

Obviously this is only a very rough guide, as the prices do not refer to the SHMA and what they would actually cost within each district. There is also a clear supply issue currently with only a small number of these schemes available.

Table 24 shows that if a similar product and price to that of the Redrow debut homes could be provided across the SHMA the proportion of new households who would be unable to buy. The most significant group that could access this housing are couples with no children. This assumes their housing need would be satisfied by a one bed one floor apartment.

**Table 24: Proportion of New Household Unable to Buy LCMH (based on Redrow)**

District	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
Bromsgrove	67.6	20.5	77.0	100.0
Malvern Hills	78.4	24.7	81.5	100.0
Redditch	76.2	24.0	80.6	100.0
Worcester City	70.2	22.1	78.6	100.0
Wychavon	72.9	23.0	79.4	100.0
Wyre Forest	76.9	24.2	80.9	100.0
Stratford on Avon	65.3	18.9	75.6	100.0
Warwick	61.1	17.4	73.0	100.0
<b>SHMA</b>	68.7	21.2	77.7	100.0

## 14. Migration

Draft guidance suggests that consideration should be given to “evidence about how incomes of either in-migrants or out-migrants differ significantly from the income distribution for the current population” (ODPM, 2005).

There is a policy implication here as to the degree within which the SHMA should be catering for need generated from migrants.

Other studies have used housing needs surveys to calculate the incomes of in-migrants or have made assumptions about the income profile of in and out migrants. The problem with using survey data is that it cannot take account of those migrants who have moved out who would have been in housing need. Simply adding in the number of in migrants unable to afford housing is not strictly correct if you are not able to subtract those out-migrants who are unable to afford market housing and in effect reducing need. It is the net requirement from migration that is the key figure.

Other studies, which use secondary data, have had to assume that migrants are better off than non-migrants and that the affordability profile of in and out migrants is similar. In high priced areas, such as Bromsgrove or Warwick assuming that migrants are better off than non-migrants is not necessarily a safe assumption if out migration is the result of problems with housing affordability. It is possible that those households which remain in the area do so as they have incomes high enough to afford to access housing whereas some out-migrating households have lower incomes and are moving to surrounding lower price areas to access cheaper housing.

Although we do not have information about the incomes of in and out migrants we can look at 2001 census data on migrating households by tenure to show the percentage of households who have moved into the social rental sector (Tables 25 and 26). With the exception of Worcester City a similar level of in and out migrants have moved into social housing.

*Includes movements between districts in the SHMA*

**Table 25: Tenure of In migrants\***

	<b>Owner-occupied</b>	<b>Social rented</b>	<b>Private rented</b>
Bromsgrove	73.2	8.3	18.4
Malvern Hills	57.8	10.3	31.9
Redditch	68.9	11.8	19.3
Worcester City	58.3	5.7	36.0
Wychavon	65.4	9.2	25.5
Wyre Forest	61.3	10.3	28.4
Stratford	60.4	5.6	34.1
Warwick	46.1	5.3	48.6

Source: Census 2001

\*This refers to all wholly moving households plus one-fifth of partly moving households. It also includes inter-district migration e.g. Bromsgrove to Redditch

**Table 26: Tenure of Out migrants\***

	<b>Owner-occupied</b>	<b>Social rented</b>	<b>Private rented</b>
Bromsgrove	63.4	8.8	27.8
Malvern Hills	52.8	9.3	37.9
Redditch	55.5	11.3	33.2
Worcester City	57.2	10.7	32.2
Wychavon	55.1	8.2	36.7
Wyre Forest	55.5	8.7	35.8
Stratford	60.6	5.7	33.7
Warwick	57.1	5.3	37.6

Source: Census 2001

\*This refers to all wholly moving households plus one-fifth of partly moving households

*Excluding movements between districts in the SHMA*

**Table 27: Tenure of In migrants\***

	<b>Owner-occupied</b>	<b>Social rented</b>	<b>Private rented</b>
Bromsgrove	75.1	7.3	17.6
Malvern Hills	56.1	8.6	35.3
Redditch	67.8	12.2	20.1
Worcester City	56.8	2.6	40.6
Wychavon	64.6	8.1	27.3
Wyre Forest	59.5	10.1	30.4
Stratford	58.1	5.1	36.8
Warwick	42.5	5.3	52.2

Source: Census 2001

\*This refers to all wholly moving households plus one-fifth of partly moving households.

**Table 28: Tenure of Out migrants\***

	Owner-occupied	Social rented	Private rented
Bromsgrove	58.7	9.2	32.0
Malvern Hills	48.8	8.8	42.4
Redditch	49.8	10.9	39.3
Worcester City	54.5	8.1	37.4
Wychavon	51.2	7.1	41.8
Wyre Forest	52.9	8.2	38.9
Stratford	56.9	5.2	37.8
Warwick	54.3	4.8	40.9

Source: Census 2001

\*This refers to all wholly moving households plus one-fifth of partly moving households

One possible option might have been to use the net number of wholly moving households moving into social housing as an indicator of migrant need. However, migration patterns are likely to have changed since 2001 and we would need to know information about the previous tenure of these migrants to ensure we are not double counting these numbers when we examine social re-let rates. It also does not allow to annually monitor the figures as the census is only undertaken every ten years.

A more robust and up to date method is to look at the annual report of CORE data<sup>15</sup>. This can provide information on the previous location of all lettings made in the 12-month period. This information is provided in Table 29 below. The issue here is that whilst we can find out information for in-migrants we are unable to calculate the number of migrants in need moving out. Also, this only provides an indication of those migrants who have been provided with housing, not the number in actual need.

