

A Local Housing Needs Report

For

The 3 South Worcestershire Districts:

Malvern Hills District

Wychavon District

Worcester City

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Final Report: September 2007

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1. Introduction – Aims, Objectives and Approach

1.1 Background

- 1.1.1 In 2006, the South Housing Market Partnership commissioned a sub-regional Strategic Housing Market Assessment in accordance with the Government's draft replacement guidance (December 2005) and Planning Policy Statement 3 (PPS3) Housing (November 2006).
- 1.1.2 In addition to pooling the resources of 8 district councils across 2 counties, and a number of RSLs, it engaged the services of the Worcestershire County Council Research team that was already undertaking much of the research and technical background work for the partial review of the West Midlands Regional Spatial Strategy. A working Group was also established to look at specific areas of Gypsy and Traveller accommodation needs.
- 1.1.3 The sub-regional assessment was designed to:
 - a) **Facilitate informed and co-ordinated sub-regional engagement by the South Housing Market Partnership with the Regional Spatial Strategy review process, and potentially a review of the Regional Housing Strategy; and**
 - b) **Provide technical and policy advice for Local Housing Strategies and Local Development Documents for all eight of the South Housing Market Partnership member authorities.**
- 1.1.4 This sub-regional Strategic Housing Market Assessment was completed in March 2007, largely based on data for the year 2005/6, and was formally accepted by the South Housing Market Partnership on 25th April 2007. Arrangements are now in hand for the routine annual updating of the Assessment through the incorporation of data for the year 2006/7.
- 1.1.5 In parallel with this process, the three districts that make up South Worcestershire recognised the need to develop a Joint Core Strategy to inform their separate Local Development Frameworks, as a result of the current review of the West Midlands Regional Spatial Strategy (RSS) proposing identifying significant levels of potential growth for Worcestershire, and in particular Worcester City. This level of growth is partly a result of the RSS identifying Worcester as a sub-regional foci - one of several main locations for balanced growth in the region outside the conurbation. In addition central Government has also designated Worcester as a New Growth Point to support early delivery of housing to meet local needs.
- 1.1.6 In addition to accommodating the eventual housing allocation for each district, Wychavon and Malvern Hills will also need to take some of Worcester City's allocation due to the nature of the latter's administrative boundary.
- 1.1.7 Work on the Joint Core Strategy commenced in January 2007 and it is scheduled for adoption by January 2010. In developing a spatial planning 'vision' for South Worcestershire it will reflect the generic themes from each of the three Community Strategies, which include the intention to:

Encourage the provision of a balanced housing market.

Provide quality affordable homes to meet the needs of local people and sustain rural communities.

Promote the building of 'Lifetime Homes' and a mix of dwelling types in new development to encourage downsizing.

- 1.1.8 While the sub-regional work provided the strategic context and much of the necessary data collection to inform the Joint Core Strategy, it was also recognised that this required analysis at a more local level than the 5 Local Housing Market Areas that were identified within the sub-regional assessment as existing within the 3 districts of South Worcestershire.
- 1.1.9 In February 2007, a Project Team with representatives from the 3 districts therefore commissioned the South Worcestershire Housing Needs Report as an extension and further development of the sub-regional assessment.

1.2 The Purpose of the Report:

The South Worcestershire Housing Needs Report will:

- a) **Provide an up to date and robust evidence base on District housing needs at a local level to assist constituent local authorities in the implementation of adopted Local Plan and LDF policies on affordable housing provision.**
- b) **Provide a sound evidence base for the preparation of appropriate LDF documents including the Joint South Worcestershire Core Strategy, Balanced Housing Markets Development Plan Document and District level Affordable Housing Supplementary Planning Documents.**
- c) **Assist the authorities to determine the best way to balance housing markets and influence the provision of additional affordable housing to meet local needs.**
- d) **Consider what affordable housing thresholds and percentages are supportable by the evidence on housing need in each District, and make reasoned recommendations for consideration by each District in the preparation of its LDF policy.**

2. The Study Area and Its Context - Local Housing Markets

2.1 Background

- 2.1.1 Local administrative boundaries generally bear very little relationship to the patterns of price comparability, commuting and leisure activities that characterise local housing markets. The West Midlands Regional Housing Strategy (RHS) and Regional Spatial Strategy (RSS) have defined 4 sub-regional housing markets, and expect each of these to identify local housing markets and differentiate between them for the purposes of applying appropriate policies and investment priorities.
- 2.1.2 The South Housing Market Area comprises the 6 districts of Worcestershire and the 2 districts of South Warwickshire (Stratford upon Avon and Warwick). Within this area the sub-regional Strategic Housing Market Assessment identified 10 local Housing Markets, of which 5 were almost entirely contained within the 3 South Worcestershire districts of Malvern Hills, Worcester City and Wychavon.

2.2 Local Housing Market Areas in South Worcestershire (see map at Appendix 1)

Table 1: Local Housing Market Areas in South Worcestershire

Local Housing Market Area Name	Description
Worcester	Worcester city, plus surroundings to the edges of Pershore, Malvern, Bromyard, Tenbury & Droitwich
Malvern	Malvern town and southern parts of the district only
Evesham	Evesham town, the Littletons and Lenches, plus Harvington, Honeybourne and Elmley Castle
Droitwich	Droitwich town, Cutnall Green, Wychbold and Hanbury
Pershore	Pershore, and a small area mainly to the south west

- 2.2.1 These areas exclude some parts of the 3 districts – most significantly the outlying settlements of Tenbury and Broadway, neither of which exhibit strong connections with either the main towns on which the local housing markets are centred, or with main towns in adjacent sub-regions. Conversely, part of the Malvern Local Housing Market Area extends into Herefordshire, but only to a very limited extent both in terms of geography and population.
- 2.2.2 For the purpose of this report, Tenbury and Broadway have been included with the Worcester and Evesham Local Housing Markets respectively, and the Herefordshire part of the Malvern area has been disregarded, so the boundaries of the 3 districts and 5 local housing market areas coincide exactly.

- 2.2.3 There is of course considerably disparity in population size between these 5 areas: the largest being Worcester, with almost 132,000 population, which is slightly larger than the other 4 combined - Malvern (46,000), Evesham (41,000), Droitwich (25,000) and Pershore (13,000).

2.3 Local Sub Areas (see maps in Appendices 2 – 7)

- 2.3.1 The South Worcestershire Report works within both the new framework of these 5 Local Housing Market Areas (LHMAs) and the established administrative district boundaries. It also breaks each of the 5 areas into a number of Sub-Areas that reflect more localised relationships.
- 2.3.2 The effect is to create a total of 34 Sub Areas – 21 within Wychavon District, 7 within Malvern Hills District, and 6 within Worcester City. The larger number for Wychavon results from it including all or part of 4 of the 5 LHMAs, and having a larger number of larger villages as well as the three main towns.
- 2.3.3 These 34 Sub Areas can therefore be grouped by each LHMA within each district. 2 of the Malvern ones, designated as ‘Tenbury’ and ‘Stourport’ were originally identified as being only somewhat tenuously connected with the whole of the South Housing Market Area, but for the purposes of this report they are treated as a separate and 6th Local housing Market Area. A full schedule of this geographical structure is set out in Appendix 7.
- 2.3.4 Wherever possible, information is presented on the Sub Area basis, grouped together within each district according to their LHMAs. However, some information, such as supply from social re-lets and current property availability, is presented on the LHMA basis as the numbers at Sub Area level are too small to allow for any meaningful comparisons or conclusions to be drawn within the report. Full schedules, however, are available as appendices.