**Table 29: Annual lettings to households outside the district (i.e. In migrants), 2005-06**

	Number of lettings to households from outside the district
Bromsgrove	32
Malvern Hills	53
Redditch	31
Worcester City	24
Wychavon	58
Wyre Forest	16
Stratford	60
Warwick	39

Source: CORE, 2006. Please note this only includes general needs lettings and some RSLs may not have provided information to CORE.

## 15. Existing Households falling into need

In addition to newly arising need there will be a number of existing households falling into need each year. The draft guidance indicates that this can be estimated by looking at those who have entered the housing register *and have been housed within*

<sup>15</sup> CORE (COntinuous REcording) is a system developed jointly by the Housing Corporation, the National Housing Federation (NHF) and the then Office of the Deputy Prime Minister (ODPM), now Department for Communities and Local Government (DCLG). It is managed by the Joint Centre for Scottish Housing Research (JCSHR). CORE is used to record information on lettings and sales of social housing in England.

*the year* as well as households outside of the register (such as priority homeless applicants). Unfortunately we do not have all the information from the housing register to allow us to undertake this analysis for each of the 8 districts in the SHMA.

As the definition for newly forming households will exclude those households in which there has been a divorce or separation these households should be picked up here<sup>16</sup>. It is likely that for many of these households accessing housing will not be a problem in the same way it is for newly forming households as defined in the SEH. Where the dissolution of an existing household results in a need arising they will be picked up here.

This does have implications for future projections as one of the main drivers in the expected increase in one-person households are in the 45-64 year age group. This is probably the result of increased dissolution of households in this group e.g. through divorce or separation, and may mean a higher incidence of existing households falling into need than we are currently experiencing.

*Waiting list approach*

Unfortunately we do not have all the information from the housing register to allow us to undertake this analysis for each of the 8 districts in the SHMA.

**Table 30: Previous tenure of Households in Need registering in the last 12 months**

District	Owner Occupiers	Private Renting
Bromsgrove	43	22
Malvern Hills	22	41
Redditch	3	33
Worcester	33	70
Wychavon	28	240
Wyre Forest	N/A	N/A
Stratford-on-Avon	N/A	N/A
Warwick	N/A	N/A
<b>SHMA</b>	N/A	N/A

N/A – Not available

Figures for private renting have been included in the table as contextual information. Although there is likely to be an element of existing households falling into need who rent privately, this is often a short-term tenure choice whilst households await to be placed in social housing.

*Bramley Approach*

In his work across the South-West Bramley looked at the national average annual percentage of owner-occupiers who move into social rented housing, based on the Survey of English Housing. This factor of 0.245% can be applied to the number of owner-occupier households across the SHMA based on the relationship observed in the census.

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<sup>16</sup> The definition of newly forming households is given in the appendix but it would not include a household which has split into two households (such as may occur from a divorce).

**Table 31: Annual Number of Owner Occupier Households falling into Need 2006-2026**

District	2006	2011	2016	2021	2026
Bromsgrove	76	78	81	84	87
Malvern Hills	59	62	65	68	71
Redditch	58	60	63	65	67
Worcester	73	77	81	84	88
Wychavon	93	99	105	111	116
Wyre Forest	78	81	84	86	88
Stratford-on-Avon	94	99	106	111	117
Warwick	106	116	126	134	141
<b>SHMA</b>	<b>637</b>	<b>672</b>	<b>710</b>	<b>744</b>	<b>775</b>

Note: The rate of owner-occupier households observed across each district in the 2001 Census has been applied to the target years.

#### *CORE data approach*

The 2005/06 annual CORE report for each district can be used to show the type of accommodation in which households lived immediately prior to re-housing. It can be used to show the number of households formerly in owner-occupier housing who have been re-housed during 2005/06.

**Table 32: Type of Accommodation in which Household lived immediately prior to rehousing, 2005-06**

District	Owner Occupiers	Private Renting
Bromsgrove	7	24
Malvern Hills	12	34
Redditch	11	45
Worcester	3	33
Wychavon	14	89
Wyre Forest	14	60
Stratford-on-Avon	22	92
Warwick	34	59
<b>SHMA</b>	<b>117</b>	<b>436</b>

Source: CORE, 2006

This only provides us with information on the actual number of former owner occupiers who have been housed, not on the actual number of existing households in need. For this we can use data from the P1E returns on homelessness.

#### *P1E return – Homelessness*

Use of the appropriate figures from the P1E returns can tell us something about the number of existing households who are falling into need each year. This can be obtained from DCLG as local authorities are required to submit the information quarterly as part of their P1E returns.

The figures cited in Table 33 are obtained by summing the following information from the P1E form. The subtractions are to ensure that the figure only refers to existing households and excludes 'newly forming households' which are picked up elsewhere.

Eligible, unintentionally homeless and in priority need  
 +  
 Eligible, homeless and in priority need but intentionally so  
 +  
 Eligible, homeless but not in priority need

*From this total we have subtracted households who main reason for loss of home*

-  
 Parents no longer willing or able to accommodate  
 -  
 Other relatives or friends no longer willing or able to accommodate  
 -  
 Left prison/on remand  
 -  
 Left other institution or LA care  
 -  
 Left HM Forces

Unfortunately the subtractions only refer to those households who are eligible, unintentionally homeless and in priority need. There may be some newly forming households contained in the two other groups but we are unable to take these out.

**Table 33: Number of Homeless Households accepted as in Priority Need 2005/06**

District	Existing households who are falling into need each year
Bromsgrove	126
Malvern Hills	72
Redditch	294
Worcester	256
Wychavon	130
Wyre Forest	171
Stratford-on-Avon	204
Warwick*	225
<b>SHMA</b>	<b>1478</b>

Source: Interform, 2006

\* refers to July 04 – June 05 as not all of 2005/06 data was available

## 16. Long Term Need

The summary tables at the beginning of this document provide the short-term need over 12 months. In order to look at a longer time period, say 5 or 25 years it is not strictly correct to multiply the annual need in 2006 by 5 or 25. The problem with this is that it makes no account of the dissolution of households (via divorce, death etc). These will have the effect of 'freeing' up properties and adding to the supply. It is accepted that in a short-term model this may not be appropriate as there is not likely to be a match in type and price between properties released from household dissolution and the property required by a newly forming household. For example, the property released from an elderly person passing away is not necessarily of a type or price that is suitable for a newly forming one-person household to access.

Whilst this is correct in the short-term, over the course of a longer period, say 20 years, it is expected that the market will adjust to this process and as households

move through the life cycle they will take up released properties thus releasing further properties at the 'bottom' end for newly forming households.

Therefore it is perhaps more appropriate to look at the household projection figures on net household growth to examine need over the next 20 years. This shows the number of additional households that will form between 2006 and 2026. It is important to point out that not all of the growth will be the result of increased net migration or increased household formation. A significant proportion of the growth is due to household dissolution caused by divorce and separation and households existing for longer due to increased life expectancy.

Table 34 shows net household change by type of household. Over two-thirds of the increasing in household numbers is expected to be result of a growth in one-person households.

**Table 34: Net Household Change 2006-2026 by Type of Household**

	<b>Couple Household – no children</b>	<b>Couple Household – with children</b>	<b>Lone Parent</b>	<b>One person Households</b>	<b>Multi-Person Households</b>	<b>Total</b>
Bromsgrove	345	326	253	4,666	-10	5,580
Malvern Hills	803	760	529	4,398	229	6,719
Redditch	293	277	197	4,292	435	5,494
Worcester City	696	658	166	6,008	649	8,177
Wychavon	1,736	1,642	214	7,594	774	11,960
Wyre Forest	-67	-64	-48	5,397	344	5,562
Stratford	1,713	1,620	296	8,212	654	12,495
Warwick	3,039	2,873	1,635	10,728	1,202	19,477
<b>SHMA</b>	<b>8,558</b>	<b>8,092</b>	<b>3,242</b>	<b>51,295</b>	<b>4,277</b>	<b>75,464</b>

Source: 2003 Household Projections

If the annual shortfall of need could be met each year, the figures below show the increased need that might arise over the period 2006-2021 as the result of net household change.

This is calculated by applying the percentage of new households unable to afford to buy or rent in the open market as of 2006 to the projected change detailed in the table above. This should only be used as a guide as to where the future increases in need might occur and not treated as a precise figure.

**Table 35: Net Affordable Housing Need 2006-2026 by Type of Household**

	<b>Couple Household – no children</b>	<b>Couple Household – with children</b>	<b>Lone Parent</b>	<b>One person Households</b>	<b>Total*</b>
Bromsgrove	137	230	243	2,951	3,561
Malvern Hills	378	566	522	2,802	4,268
Redditch	121	203	193	2,935	3,452
Worcester City	295	472	161	4,164	5,092
Wychavon	761	1,190	208	5,081	7,239
Wyre Forest	-24	-43	-46	3,371	3,257
Stratford	726	1,151	285	5,541	7,702
Warwick	1,194	2,022	1,566	6,891	11,673
<b>SHMA</b>	<b>3,734</b>	<b>5,857</b>	<b>3,150</b>	<b>34,873</b>	<b>47,613</b>

\* As is the case with the original model, multi-person households have been excluded<sup>17</sup>.

It is important that these figures are interpreted correctly. The negative figures for Wyre Forest indicate that between 2006-2026 there is not likely to be a net increase in the number of lone parents and couple households who might be in need **ONLY** if the current and expected newly arising annual need from these households can be met. Conversely, even if the current and expected newly arising annual need can be met for one-person households there is still likely to be a further increase in need between 2006-2026.

## 17. Local Housing Market Area Apportionment

The Research and Intelligence Unit defined a series of local housing market areas (LHMAs) which covered the SHMA. It is possible to apportion annual need on a district level to these LHMAs.

As LHMAs were built up via 2001 Census Output Areas it is possible to use data from the census as a basis for apportioning need. It is accepted that this is a fairly crude method but it is required as much of the data used in this model is only available down to local authority district level.

The apportioning was based on the following census datasets.

Newly Arising Need – based on the distribution of 16-29 year olds

Existing Need – based on the distribution of owner-occupier households

The rationale for using these datasets is that most of the newly forming households will come from the age group 16-29, whilst existing need relates to households which have already formed and are already in housing.

## 18. Regional Lifestyles Survey

The model describes above is based on the assumption that need will be met where it arises. Clearly, though it is not a given that newly forming households will be able to or wish to meet their housing need in the same area where it arises. If, for example

<sup>17</sup> The theoretical reasoning behind this exclusion is contained in the technical report on newly arising need.

a new household cannot afford owner occupier housing in Area A they may simply choose to move to Area B where comparable property prices are cheaper in order to access housing. This may be especially significant in a relatively high priced area such as Bromsgrove, which is situated close to two relatively cheaper areas in Redditch and Wyre Forest.

Need may not need to be met where it arises for the other simple reason is that newly forming households may want to live elsewhere for a number of reasons other than housing affordability. For example, new households may not wish to live in quieter rural locations such as Malvern Hills or Wychavon but prefer a more urban location such as Worcester City.

Although it is very difficult to quantify this it is worth looking at trends from the 2005 West Midlands Regional Lifestyles Survey that provides some evidence on the factors which drive where households choose to live.