2.4 Local Differences within the South Housing Market Area

(Information from Worcestershire County “Economic Assessment 2006-7”)

- 2.4.1 **Gross Annual Incomes – the three measures which reveal local variations** (all references in this report to incomes are gross annual figures)

Total Gross Annual Household Income – from the combination of employment, pensions, investments and benefits

Gross Annual Residence Based Earnings – being the earned incomes of those who are resident in the area, regardless of where the place of employment is located.

Gross Annual Workplace Based Earnings – being the earned incomes of those whose place of work is in the area, regardless of where they are resident.

Table 2 below shows each of these measures for the three districts, together with comparison figures for the county, the region and the country. It is important to treat these figures only as a means of comparison between different areas: while they will indicate the relative difficulty that all households will have in acquiring suitable housing, they do **not** have any bearing on the ability of newly forming households and prospective first time buyers to access the market. Average earnings take account of all households, many of whom will have accumulated equity in their own property including those who own their own property outright, as well as households with very low earnings or none at all. The earnings of newly forming households, and the levels of earnings they require to be able to access the market, are set out in Chapter 4

Table 2: Comparison of Incomes and Earnings by Type and Area

Area	Total Household Income	Residence-based Earnings	Workplace-based Earnings
Malvern Hills	£32,410	£25,193	£20,908
Worcester City	£32,460	£23,014	£21,595
Wychavon	£34,340	£21,996	£20,575
Worcestershire	£33,230	£22,539	£20,536
West Midlands	£29,040	£21,646	£21,506
England and Wales	£32,350	£23,200	£23,156

- **Wychavon** has the highest level of total income, but the lowest figures for both residence and workplace based earnings, which suggests a higher than average proportion of households with various forms of un-earned income, contrasting with a below average level of earnings for those in employment.
- **Malvern Hills** has well above average residence based earnings, and again a low figure for workplace based earnings, which suggests a significant degree of out-commuting by higher earners.
- Both of these districts will therefore present affordability problems created by the unequal competition between the lower paid locally employed households and those with other and higher sources of income. This is confirmed by the fact that of those commuting out of the county the proportion who are managers or senior officials is almost twice as high as for the total workforce.
- Workplace income does not show the same variation between districts as residence based earnings, with the figures in a narrow band between £20,575 and £21,595. This shows that affordability for households employed locally will be worse in the higher priced areas, as while house prices will undoubtedly be affected by the higher general level of earnings, they clearly have little relationship to work place incomes.

2.4.2 Economic Prospects

- Forecasts for business investment and employment growth in Worcestershire as a whole are generally optimistic and much in line with regional and national projections.
- The main employment growth areas are expected to be in those sectors categorised as construction, financial and services, and government and other services, while in terms of occupation categories it is in managerial, professional, personal service and sales and customer services. The lowest paid categories of employment are forecast to reduce – again very much in line with the rest of the region and the UK as a whole.
- There are two possible effects of these projections – either the local workforce will gain in skills and qualifications, and hence in income, or more jobs will be filled by in-migrants with the necessary skills and qualifications. The alternative outcomes will be either a generally better paid population, or a more polarised one with greater disparities in income and greater competition for a limited amount of housing.
- The past record for business start ups, and for their rate of survival, is better than for the rest of the region and the UK as a whole, but there is a clear difference between the two shire districts, which have a markedly higher level of business start ups, and a lower rate of failures, and the city. This aspect of economic growth will therefore almost certainly favour Malvern Hills and Wychavon rather than Worcester City.
- Another indicator of economic prospects is the proportion of the population employed in growth and vulnerable sectors: Malvern Hills has a particular advantage here, with a well above average proportion of 59.9% employed in growth sectors, compared with a well below average of 50.4% for Worcester City and 46.9% for Wychavon. (These figures are distorted somewhat by the official inclusion of construction as a vulnerable sector, when it is also identified as a major growth sector, and if they were to be transposed, the figures for both Malvern Hills and Wychavon would improve.)
- More specifically, however, the level of employment in knowledge based, or high tech, industries is an important indicator of the prospects for higher earnings, and Worcestershire has a below average score in this respect, matched by a higher than average proportion employed in low tech industries.

2.4.3 Migrant Workers

- The recent increase in foreign migrant workers has two important implications: It places additional demand on accommodation, leading to increased costs, and it also provides an additional supply of labour for lower paid jobs, which is perceived to lead to reduced wage levels.
- Although the Seasonal Agricultural Workers Scheme records a fairly constant 500 to 800 applications p.a. for Worcestershire, the number of new National Insurance registrations shows a rapid rate of increase – from just under 1,200 p.a. in 2002/3 and 2003/4, to 2,180 in 2004/5 and

3,620 in 2005/6. This increase has been almost entirely due to the Eastern European states, with the number from Poland alone increasing from 50 to over 1,710, and a further 300 or so from the Slovak Republic.

- The survey of its members carried out by Herefordshire and Worcestershire Chamber of Commerce in January 2006 showed that almost two thirds of contracts with migrant workers were permanent, and less than a quarter were for less than one year. Almost half had family members with them, and three quarters were either semi-skilled or highly skilled. There was a recognition that some were under-employed, but hardly any indication (or admittance?) that migrant workers contributed to lower wage costs. Poor quality, expensive and insecure housing was however identified as a problem.

2.4.4 Commuting Patterns and Trends

- The number of Worcestershire residents travelling out of the county to work increased between the 1991 and 2001 census by 26.4% - to around 25% of the total workforce. Most of this growth is in a southerly direction, to Gloucestershire, Warwickshire, Herefordshire and London rather than north to the traditional destinations in the West Midlands conurbation. To some extent this will be due to improved communications such as the M42 and M40.
- While the average distance travelled to work is less than 2km, there has been a big increase in the numbers travelling longer distances: between 1991 and 2001 the numbers travelling 20km or more increased by more than 50%, and the further the distance travelled the greater the rate of increase.
- Those who work from home, or have no fixed workplace, increased by 30% between 1991 and 2001, and Malvern Hills and Wychavon have the highest proportion of home workers of any district in the county.
- While Wychavon has the highest net outflow of commuters of any district in the county, Worcester and Malvern Hills have the smallest net outflows.
- Almost 5,000 people who work in Worcester city commute in from outside the county, but over 6,500 residents travel to work outside the county. However, the flow is reversed when other districts within the county are taken into account – on which basis Worcester City is the only district in the county with a net inflow, reflecting the fact that its Local Housing Market Area extends well beyond the city boundary.
- Malvern has a similar pattern to Worcester on a county basis, with almost 4,000 commuting in and 6,000 commuting out.
- Wychavon, however, has a far higher level of out commuting, with just over 6,000 coming in from outside the county, and almost 15,000 commuting out of the county.