In terms of 18-24 year olds, in seven of the eight districts in the SHMA, living close to family and friends was cited as either the first or second most important factor when making a decision about where to live. Redditch was the only district where this was not the case as it came up as fifth most important factor.

The importance to young people of living close to friends and family as a factor when deciding about where to live supports the premise that often need can be met where it arises. If suitable housing can be provided then many new households would choose to remain in the area they currently reside in. It should be pointed out that many of the social networks formed are whilst at university and it is likely that a significant number of new households form near to their place of study.

**Table 36: Top three most important factors when deciding about where to live, 18-24 yr olds**

<b>Bromsgrove</b>	<b>Malvern Hills</b>	<b>Redditch</b>	<b>Worcester City</b>
CLOSE TO FAMILY OR FRIENDS	CLOSE TO FAMILY OR FRIENDS	A SAFE AREA WITH LOW CRIME	A SAFE AREA WITH LOW CRIME
A SAFE AREA WITH LOW CRIME	A SAFE AREA WITH LOW CRIME	A NICE, CLEAN ENVIRONMENT	CLOSE TO FAMILY OR FRIENDS
GOOD PUBLIC TRANSPORT LINKS	AFFORDABLE HOUSING	AFFORDABLE HOUSING	AFFORDABLE HOUSING
<b>Wychavon</b>	<b>Wyre Forest</b>	<b>Stratford</b>	<b>Warwick</b>
CLOSE TO FAMILY OR FRIENDS	A SAFE AREA WITH LOW CRIME	CLOSE TO FAMILY OR FRIENDS	A SAFE AREA WITH LOW CRIME
A SAFE AREA WITH LOW CRIME	CLOSE TO FAMILY OR FRIENDS	A NICE, CLEAN ENVIRONMENT	CLOSE TO FAMILY OR FRIENDS
AFFORDABLE HOUSING	CLOSE TO WHERE YOU WORK	A SAFE AREA WITH LOW CRIME	AFFORDABLE HOUSING

Source: West Midlands Regional Lifestyles Survey, 2005

The survey also asks of those people planning to move house in the next two years, how far are they planning to move. Although over a quarter said that they were not sure Table 37 shows the responses of those who did know how far they were planning to move.

**Table 37: Planning to move in next 2 years: How far they are planning to move? 18-34 yr olds**

	<1 mile	1-3 miles	4-10 miles	11-20 miles	+20 miles
Stratford	20.0	19.9	29.9	3.3	26.8
Warwick	13.9	32.9	21.7	6.7	24.6
Bromsgrove	18.8	37.9	14.8	6.1	22.4
Malvern Hills	16.0	26.4	29.3	7.9	20.5
Redditch	16.7	29.5	20.4	9.7	23.8
Worcester City	10.0	34.6	22.4	5.8	27.3
Wychavon	12.5	13.1	30.3	15.3	28.9
Wyre Forest	27.1	24.8	20.6	10.2	17.3
<b>SHMA</b>	<b>15.7</b>	<b>27.7</b>	<b>23.8</b>	<b>8.0</b>	<b>24.7</b>

Source: West Midlands Regional Lifestyles Survey, 2005

Although many young people said 'living close to friends and family' was an important factor in deciding where to live, nearly a quarter of 18-34 yr olds planning to move in the next two years were planning to move more than 20 miles away. Although not limited to newly forming households it does suggest a high degree of mobility among younger people. Despite this, nearly three-quarters of 18-34 yr olds in the SHMA were planning to move only between 1-10 miles away.

It should be noted that this survey was asked in 2005, a time of high housing affordability problems. Given that young people also cited 'affordable housing' as a major factor when deciding to move and expressed a desire to live close to family and friends (Table 35), it is possible that the percentage who would planning to move 20 miles plus would be lower if they could access affordable housing within their own area. This is likely to be more pronounced in relatively high priced areas such as Bromsgrove, Stratford and Warwick.

## **Appendix A: Definitions from Planning Policy Statement 3 (PPS3)**

The following definitions are taken directly from PPS3

### **Affordable housing**

#### **Affordable housing is:**

‘Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision’.

#### **Social rented housing is:**

‘Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.’

#### **Intermediate affordable housing is:**

‘Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent.’

These definitions replace guidance given in *Planning Policy Guidance Note 3: Housing (PPG3)* and *DETR Circular 6/98 Planning and Affordable Housing*.

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, ‘low cost market’ housing, may not be considered, for planning purposes, as affordable housing.

There is further guidance on eligibility for affordable housing, recycling of subsidy, specific features of social rented and intermediate affordable housing and the application of the affordable housing definition, in particular with regard to the extent to which non-grant funded and private sector low cost housing products meet the definition in the Affordable Housing Policy Statement.

The terms ‘affordability’ and ‘affordable housing’ have different meanings. ‘Affordability’ is a measure of whether housing may be afforded by certain groups of households. ‘Affordable housing’ refers to particular products outside the main housing market.

### **Market housing**

Private housing for rent or for sale, where the price is set in the open market.

**Housing demand**

The quantity of housing that households are willing and able to buy or rent.

**Housing need**

The quantity of housing required for households who are unable to access suitable housing without financial assistance.