3. Regional and Sub-Regional Strategy

This chapter considers the regional and sub-regional strategies that provide the policy framework for the provision of new housing, and for addressing housing issues such as affordability and homelessness, in South Worcestershire. It also compares the target figures set out in regional strategies with the actual requirements identified through the recently completed sub-regional assessment for the South Housing Market Area which includes South Worcestershire.

3.1 The Current Regional Spatial Strategy

3.1.1 The current planning policy framework for the South Housing Market Area is Regional Planning Guidance for the West Midlands – RPG11 – which was adopted in June 2004 and became Regional Spatial Strategy – RSS - with the commencement of the Planning and Compulsory Purchase Act 2004. However, some aspects were identified as requiring early revision, and the housing aspects are currently being reviewed, although the main policy thrust will remain unaltered.

3.1.2 Development outside the MUAs is to be focused on the major towns of Rugby, Shrewsbury, Telford and Worcester. This will be primarily to meet local needs, significantly reducing both the level of demand being met from the MUAs and the extent to which needs are met in other settlements. This places Worcester as the sub-regional service centre for the South Housing Market Area, but still reduces the annual average level of new housing across all of the shire counties by more than one third, and in Worcestershire by almost half – from 1,900 p.a. in the period up to 2007, to 1,000 p.a. in the period 2011-21.

3.2. The Partial Review of the Regional Spatial Strategy

3.2.1 Some aspects of the current RSS are being reviewed, in stages, and the second phase of that review – housing, employment, transport and waste – is now under way. This does not change the vision and objectives, but it does affect decisions about where new development should occur, in what form and on what scale.

3.3 The Review Process

3.3.1 This involves a considerable degree of **background technical work** that has already been completed, and a **Spatial Options** paper was published on 8th January 2007 for consultation until 5th March. This sets out suggestions for the new policies to form the **Preferred Option** that will be put to the Secretary of State in December 2007. **Further Consultation**, an **Examination in Public** and the **Panel Report**, will take place in 2008, leading to **Adoption in early 2009**.

3.3.2 The Review has to reflect the **Government's aim for a one third increase in the level of house building by 2016**. This is in response to the new 2003 based household projections, which give higher increases in the West Midlands than in many other parts of the country.

3.3.3 It also has to reflect the **monitoring evidence** of the extent to which the key aims and objectives of the RSS are being met so far:

- On the one hand, there is early evidence that the rate of **migration from the conurbation** has slowed down, and that the required changes to the **patterns and levels of housing development** are beginning to take place.
- On the other hand, **provision of affordable housing** has failed to show any progress towards the doubling that would be required to meet the RSS target of 6,000 to 6,500 p.a.

3.4 The Review Objective, relating to Housing Growth:

3.4.1 The total amount of new housing required is the combined projection of:

- the net growth in the number of households within each district (taking account of both formation and dissolution), plus
- the net effect of in-migration and out-migration of existing households.

3.4.2 A measure of total potential housing demand can be deduced from the 2003 sub national household projections: The RSS Spatial Options paper shows the effect of projecting past trends forward in Appendix One Table Two in the Spatial Options paper. For the whole of Worcestershire these would be as set out below – based on 2005/6 data:

Table 3: Total Trend Based Housing Demand by District – 2001/26

	Growth	Migration	Total
Malvern Hills	1,112	8,333	9,445
Wychavon	6,343	9,608	15,951
Worcester City	8,193	2,293	10,486
South Worcestershire	15,648	20,234	35,882
Rest of Worcs.	16,164	7,848	24,012
Worcestershire	31,812	28,082	59,894
South Worcestershire Proportion	49%	72%	60%

Source: RSS Spatial Options paper, Appendix One Table Two.

3.4.3 It does not follow that all growth and migration demand should, or even could, be fully provided for within each district, and after adjustments to accord with the aims and objectives of the RSS, these number are translated into the following, as taken from both Table One and Table Two in the Spatial Options paper:

Table 4: RSS Spatial Options 2&3: Total Dwelling Requirement 2001-26

	New Total	2001-5 Build Rate	Current RSS Rate	Build Rate under Option 3	Build Rate - Option 2
Malvern Hills	6,300	240	144	252	252
Worcester City	16,800	209	288	672	472
Wychavon	14,100	453	304	564	464
South Worcs.	37,200	902	736	1,488	1,188
Rest of Worcs.	25,100	1,199	508	1,004	704
Worcestershire	62,300	2,101	1,244	2,492	1,892
South Worcs Proportion	60%	43%	59%	60%	63%

* Proposed overall build rates for each district are as submitted by the County Council in their advice to the Regional Assembly.

- 3.4.4 Table 3 shows the extent to which growth from migration is greater in South Worcestershire than the rest of the county, which justifies it taking a larger proportion of growth in the future than other districts.
- 3.4.5 Table 4 shows that in the period 2001-5, South Worcestershire's share of the county's new building was only 43% compared with the 60% or so it is expected to produce under both the existing and proposed Regional Spatial Strategies. The main difference in the RSS review proposal is that while building rates were previously planned to reduce significantly in Malvern Hills and Wychavon, and increase slightly in Worcester City, it is now proposed that even under the lower alternative of Option 2, the rates will increase across all three districts - more than doubling in Worcester City. In the other districts, in the north of the county, the new proposals are for a much smaller increase from the current RSS targets,
- 3.4.6 Table 4 also shows that, when compared with the actual level of new building that has taken place in recent years, the Option 2 proposals represent very little change for Wychavon and Malvern Hills, a very large increase in Worcester City, and a large reduction in the rest of the county.

3.5 The Effect of the RSS Review Housing Growth Proposals:

- 3.5.1 The proposals imply a major shift of demand from almost all the shire districts into Worcester City.
- 3.5.2 At the lower figures which are being proposed in the last column of Table 3 as being achievable, there will be a quite significant increase in the rate of new housing provision in South Worcestershire, compared with the last few years, with almost all of this increase in Worcester City. However across the county there will be a reduction, reflecting the much reduced levels that are proposed for the other districts – those in the north of the county.

3.6 Assumptions in the Growth Proposals

3.6.1 **Firstly**, that displaced demand can be accommodated elsewhere in the region – i.e. in the MUAs, plus Telford, Nuneaton and Rugby – **however**:

- The likelihood is that the strong attractions of South Worcestershire will continue to appeal to those who can afford the prices – and improved economic performance in the conurbation will presumably increase the number who can.
- In-migrant demand from the South East region is also likely to continue, as the number of new dwellings proposed for that region is well below the level of projected new household formation. With continued economic growth, the recent steady increase of migration into the West Midlands – and South Worcestershire - will continue.