## Appendix B: District Need Tables 2011-2026

### Newly Arising Need – District Summary Table - 2011

Local Authority District									
	Bromsgrove	Malvern Hills	Redditch	Worcester City	Wychavon	Wyre Forest	Stratford	Warwick	SHMA
1. Projected new household Formation (gross, p.a.)	894	539	684	787	972	893	1181	1580	<b>7,529</b>
2. Proportion unable to buy or rent in market at current levels	48.9	52.5	51.5	49.3	51.3	46.2	50.9	46.9	<b>49.3</b>
3. <i>Unable to buy with 10% deposit</i>	609	416	455	516	696	583	830	1,027	<b>5,132</b>
4. <i>Unable to buy with 0% deposit</i>	642	426	480	536	726	613	864	1068	<b>5,355</b>
5. Number unable to buy or rent in market	437	283	352	388	499	413	601	741	<b>3,714</b>
6a <i>One person Household</i>	215	140	180	217	253	222	325	411	2053
6b <i>Couple Household – No children</i>	103	69	72	75	120	81	135	138	754
6c <i>Couple Household – With Children</i>	68	40	48	47	74	57	84	92	485
6d <i>Lone Parent Household</i>	51	34	52	49	52	53	57	100	436
7. Existing Households falling into need	126	72	294	256	130	171	204	225	<b>1,478</b>
8. Migrants falling into need	Although not available yet a discussion of migrant households in need is examined in Section 14								
9. Total Need*	563	355	646	644	629	584	805	966	<b>5,192</b>
Intermediate Sector									
10. Number unable to buy at 75% market prices (lower quartile)	506	389	382	444	617	483	710	863	<b>4,394</b>
11. Number unable to buy at 50% of market price (lower quartile)	347	278	266	311	421	332	488	600	<b>3,043</b>
12. Adjusted Total Need**	473	350	560	567	551	503	692	825	<b>4,521</b>

\* Number unable to buy or rent in the market + Existing households falling into need

\*\*Number unable to buy at 50% of market price + Existing households falling into need

### Newly Arising Need – District Summary Table - 2016

Local Authority District									
	Bromsgrove	Malvern Hills	Redditch	Worcester City	Wychavon	Wyre Forest	Stratford	Warwick	SHMA
1. Projected new household Formation (gross, p.a.)	852	513	674	799	935	877	1175	1691	<b>7,517</b>
2. Proportion unable to buy or rent in market at current levels	49.5	52.8	51.5	49.6	51.4	46.4	51.3	47.4	<b>49.6</b>
3. <i>Unable to buy with 10% deposit</i>	585	397	448	523	667	573	828	1105	<b>5126</b>
4. <i>Unable to buy with 0% deposit</i>	617	406	473	544	696	603	863	1149	<b>5351</b>
5. Number unable to buy or rent in market	422	271	347	396	481	407	603	801	<b>3728</b>
6a <i>One person Household</i>	217	139	185	231	254	229	340	458	2053
6b <i>Couple Household – No children</i>	95	63	67	72	111	76	129	141	754
6c <i>Couple Household – With Children</i>	62	37	45	46	68	53	80	94	485
6d <i>Lone Parent Household</i>	48	32	50	47	48	49	54	108	436
7. Existing Households falling into need	126	72	294	256	130	171	204	225	<b>1478</b>
8. <i>Migrants falling into need</i>	<i>Although not available yet a discussion of migrant households in need is examined in Section 14</i>								
9. Total Need*	548	343	641	652	611	578	807	1026	<b>5206</b>
Intermediate Sector									
10. Number unable to buy at 75% market prices (lower quartile)	486	371	376	449	591	475	708	929	<b>4385</b>
11. Number unable to buy at 50% of market price (lower quartile)	334	265	263	315	403	327	487	648	<b>3042</b>
12. Adjusted Total Need**	460	337	557	571	533	498	691	873	<b>4520</b>

\* Number unable to buy or rent in the market + Existing households falling into need

\*\*Number unable to buy at 50% of market price + Existing households falling into need

### Newly Arising Need – District Summary Table - 2021

Local Authority District									
	Bromsgrove	Malvern Hills	Redditch	Worcester City	Wychavon	Wyre Forest	Stratford	Warwick	SHMA
1. Projected new household Formation (gross, p.a.)	901	533	689	799	988	899	1255	1849	<b>7,912</b>
2. Proportion unable to buy or rent in market at current levels	50.1	52.9	51.7	49.8	51.4	46.8	51.6	47.6	<b>49.8</b>
3. Unable to buy with 10% deposit	622	412	458	523	701	588	884	1209	<b>5397</b>
4. Unable to buy with 0% deposit	656	422	483	544	732	618	921	1258	<b>5634</b>
5. Number unable to buy or rent in market	451	282	356	398	508	421	647	881	<b>3944</b>
6a One person Household	242	150	197	240	280	246	378	515	2248
6b Couple Household – No children	96	62	66	69	112	75	132	149	761
6c Couple Household – With Children	63	37	44	44	69	52	82	99	490
6d Lone Parent Household	50	33	49	45	47	48	55	118	445
7. Existing Households falling into need	126	72	294	256	130	171	204	225	<b>1478</b>
8. Migrants falling into need	<i>Although not available yet a discussion of migrant households in need is examined in Section 14</i>								
9. Total Need*	577	354	650	654	638	592	851	1106	<b>5422</b>
Intermediate Sector									
10. Number unable to buy at 75% market prices (lower quartile)	517	386	384	449	621	486	755	1017	<b>4615</b>
11. Number unable to buy at 50% of market price (lower quartile)	356	276	268	314	423	335	520	710	<b>3202</b>
12. Adjusted Total Need**	482	348	562	570	553	506	724	935	<b>4680</b>

\* Number unable to buy or rent in the market + Existing households falling into need

\*\*Number unable to buy at 50% of market price + Existing households falling into need