3.6.2 **Secondly**, that Worcester can both attract, and accommodate, a large proportion of demand from the rest of the county – in its role as the sub-regional focus for growth - **however**:

- **Worcester City** has seen recent build rates much lower than in the past, when large urban extensions were built on the eastern side of the City – at St. Peters and at Warndon.
- Although large regeneration projects are underway, particularly Diglis Canal Basin and the Royal Worcester Porcelain site, producing over 1,000 residential units, there is no evidence to suggest that the proposed level of 470 p.a. over the whole 25 year period can be achieved: The slow start, with less than half this rate being achieved for the first 5 years, means that the rate for the remaining period is already around 535 p.a., and with each year that this level is not achieved, the required rate increases.

3.6.3 The County Council's advice to the Regional Planning Body is that “there is only potential capacity within the City boundary to accommodate less than half of the demand generated from Worcester's natural increase in households in the period 2001-2006.” (para 2.71) and “if all the potential capacity identified for housing within and adjacent to the City boundary were to come forward for development (about 11,720 dwellings) this would virtually meet the total provision of 11,750 dwellings for Worcester's growth.” It goes on to explain 7,440 of the 11,720 is dependent on major infrastructure that could not be provided until 2015 at the earliest.

3.6.4 That means for the first 15 years, there is little prospect of Worcester achieving more than 285 p.a. (from the 4,280 capacity within the city boundary), leaving a requirement for 744 p.a. for the remaining 10 years – or even more if there is any further delay in bringing this forward. There is no evidence to suggest that this level of building could be achieved, even if it could be spread over a much larger number of locations, so the 470 p.a. target (let alone the 672 p.a. actual requirement) appears to be extremely optimistic on the basis of the available evidence and without the identification of additional capacity.

- 3.6.5 Another consideration is the prospect of Worcester being able to accommodate growth beyond the level that is being proposed for the period up to 2026: Whether the identified capacity is achieved by that date or later, there will presumably be further infrastructure constraints and options for growth that will need to be identified and resolved.
- 3.6.6 PPS3 requires local authorities to identify broad locations for growth 15 years ahead, which means that by 2011 (in just 4 year's time) there will have to be some consideration of what comes after the present proposals. This suggests that the horizon should be widened considerably at this stage if there is to be any prospect of a continuity of supply. In effect, the present proposals are several year's late, in that they would be required to come on stream now - 8 years earlier than anticipated - in order to ensure any sort of consistency in building rates and a broad mix of house types.
- 3.6.7 **Malvern Hills** has a proposed small increase from current rates, instead of the substantial reduction set by the current RSS. As local needs are quite low, but migration, relative to its size, is very high, the question is how much of this migration can it be expected to accommodate. The proposal is that it could meet quite a large proportion of migration demand, rather than none at all as in current RSS, in addition to any requirement for part of Worcester's growth to be met within parts of this district.
- 3.6.8 **Wychavon** also has a proposed small increase from current rates, instead of the substantial reduction set by the current RSS. Unlike the other shire districts, there are three distinct local housing markets, centred on the three towns which have been considered separately:
- **Droitwich** is proposed for local needs only, to seek to resist migration from the conurbation. However, much reduced rates in Bromsgrove means there must be a high risk of local needs being displaced from that district, and together with continuing migration pressures, this could mean that local needs might not be met in full.
 - **Evesham** is proposed to meet both local and migration needs: being further from the conurbation, migration is from more dispersed origins.
 - **Pershore** is proposed for meeting local needs only, which means that in-migrant demand will be bound to displace local demand to some degree.
- 3.6.9 In total, Wychavon, like Malvern Hills, would meet quite a high proportion of migration demand, rather than very little as in current RSS, in addition to any requirement for part of Worcester's growth to be met within parts of this district. It could, however also feel the effects of pressures from both migration and local needs that are displaced from those districts, but even more so from the consequences of under provision in Worcester.

3.7 Affordable Housing in the Regional Spatial Strategy

3.7.1 Existing Regional Requirements

Current RSS (adopted 2004) provides an estimate of the need for affordable housing across the West Midlands region as 6,000 – 6,500 p.a., and the Regional Housing Strategy (June 2005) puts this at **6,700 p.a., including 4,200 for social rent.** Both estimates are based on the overall housing numbers contained in current RSS and will need to be updated to reflect the new household growth projections.

3.7.2 Identified South Worcs. Requirements for Affordable Housing

Although the advice provided by Worcestershire County Council, on behalf of the 6 districts, to the Regional Assembly (as set out in Table 18 of their “4/4 Response”) contained an initial suggestion as to the total amount of affordable housing that might be required for each district and each local housing market area for 2001 – 2026., this has been superseded by the **Strategic Housing Market Assessment for the South Housing Market Area**, which identified the actual requirements based on much more extensive investigation and analysis. This report updates this Assessment as a result of more detailed local analysis, and amends the annual affordable housing requirements downwards – largely as a result of much lower figures for households falling into need. Future annual updates will identify whether these lower figures are sustained, but for the time being it would seem appropriate to use them in place of the figures contained in the earlier report.

Table 5: Annual Affordable Dwelling Requirement 2001-26 – By District

	RSS Proposed Build rate post 2011		Housing Market Assessment findings as annual amount and % of total		
	Option 2	Option 3	Ave. p.a.	Option 2	Option 3
Malvern Hills	252	252	92	36%	36%
Worcester City	472	672	222	47%	33%
Wychavon	464	564	292	63%	52%
South Worcs.	1,188	1,488	606	51%	41%

3.7.3 South Worcestershire Performance

County Council advice, to inform the Spatial Options, gives the past rate of affordable housing completions (both subsidised and unsubsidised):

Table 6: Affordable Housing Completions by District – 2001 to 2005

	Affordable Completions		Total Completions	Affordable Proportion
Malvern Hills	38	9.5 p.a.	961	3.9%
Worcester City	240	60 p.a.	836	28.7%
Wychavon	175	44 p.a.	1,810	9.7%
South Worcs	453	113 p.a.	3,607	12.5%

The Worcester proportion reflects an unusually low rate of total completions, so it should not be taken as a reliable indicator for the longer term.

Overall, the level of affordable housing supply in South Worcs. In recent years has been below the regional average – 12.5% of the total amount of new supply compared with 15%.

The future requirements set out in Table 5 therefore represent an enormous challenge: the annual requirement for 606 p.a. is over 5 times higher than the level achieved in 2001-5. Even if this rate of increase is considered to be unachievable, these figures demonstrate the urgency of achieving a very substantial increase through policies that set the most ambitious targets, thresholds and proportions.

Under Option 3, 41% of all new housing would need to be affordable in order to meet the identified level of need, and under Option 2 the proportion would rise to 51%.

3.8 The West Midlands Regional Housing Strategy

3.8.1 The introduction to the West Midlands Regional Housing Strategy (RHS) states:

“Throughout the Strategy a strong theme is the development of ‘pathways of housing choice’ for all who live in or are moving into the West Midlands Region.”