### Newly Arising Need – District Summary Table - 2026

Local Authority District									
	Bromsgrove	Malvern Hills	Redditch	Worcester City	Wychavon	Wyre Forest	Stratford	Warwick	SHMA
1. Projected new household Formation (gross, p.a.)	966	572	731	840	1051	945	1367	2085	<b>8,557</b>
2. Proportion unable to buy or rent in market at current levels	50.8	53.1	51.7	50.5	51.5	47.0	51.5	47.9	<b>50.1</b>
3. <i>Unable to buy with 10% deposit</i>	674	444	484	554	746	619	958	1366	<b>5845</b>
4. <i>Unable to buy with 0% deposit</i>	710	454	510	576	779	651	998	1421	<b>6099</b>
5. Number unable to buy or rent in market	491	304	378	424	541	444	704	998	<b>4284</b>
6a <i>One person Household</i>	272	167	216	261	309	269	424	596	2514
6b <i>Couple Household – No children</i>	100	64	67	71	114	75	137	162	790
6c <i>Couple Household – With Children</i>	66	38	44	45	70	52	86	108	509
6d <i>Lone Parent Household</i>	53	35	51	47	48	48	57	132	471
7. Existing Households falling into need	126	72	294	256	130	171	204	225	<b>1478</b>
8. <i>Migrants falling into need</i>	<i>Although not available yet a discussion of migrant households in need is examined in Section 14</i>								
9. Total Need*	617	376	672	680	671	615	908	1223	<b>5762</b>
Intermediate Sector									
10. Number unable to buy at 75% market prices (lower quartile)	560	415	406	475	660	512	818	1149	4995
11. Number unable to buy at 50% of market price (lower quartile)	386	297	283	332	449	353	563	803	3466
12. Adjusted Total Need**	512	369	577	588	579	524	767	1028	4944

\* Number unable to buy or rent in the market + Existing households falling into need

\*\*Number unable to buy at 50% of market price + Existing households falling into need

## **Appendix C: Barclays Mortgage Affordability Methodology**

Woolwich Mortgage Affordability Research attempts to be as straightforward and transparent as possible - it calculates the proportion of net (after tax) household income needed by customers to make monthly mortgage payments.

### **Mortgage payments**

Every month the Barclays Group record and classify the payments which 12 million customers who hold a current account or Barclaycard have asked them to make. The analysis focuses on some 5 million customers who have particularly active accounts. This is effectively the sample population.

The payments are classified on the basis of the age, gender, income band and residential area of the account holders as well as the nature of the payment beneficiary. One of the categories of beneficiary is mortgage providers.

Every month around 1.3 million of the 5 million customers in the sample ask Barclays to make a payment to a well known mortgage provider. These payments are summarised at an area level to understand the average mortgage payment in each district/HMA. Analysis can also be done to understand the average mortgage payment for certain types of customer - e.g. those in their twenties, women etc.

As the analysis is based on an understanding of how much money is paid to mortgage providers, it will cover both capital and interest repayments, so for most people it will cover the entire cost of the mortgage.

However, if customers have an interest-only mortgage, and are making separate contributions to endowment policies (for example) that they will eventually use to clear the outstanding mortgage balance, then the Woolwich Mortgage Affordability measure will tend to understate the proportion of their net income needed to support their entire mortgage-related expenditure.

This is because contributions to endowment policies will often be paid to insurance companies and will not be easily identifiable as mortgage-related. However, as many of these endowment payments can be stopped or suspended at the customer's discretion, our measure shows a truer picture of what proportion of net household income customers have to use to meet their immediate mortgage commitments.

### **Income**

Barclays calculate the likely average net household income of mortgage payers in each area by looking at the turnover that has passed through these customers' accounts in recent months.

To arrive at a net household income figure the analysis starts with numbers published by the Office of National Statistics (the quarterly Gross Balance of Primary Incomes) and makes a series of adjustments to take into account tax and the variation in income levels around the country. The latter is based on analysis of the amount of money passing through mortgage-paying customers' current accounts each month in each area.

A final adjustment is made to recognise that some of the households making mortgage payments from Barclays current accounts will have sources of income that

are paid into non-Barclays accounts. This part of the calculation is based on an understanding of the proportion of joint, single male and single female households that make mortgage payments.

Because this calculation is specific to the Barclays customers asking the bank to make payments to mortgage providers, it will show income levels that may be different to those of other UK households (e.g. average incomes of mortgage borrowers tends to be higher than those of the population as a whole). The main purpose is to make sure that we are comparing like with like - showing the mortgage payments made by Barclays customers as a proportion of these same customers' net household income.

## Appendix D: Definitions from Survey of English Housing

### Household Reference Person

From April 2001 the SEH in common with other Government surveys replaced the traditional concept of the "head of the household" by "household reference person" (HRP).

The household reference person is defined as "householder" (that is a person in whose name the accommodation is owned or rented) and in addition as the following: for households with *joint* householders, the person with the *highest income*; if two or more householders have exactly the same income, the *older*; for households with a *sole* householder, he or she is the household reference person.

Thus the household reference person definition, unlike the old head of household definition, no longer gives automatic priority to male partners.

### Newly Forming Household

Newly forming households are defined using the tenure of the head of household (HRP) at their previous address and how long they have lived at their current address.

- (a) In their previous accommodation the HRP did not have the accommodation in their name or their spouse/partners name.
- (b) The HRP has lived at their current property for less than a year

This definition is the one used in official publications such as the annual 'Housing in England Report' produced by DCLG. Although they are defined as newly forming households strictly speaking they are defined only in terms of the status of the head of household. Below is an example of a household which can be viewed as being 'new' but will be excluded here.

Example 1: Where a couple in an owner occupied property have separated/divorced and each partner moves into separate accommodation on their own or with another person. Status = excluded

Example 2: Two men rent a house together and one decides to move out into an owner occupied property with his partner becoming the HRP in the new property. Status = excluded. (They would be included if his partner was for example living at home with their parents and became the HRP in the new property).