3.8.2 This is reflected in the first of the Core Aims:

“To create mixed, balanced and inclusive communities.”

3.8.3 However, as with the current RSS, the RHS is based on household growth figures that have now been substantially increased, and while the policy framework will not alter, the housing numbers will have to be updated in line with the RSS review.

3.8.4 The RHS also states that the **priorities for social housing investment** should reflect the fact that, while other market towns and villages will have a need for affordable housing to meet local needs and support local economic requirements, the focal point for social housing investment should be **Worcester, Warwick and Stratford** - based on the assessment that these are three of the four towns with the highest level of need – the fourth being Redditch which already has a much higher level of social housing provision.

3.8.5 The RHS also identifies the particular requirements of those Districts within the South Housing Market Area that overlap with the Central HMA – i.e those in the **north of the county**.

3.8.6 The RHS identified the West Midlands as having a higher rate of **homeless acceptances** than England as a whole, at 1.8 per 1,000 compared with 1.5. Acceptances are, however, tip of the iceberg, with a large number presenting as homeless but not meeting strict criteria for acceptance, and a further number not presenting at all. What is more, at the regional level, only 65% of acceptances are re-housed in social housing, which accounts for 20% of all lettings.

3.9 Homelessness in South Worcestershire

- 3.9.1 At the more local level, the detailed records of those who have applied to the three South Worcestershire local authorities as homeless have been summarised as shown below in tables 7 and 8. These tables use the 2005/6 figures, so these coincide with the sub-regional assessment of the number of households falling into need.
- 3.9.2 2006/7 figures have also now become available, and these show varying degrees of reduction for each of the three districts, which can be attributed to the concerted effort to prevent homelessness by providing financial assistance as well as advice. If this reduction were to be maintained, or increased, this would have some effect on the size of the shortfall in affordable housing supply, as currently calculated. However, in most cases this will either merely postpone the event (such as leaving the parental home or other shared accommodation) or prevent the release of another form of low cost accommodation which would otherwise have become available for another household.

Table 7: Homeless Applications – 2005/6 - Household Type

	Total	Single	Couple	Incl. 1 child	Incl. 2+ children	Total No. with children	% with children
Wychavon District							
Droitwich Area	53	4	1	34	14	48	91%
Worcester Area	4	0	0	3	1	4	100%
Pershore Area	10	0	1	6	3	9	90%
Evesham Area	56	14	4	27	11	38	68%
Other South Worcs.	6	2	0	3	1	4	67%
O/s S. Worcs/Unknown	30	10	1	14	5	19	63%
Total	159	30	7	87	35	122	77%
Malvern Hills District							
Worcester Area	11	5	1	4	1	5	45%
Tenbury/Stourport Area	4	1	0	2	1	3	75%
Malvern Area	91	21	2	48	19	67	74%
Other South Worcs.	0	0	0	0	0	0	n/a
O/s S. Worcs/Unknown	5	0	1	3	2	5	100%
Total	111	27	4	57	23	80	72%
Worcester City							
City North	27	10	1	6	10	16	59%
City North East	45	13	1	20	11	31	69%
City East	14	4	0	3	5	8	57%
City Central	52	21	2	16	13	29	56%
City South	11	2	0	7	2	9	82%
City West	20	3	0	9	8	17	85%
Other South Worcs.	8	2	0	2	4	6	75%
O/s S. Worcs./Unknown	20	8	0	8	4	12	60%
Total	197	63	4	71	57	128	65%

- 3.9.3 Table 7 shows that homeless applications come predominantly from the main towns – and in the case of Worcester City from those areas that contains by far the highest proportion of social housing. To some extent, this distribution will be affected by the location of hostels, institutions and other temporary accommodation, including private rented housing, that does not necessarily reflect the original location of the applicant, but the Worcester figures also suggest that there may be a correlation between social stock and homelessness, with a higher incidence of homelessness among the children of social tenants.
- 3.9.4 It is also striking that the great majority of applicants have one or more children (or will shortly have one, as the outcome of pregnancies is predicted in this definition) and that the total number of single person households, at 120 is 8 times the number of couples, which clearly reflects the greater affordability problem that results from having only one income.
- 3.9.5 Further indications of the reasons for homelessness can be deduced from the applicants' present type of accommodation:

Table 8 - Homeless Applications – 2005/6 – Tenure/Reasons

	Total	Lodging – friends or family	Relationship breakdown	Ex-Institution	Private Renting	Loss of other s/contained accomod.	Other
Wychavon District							
Droitwich Area	57	29	8	0	10	10	0
Worcester Area	13	3	9	0	1	0	0
Pershore Area	10	6	0	0	0	4	0
Evesham Area	65	39	0	0	12	13	1
Other South Worcs.	6	1	0	2	2	1	0
O/s S. Worcs/Unknown	32	4	2	2	3	4	17
Total	183	82	19	4	28	32	18
Malvern Hills District							
Worcester Area	11	4	1	2	3	1	0
Tenbury/Stourport Area	4	0	0	0	4	0	0
Malvern Area	91	38	18	4	15	16	0
Other South Worcs.	0	0	0	0	0	0	0
O/s S. Worcs/Unknown	4	0	1	0	1	1	1
Total	110	42	20	6	23	18	1
Worcester City							
City North	27	12	3	0	0	0	0
City North East	45	22	0	1	15	8	0
City East	14	2	0	0	0	0	0
City Central	52	26	2	0	32	0	0
City South	11	6	1	0	5	0	0
City West	20	9	1	2	10	1	0
Other South Worcs.	8	0	0	0	0	0	0
O/s S. Worcs./Unknown	20	2	1	8	4	6	18
Total	197	79	8	11	66	15	18

- 3.9.6 It should be noted that each local authority collects this information in different ways, and uses different terminology and a wide range of different categories. Nevertheless, by grouping these together under these main headings, it is possible to make reasonable comparisons and overall conclusions.
- 3.9.7 It is clear that by far the largest reason for homelessness is the inability of family, friends or other households to continue to accommodate the applicant(s), and that the second largest is the loss of private rented accommodation (loss of tied or serviced accommodation is included in the next category), particularly in Worcester City. Relationship breakdown may well be understated, as this is generally only identified when the applicant is presently housed in a refuge, and it will probably be a contributory (if not sole) factor for some of the applicants allocated to other categories.
- 3.9.8 Tables 7 and 8 provide the most detailed available record of households “Falling into Need” on an annual basis. It assumes that anyone approaching a local authority on the grounds that they consider themselves to be homeless meets this definition. Not all such applicants will be accepted by the local authority as meeting their quite strict criteria for placing an obligation on the authority to provide accommodation, but failure to meet these criteria does not necessarily mean the applicant is not in reality in housing need. The homeless application process has the advantage of capturing a significant amount of information on the applicant’s circumstances.
- 3.9.9 Using this definition of “Falling into Need” is not an ideal solution, as it may include some households who would also be included under the categories of “Newly Arising Need” and “Backlog Need”, so to that extent it could amount to some degree of double counting. However, it will also represent some degree of under-counting, as some households who are no longer able to afford their own accommodation will seek alternatives such as returning to parents or friends, living apart, or finding private rented accommodation and relying on housing benefit to pay some of the cost.
- 3.9.10 This same degree of undercounting will apply to Backlog Need, as although the waiting list applicants considered not to be in need have been excluded from the analysis, no account has been taken of any households in need who have not formally registered the fact with the local authority. On balance, therefore, the combination of Backlog Need and Falling into Need will still almost certainly represent less than the whole picture.

3.10 Sub Regional Housing Investment Strategy

The draft South Housing Market Area Partnership Investment Strategy identifies the following investment priorities:

- a) *The provision of additional affordable housing across the SHMA to meet identified needs of our local communities*
- b) *Making best of existing housing stock in both the private sector and social housing, ensuring it meets the decent homes standard*
- c) *Reducing the level of homelessness and reducing the use of temporary accommodation*
- d) *Provision of supported and specialist housing including move-on options to meet the needs and choices of vulnerable people*

3.11 Conclusion

While the RSS Review and the RHS provide a clear framework for longer term housing supply, which will enable each district to develop appropriate planning and housing policies, the task of meeting affordable housing needs within the Local Development Frameworks will be extremely challenging, and suggest the following urgent priorities:

- Identifying sufficient land for Worcester to meet its sub-regional role during the whole of the period up to 2026 and not just in the latter years of that period. This may require a more dispersed approach in order to avoid excessive delays through the need for major infrastructure projects.
- Ensuring that new housing supply in areas of restraint is predominantly, if not exclusively, targeted at meeting local needs – both through allocated sites and exception sites, and through setting the lowest achievable thresholds, and the highest achievable proportions of affordable housing, for all sites that can make a contribution to affordable housing provision.
- Making the case for the Regional Housing Strategy and Investment Priorities to reflect the acute shortage of affordable housing outside the areas already identified as investment priorities, and the high number of homeless applications from families across the whole of South Worcestershire which severely restricts the scope for addressing the needs of households who are not actually homeless.

4. The Definition of ‘Affordable Housing’, ‘Affordability’ and ‘Housing Need.’

4.1 Government Guidance

- 4.1.1 PPS3 defines affordable housing as meeting the needs of specified eligible households “whose needs are not met by the market.”
- 4.1.2 On its own, that would mean that any housing that meets the needs of those households who are effectively excluded from the market – either by a price they cannot afford or by a supply that is not adequate – would be ‘affordable’.
- 4.1.3 However, in addition to the requirement for the households to be specified as being eligible, the definition continues by stating that affordable housing should be available “at a cost low enough for them to afford, determined with regard to local incomes and local house prices.”
- 4.1.4 PPS3 also states that affordable housing includes social rented and intermediate affordable housing which is below market price or rents, subject to there being provisions for the home to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative provision. It specifically excludes low cost market housing from the definition of affordable housing, as this is neither below market cost nor subject to subsidy protection.
- 4.1.5 It can therefore be seen that the following definitions would be consistent with government guidance as expressed in PPS3:

‘Affordable Housing’ refers to specific types of housing that are restricted by cost and by occupier eligibility, both initially and in the long term.

‘Affordability’ is a measure of how the cost relates to the income of the eligible occupier.

‘Housing Need’ exists where a household has been identified as being eligible for Affordable Housing.

- 4.1.6 As the Housing Corporation already identifies the appropriate cost of social rented housing in different locations, the requirement to provide a local definition of affordability relates to intermediate affordable housing. To do this, it is necessary to:

Specify which households are eligible

Identify what the households need and what they can afford

Identify the market values of the types of housing required

Establish the relationship between the affordable and market values for each property type within any intermediate tenure.

4.2 Specifying which households are eligible for affordable housing and the maximum they can afford.

4.2.1 There is no clear guidance on which households should be specified as being eligible – apart from the fact that their needs have not been met by the market. However, guidance on housing needs assessment identifies the following general categories of households who should be considered as being in housing need:

4.2.2 **Backlog Need** – households already formed but in unsuitable accommodation, and who might be expected to be identified through local authority or RSL waiting lists. There will be some existing households who are in need but not registered, though not necessarily as many as are often identified in household surveys, as many of these will be covered by one of the following categories:

4.2.3 **Emerging Need** – which will be an annually recurring combination of:

Newly Forming Households unable to access the market, and

Household Falling into Need - existing households whose circumstances have changed so they cannot remain in the market.

4.2.4 There may also be local criteria that it will be appropriate to add to these general characteristics:

For example, in areas of high demand it might be decided to exclude households seeking to move into the area without some specific justification in terms of employment, education, social care and support, etc. It might also be decided to exclude single persons under a certain age who are living with parents or sharing, and/or to include elderly persons who are under-occupying family houses.

These will be local policy decisions, on the basis of evidence that provides justification, and are unlikely to be particularly significant in terms of the overall number of households specified as being eligible.

4.3 What the eligible households need and what they can afford

4.3.1 The sub-regional housing market assessment identifies the housing requirements of both Backlog Need and Newly Forming Households: For Backlog, a very clear indication of the type of housing needed is obtained from the waiting lists, but with no evidence as to what can be afforded. For Newly Forming, estimates are provided of the number for each district by both household composition (and therefore type of housing required), and by earnings (and therefore what can be afforded.) In this local assessment, a more detailed examination of Falling into Need has been carried out, to determine the housing requirement by both property type and location, as set out in Table 7 above.

4.3.2 Having established the numbers of households by category, it is then necessary to establish the maximum level of cost they can afford, by considering the upper level of their incomes:

Table 9 - Property Requirements and Maximum Incomes of Households in Need – Malvern Hills District

	1 bed	2 bed flat	2 bed house	3+ beds	Total
	Single Person	2 or 3 adults	1 or 2 adults +1 Child	1 or 2 adults and 2+ Children	
10% of Backlog H/holds (Table 15 – South HMA)	14	13	4	6	37
New Households (Table 19 – South HMA Ap.8)	145	76	79	0	300
Households Falling Into Need (Table 7)	27	4	57	23	111
Total Annual Need	186	93	140	29	448
% of new h/holds unable to rent/buy (Table 16 – South HMA Ap.8)	64%	47%	75%	Not separately identified	
Max income at that proportion (South HMA – Ap. E to Ap.8)	£19,244	£26,631	£21,960	£21,960	
Affordable Price (for purchase)	£67,354	£77,230	£76,860	£78,860	
Affordable Rent (per month)	£401	£460	£457	£457	

Table 10 - Property Requirements and Maximum Incomes of Households in Need – Worcester City