Ideally it would be useful to include those households which separate and re-form as 'new' households, but the questions in the survey do not appear to allow this split to be quantified easily. Given that these type of households are not likely to have the same problems in terms of accessing housing as for example first time buyers moving out of their parents home, then the view has been taken that the definition used here can be justified in terms of this analysis.

## Appendix E: Income Distribution of Newly Forming Households by District

### Income Distribution of Newly Forming Households, Bromsgrove

	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
10	£2,737	£9,581	£5,635	£3,511
20	£4,158	£16,912	£9,617	£4,927
30	£6,842	£21,899	£13,116	£5,268
40	£10,534	£25,260	£15,233	£6,100
50	£15,051	£29,924	£19,008	£6,843
60	£17,679	£33,275	£21,573	£8,648
70	£21,623	£37,435	£24,675	£9,581
80	£23,564	£41,114	£34,257	£12,318
90	£30,979	£54,402	£41,498	£16,800

### Income Distribution of Newly Forming Households, Malvern Hills

	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
10	£2,436	£8,527	£5,015	£3,125
20	£3,701	£15,051	£8,559	£4,385
30	£6,089	£19,489	£11,673	£4,689
40	£9,375	£22,480	£13,557	£5,429
50	£13,395	£26,631	£16,917	£6,090
60	£15,733	£29,614	£19,199	£7,697
70	£19,244	£33,316	£21,960	£8,526
80	£20,971	£36,591	£30,487	£10,963
90	£27,570	£48,416	£36,932	£14,952

### Income Distribution of Newly Forming Households, Redditch

	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
10	£2,480	£8,682	£5,107	£3,182
20	£3,768	£15,325	£8,714	£4,465
30	£6,200	£19,844	£11,886	£4,774
40	£9,546	£22,889	£13,803	£5,528
50	£13,639	£27,116	£17,224	£6,201
60	£16,020	£30,153	£19,549	£7,837
70	£19,594	£33,922	£22,360	£8,682
80	£21,353	£37,257	£31,042	£11,162
90	£28,072	£49,298	£37,604	£15,224

**Income Distribution of Newly Forming Households, Worcester City**

	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
<b>10</b>	£2,615	£9,153	£5,384	£3,355
<b>20</b>	£3,973	£16,157	£9,188	£4,707
<b>30</b>	£6,536	£20,922	£12,531	£5,033
<b>40</b>	£10,064	£24,133	£14,553	£5,828
<b>50</b>	£14,380	£28,589	£18,160	£6,538
<b>60</b>	£16,890	£31,791	£20,611	£8,262
<b>70</b>	£20,658	£35,765	£23,574	£9,153
<b>80</b>	£22,512	£39,280	£32,728	£11,768
<b>90</b>	£29,597	£51,975	£39,647	£16,051

**Income Distribution of Newly Forming Households, Wychavon**

	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
<b>10</b>	£2,551	£8,931	£5,253	£3,273
<b>20</b>	£3,876	£15,765	£8,965	£4,593
<b>30</b>	£6,378	£20,414	£12,227	£4,911
<b>40</b>	£9,820	£23,547	£14,200	£5,687
<b>50</b>	£14,031	£27,894	£17,719	£6,379
<b>60</b>	£16,480	£31,019	£20,110	£8,062
<b>70</b>	£20,157	£34,896	£23,002	£8,931
<b>80</b>	£21,966	£38,326	£31,934	£11,483
<b>90</b>	£28,878	£50,713	£38,684	£15,661

**Income Distribution of Newly Forming Households, Wyre Forest**

	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
<b>10</b>	£2,466	£8,632	£5,077	£3,164
<b>20</b>	£3,746	£15,237	£8,664	£4,439
<b>30</b>	£6,164	£19,730	£11,817	£4,747
<b>40</b>	£9,491	£22,758	£13,724	£5,496
<b>50</b>	£13,561	£26,960	£17,125	£6,165
<b>60</b>	£15,928	£29,980	£19,436	£7,792
<b>70</b>	£19,482	£33,727	£22,231	£8,632
<b>80</b>	£21,230	£37,042	£30,864	£11,098
<b>90</b>	£27,910	£49,014	£37,388	£15,136

**Income Distribution of Newly Forming Households, Stratford-on-Avon**

	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
<b>10</b>	£2,866	£10,033	£5,901	£3,677
<b>20</b>	£4,355	£17,710	£10,071	£5,160
<b>30</b>	£7,164	£22,932	£13,735	£5,517
<b>40</b>	£11,031	£26,452	£15,951	£6,388
<b>50</b>	£15,762	£31,336	£19,905	£7,166
<b>60</b>	£18,513	£34,846	£22,591	£9,056
<b>70</b>	£22,644	£39,201	£25,839	£10,033
<b>80</b>	£24,676	£43,055	£35,873	£12,899
<b>90</b>	£32,440	£56,969	£43,456	£17,593

**Income Distribution of Newly Forming Households, Warwick**

	One-Person Household	Couple Household - No Children	Couple Household - With Children	Lone Parent Household
<b>10</b>	£3,123	£10,934	£6,431	£4,007
<b>20</b>	£4,746	£19,300	£10,975	£5,623
<b>30</b>	£7,808	£24,992	£14,969	£6,013
<b>40</b>	£12,022	£28,827	£17,384	£6,962
<b>50</b>	£17,177	£34,150	£21,692	£7,810
<b>60</b>	£20,175	£37,975	£24,620	£9,870
<b>70</b>	£24,677	£42,722	£28,160	£10,934
<b>80</b>	£26,892	£46,921	£39,095	£14,057
<b>90</b>	£35,354	£62,085	£47,359	£19,173

## Appendix F: Impact of using CACI PayCheck Household Income

One of the sensitivity tests proposed in section 5 relates to an alternative choice of income measure. Our analysis uses data provided by Barclays and relates to households in their 20s who have a mortgage as being a proxy for newly forming owner occupier households.