	1 bed	2 bed flat	2 bed house	3+ beds	Total
Household Comprising:	Single Person	2 or 3 adults	1 or 2 adults +1 Child	1 or 2 adults and 2+ Children	
10% of Backlog H/holds (Table 15 – South HMA)	26	19	46	10	101
New Households (Table 19 – South HMA Ap.8)	207	78	100	0	385
Households Falling Into Need (Table 7)	63	4	71	57	128
Total Annual Need	296	101	217	67	614
% of new h/holds unable to rent/buy (Table 16 – South HMA Ap.8)	69%	42%	72%	Not separately identified	
Max income at that proportion (South HMA – Ap.E to Ap.8)	£20,157	£27,894	£23,002	£23,002	
Affordable Price (for purchase)	£70,550	£80,892	£80,507	£80,507	
Affordable Rent (per month)	£420	£481	£480	£480	

Table 11 - Property Requirements and Maximum Incomes of Households in Need – Wychavon District

	1 bed	2 bed flat	2 bed house	3+ beds	Total
Household Comprising:	Single Person	2 or 3 adults	1 or 2 adults +1 Child	1 or 2 adults and 2+ Children	
10% of Backlog H/holds (Table 15 – South HMA)	94	46	17	71	228
New Households (Table 19 – South HMA Ap.8)	240	125	130	0	495
Households Falling Into Need (Table 7)	30	7	87	35	159
Total Annual Need	364	178	234	106	882
% of new h/holds unable to rent/buy (Table 16 – South HMA Ap.8)	67%	44%	73%	Not separately identified	
Max income at that proportion (South HMA – Ap. E to Ap. 8)	£20,157	£27,894	£23,002	£23,002	
Affordable Price (for purchase)	£70,550	£80,892	£80,507	£80,507	
Affordable Rent (per month)	£420	£481	£480	£480	

4.3.3 The references to “South HMA” means the South Housing Market Area Housing Market Assessment, and “Ap 8” is Appendix 8 of that report – a technical report on Estimating Future (Newly Arising) Housing Need that was prepared by the Research and Intelligence Unit of Worcestershire County Council:

- Table 19 of that document provides the estimated annual number of new households unable to either rent or buy at market values (lower quartile) in each district,
- Table 16 of the same document shows this as a proportion of all new households forming in each district.
- Appendix E of the same document provides the income distribution of newly forming households, so the maximum income of the relevant proportion can be used to indicate the limit of affordability of the different property types for households unable to buy or rent at market values.
- From the income information in New Households, the maximum **Affordable Price** for each property type is calculated, using a 3.5 income multiplier for single person households, a 2.9 income multiplier for households with 2 adults and no children, and a 3.5 multiplier for households with children. In each case it is assumed that a 5% deposit is available. The maximum **Affordable Rent** for each property calculated as 25% of a single income, with the same relationship between single and joint incomes as for purchase.

- These assumptions as to single or joint incomes are likely to be quite sound for households without children, and the income figures shown for these groups are therefore taken from the decile above the percentages shown in tables 9-11. For households with children, however, it is likely that in many cases the income will be joint, in which case the lower multiplier of 2.9 would be appropriate, giving a lower level of affordability than indicated, so the income figures for these are from the decile below the percentages shown.
 - There are no separate figures for households requiring 3 bedroom accommodation, as the actual number of children in a newly forming household cannot be estimated with any degree of certainty – most newly forming households with children will contain a single child and therefore require a 2 bedroom house, but there will almost inevitably be some who require larger accommodation.
- 4.3.4 Although the incomes of Backlog Households are not known, evidence of the incomes of new RSL tenants suggests it is most unlikely that their incomes will be higher than indicated for New Households, and almost certainly lower.
- 4.3.5 The incomes for newly forming households can therefore be taken as at maximum that any household in need would have, and the Affordable Price for purchase, and the Affordable Rent would be the maximum that those excluded from the market could afford.

4.4 The market values of the types of housing required

- 4.4.1 The sub-regional housing market assessment also provides evidence (in Table 7 of that document) of the market values of different property types. It is generally accepted, and recommended in government guidance, that Lower Quartile is an indication of market entry costs, and the assessment differentiates between the costs of the two main property types that will be appropriate for intermediate affordable housing.
- 4.4.2 The following tables, 12-14, set out these lower quartile values, together with the incomes required for them to be affordable. For purchase, incomes are based on multipliers of 3.5 for a single income and 2.9 for joint incomes, and costs are based on a 25 year mortgage at 5%. For rent, it is assumed that rent will be no more than 25% of a single income, with the same relationship between single and joint incomes as for purchase.

Table 12 Income Requirements and Monthly Costs of Lower Quartile Market Values – Malvern Hills District

	Lower Quartile	95% mortgage	Single Income	Joint Income	Monthly Cost
1 bed sale	£114,000	£108,300	£30,943	£37,345	£641
1 bed rent			£17,040	£20,566	£355
2 bed sale	£158,000	£150,100	£42,886	£51,759	£889
2 bed rent			£25,440	£30,703	£530

Source: South Housing Market Housing Market Assessment – Appendix 5

Table 13: Income Requirements and Monthly Costs of Lower Quartile Market Values – Worcester City

	Lower Quartile	95% mortgage	Single Income	Joint Income	Monthly Cost
1 bed sale	£95,000	£90,250	£25,785	£31,120	£532
1 bed rent			£20,400	£24,620	£425
2 bed sale	£144,000	£136,800	£39,086	£47,172	£807
2 bed rent			£25,200	£30,414	£525

Source: South Housing Market Housing Market Assessment – Appendix 5

Table 14: Income Requirements and Monthly Costs of Lower Quartile Market Values – Wychavon District

	Lower Quartile	95% mortgage	Single Income	Joint Income	Monthly Cost
1 bed sale	£100,000	£95,000	£27,143	£32,758	£560
1 bed rent			£19,488	£23,520	£406
2 bed sale	£141,000	£133,950	£38,271	£46,189	£790
2 bed rent			£25,200	£30,414	£525

Source: South Housing Market Housing Market Assessment – Appendix 5

4.5 The relationship between the affordable and market values at the lower quartile

- 4.5.1 Combining the information on Lower Quartile Price in Tables 12 to 14 above with the information on Affordable Price and Affordable Rent in the earlier Tables 9 to 11, it is possible to show the extent to which market values would need to be discounted or subsidised to come within the upper limit of affordability (the 2 bedroom figures are the higher of those for flats and houses):

Table 15 - Affordable Values as % of Lower Quartile Market Values – Malvern Hills District

Malvern Hills District	Market Price (L.Q.)	Maximum Affordable Price	% of Lower Quartile	Market Rent (L.Q.)	Maximum Affordable Rent	% of Lower Quartile
1 bed	£114,000	£67,354	59%	£355	£401	113%
2 bed	£158,000	£77,230	49%	£530	£460	87%

- 4.5.2 For Malvern Hills District, private renting of 1 bedroom properties at lower quartile is affordable for some newly forming households who are excluded from the market, but given the very limited supply of such properties, and the likely level of demand from existing as well as newly forming households, there is no guarantee that additional supply at these prices would actually be available for those in housing need unless there were some mechanisms to ensure this.
- 4.5.3 This will be a particular problem for the large number of single person (and therefore single income) households forming each year: they will be in competition with two person (and therefore two income) households in the market, as well as being a lower priority for being allocated affordable housing, so the prospects for this group obtaining self-contained accommodation to rent, let alone to buy, must be very poor.
- 4.5.4 For the purchase of both 1 and 2 bedroom properties, by those who are unable to either rent or buy at lower quartile, there would need to be discounts of around 40% to 50% from lower quartile. If open market values are higher than lower quartile (quite possible in the case of new build), the discount would need to be greater still.