Another source of income information is PayCheck data provided by CACI. This provides modelled household income information on a district basis. PayCheck models gross income before tax and covers every source, including investments, income support and welfare.

As has been the case in previous studies it is possible to use the relationship observed in the Survey of English Housing to adjust gross household income for all households to an estimate of gross income for newly forming households. The relationship observed in the 2004-2005 Survey of English Housing is that newly forming households typically earn around 65% of the incomes of all households. This can be applied to the incomes across the 8 districts of the SHMA and further re-adjusted using the Survey of English Housing to reflect household type.

The impact of using this income measure (without adjusting any other assumptions) is shown in the table below. Whereas the original analysis calculated that around 3500 households could not afford to buy or rent in the open market, the corresponding figure using CACI PayCheck is much lower at **2775** households. Obviously this trend of a lower number of households unable to afford is repeated across the other housing types e.g. number unable to afford at 50% and 75% of market prices.

It is important to recognise the underlying reason for this difference. Whereas the Survey of English Housing suggests that newly forming households have incomes that are around 65% of those for all households, income information from Barclays suggests newly forming households typically earn around 55-60% of all households.

It is not a surprise that use of the two methods results in differing calculations. Barclays income data uses people in their 20s as a proxy measure for first time buyers/newly forming households. Evidence from the Survey of English Housing suggests that households in their 20s actually make up around 60% of all newly forming households. If we had chosen to use people in their 20s and 30s as the proxy measure then it is likely the figures would be very similar to that produced using CACI income data.

The reason that people in their 20s was chosen was that it felt it better reflects the incomes of households who would like to form but are not doing so due to issues of affordability. The problem in using any income data is that this can only examine those households who have **actually** formed in the last 12 months and not those that who have deferred their household formation because housing is currently un-affordable. There is an argument that if suitable housing were made available then these households would indeed form and thus be in need of housing.

One other issue to consider is the question of applying the 65% adjustment across all localities. In areas where average incomes are high e.g. Warwick, is it correct to assume that newly forming households have incomes that are 65% of all households. The implication here is that the levels of incomes assumed for new households is tied to the overall income of all households in a particular area. The advantage of using

Barclays data is that the incomes of newly forming households is set aside from the incomes of all households.

One of the key objectives of this work was to produce an approach that allowed routine monitoring and updating and could be used across the region in order to achieve a consistent, comparable and updateable set of Assessments. In this regard the use of CACI income data has advantages in that it is readily available across all districts nationally, it is a commonly used dataset, it is produced on an annual basis and has been used in previous studies of this type.

In having these two different datasets we can potentially produce a range with Barclays taking a more 'pessimistic' view on the incomes expected for newly forming households and CACI taking a more 'optimistic' view of newly forming household income

The significant advantage of this model is that it allows different data to be inputted in into the approach as better intelligence becomes available. Whilst it should not be treated as a fixed approach and should seek to include new knowledge where it is made available, it should also be recognised that there are advantages in having an approach that can be compared over time and across different areas.

**Appendix F: Newly Arising Need – District Summary Table – 2006**  
**Based on CACI PayCheck Income Data 2006**

<b>Local Authority District</b>									
	<b>Bromsgrove</b>	<b>Malvern Hills</b>	<b>Redditch</b>	<b>Worcester City</b>	<b>Wychavon</b>	<b>Wyre Forest</b>	<b>Stratford</b>	<b>Warwick</b>	<b>SHMA</b>
<b>1.</b> Projected new household Formation (gross, p.a.)	910	580	701	777	967	915	1124	1357	<b>7331</b>
<b>2.</b> Proportion unable to buy or rent in market at current levels	40.0	43.4	43.2	44.5	42.0	39.7	44.2	43.2	<b>42.5</b>
<b>3.</b> <i>Unable to buy with 10% deposit</i>	517	414	386	474	602	514	743	825	<b>4475</b>
<b>4.</b> <i>Unable to buy with 0% deposit</i>	<i>Not calculated in sensitivity analysis</i>								
<b>5.</b> Number unable to buy or rent in market	364	252	303	346	406	363	497	586	<b>3117</b>
<b>6a</b> <i>One person Household</i>	176	122	150	189	203	190	266	325	<b>1621</b>
<b>6b</b> <i>Couple Household – No children</i>	79	58	57	64	88	68	106	108	<b>628</b>
<b>6c</b> <i>Couple Household – With Children</i>	61	41	45	45	66	52	74	77	<b>461</b>
<b>6d</b> <i>Lone Parent Household</i>	48	31	51	48	49	53	51	76	<b>407</b>
<b>7.</b> Existing Households falling into need	126	72	294	256	130	171	204	225	<b>1478</b>
<b>8.</b> <i>Migrants falling into need</i>	<i>Although not available yet a discussion of migrant households in need is examined in Section 14</i>								
<b>9.</b> Total Need*	490	324	597	602	536	534	701	811	<b>4595</b>
<b>Intermediate Sector</b>									
<b>10.</b> Number unable to buy at 75% market prices (lower quartile)	438	359	331	399	508	437	593	680	<b>3745</b>
<b>11.</b> Number unable to buy at 50% of market price (lower quartile)	298	246	228	275	346	299	402	474	<b>2568</b>
<b>12.</b> Adjusted Total Need**	424	318	522	531	476	470	606	699	<b>4046</b>