Table 16: Affordable Values as % of Lower Quartile Market Values – Worcester City

Worcester City	Market Price (L.Q.)	Maximum Affordable Price	% of Lower Quartile	Market Rent (L.Q.)	Maximum Affordable Rent	% of Lower Quartile
1 bed	£95,000	£70,550	74%	£425	£420	99%
2 bed	£144,000	£80,892	56%	£525	£480	91%

- 4.5.5 For Worcester City, private renting of 1 bedroom properties at lower quartile is affordable for some newly forming households who are just excluded from the market, but given the very limited supply of such properties, and the likely level of demand from existing as well as newly forming households, there is no guarantee that additional supply at these prices would actually be available for those in housing need unless there were some mechanisms to ensure this.
- 4.5.6 This will be a particular problem for the large number of single person (and therefore single income) households forming each year: they will be in competition with two person (and therefore two income) households in the market, as well as being a lower priority for being allocated affordable housing, so the prospects for this group obtaining self-contained accommodation to rent, let alone to buy, must be very poor.
- 4.5.7 Private renting of 2 bedroom properties at lower quartile is only very slightly unaffordable, but again will be subject to competition and dependent on the adequacy of supply.

- 4.5.8 The purchase of both 1 and 2 bedroom properties by those who are unable to either rent or buy at lower quartile would require discounts of between 24% and 44% respectively from lower quartile. If open market values are higher than lower quartile (quite possible in the case of new build), the discount would need to be greater still.

Table 17 - Affordable Values as % of Lower Quartile Market Values – Wychavon District

Wychavon District	Market Price (L.Q.)	Maximum Affordable Price	% of Lower Quartile	Market Rent (L.Q.)	Maximum Affordable Rent	% of Lower Quartile
1 bed	£100,000	£70,550	71%	£406	£420	103%
2 bed	£141,000	£80,892	57%	£525	£480	91%

- 4.5.9 For Wychavon District, private renting of 1 bedroom properties at lower quartile is affordable for some newly forming households who are excluded from the market, but given the very limited supply of such properties, and the likely level of demand from existing as well as newly forming households, there is no guarantee that additional supply at these prices would actually be available for those in housing need without some mechanism to ensure this.
- 4.5.10 This will be a particular problem for the large number of single person (and therefore single income) households forming each year: they will be in competition with two person (and therefore two income) households in the market, as well as being a lower priority for being allocated affordable housing, so the prospects for this group obtaining self-contained accommodation to rent, let alone to buy, must be very poor.
- 4.5.11 Private renting of 2 bedroom properties at lower quartile is only very slightly unaffordable, but again will be subject to competition and dependent on the adequacy of supply.
- 4.5.12 The purchase of both 1 and 2 bedroom properties by those unable to either rent or buy at lower quartile would require discounts of 29% and 43% respectively from lower quartile. Open market values above lower quartile (often the case with new-build), would require greater levels of discount.

4.6 Different Levels of Affordability

- 4.6.1 The figures used in the above analysis are, of course, at the upper limit of affordability, and there will therefore not be accessible to more than a small proportion of households excluded from the market. The sub-regional assessment (Table 34) shows that 246 out of 580 newly forming households (42%) could not afford to purchase even at 50% of lower quartile, and it seems unlikely that any form of shared equity or sub-market rent could be devised below that level of cost. For these households, social rented accommodation would seem to be the only available option.

- 4.6.2 In theory, newly forming households who can afford more than the level of maximum affordable costs shown in Tables 15 to 17 should be able to access the market, either through renting or purchase. However, that will depend on there being an adequate amount and distribution of supply, and also on this supply being sufficient not just for meeting newly arising need, but also for meeting demand from existing and in-migrant households – which in reality will not always be the case.

There will therefore be a need for affordable and/or low cost market housing to be provided, for households who are excluded from the market through the inadequate level and distribution of supply of properties to rent or purchase at the market values shown in Table 15 to 17.

4.7 Affordability Definition

- 4.7.1 Tables 15 to 17 provide a definition of Affordability in relation to Lower Quartile, but this will hold true only as long as the relationship between prices and incomes remains unchanged. The problem with most intermediate affordable housing is that its cost has been linked to market values at a time when incomes have increased at a much slower rate than values.
- 4.7.2 It is therefore important that a definition of affordability is linked to local incomes, and not to market values. This can be done by using the income figures in Tables 9 to 11, which are used to calculate the Affordable Prices and Rent for both 1 and 2 bedroom properties for those households who are excluded from the market by cost alone (regardless of adequate level and distribution of supply). As these Prices and Rents are derived from incomes within the same table, they can be adjusted over time to reflect changes to income levels.
- 4.7.3 Where it is clear that the level and distribution of supply around and below the Lower Quartile figure is inadequate, and that households at higher income levels than shown in Tables 9 to 11 are excluded from the market, then an alternative definition will be required.

4.8 Housing Need Definition

- 4.8.1 PPS3 defines housing need as “the quantity of housing required for households who are unable to access suitable housing without financial assistance” and describes such households as those “who lack their own housing or live in unsuitable housing and cannot afford to meet their needs in the market.”
- 4.8.2 This means that a household will be in need if they are unable to meet their reasonable housing requirements – which could include the condition cost, size and location of housing.

- 4.8.3 The issue of suitable cost and size is quite straightforward and has been considered above and set out in Tables 7 to 9. Suitability of condition can be expected to be accounted for through Backlog Need identified from the housing waiting list, on the assumption that any household who is in need as a result of unsuitable condition will be registered on the waiting list.
- 4.8.4 There is, however, no clear guidance on how suitability of location should be considered, and this becomes a particular issue when there is considerable variation in the level and cost of the supply of existing housing and land for new housing in different parts of the district: A household may be able to access housing that is suitable in all respects except its location, but unable to access housing that is appropriately located for their work, for maintaining family and social connections, or for giving or receiving care or support.
- 4.8.5 PPS3 states a local authority should seek to “deliver high quality housing that contributes to the creation and maintenance of sustainable rural communities in market towns and villages.” As the lack of both low cost market and affordable housing in rural communities has been identified within Community Strategies as a common theme for the Joint Core Strategy for South Worcestershire, it cannot then be argued that all affordable housing needs should be met only in the larger settlements which are expected to cater for the bulk of housing needs, even if the cost of housing there is sufficiently cheaper so as to reduce the amount of affordable housing required.
- 4.8.6 While the definition of a suitable location is essentially a political decision, that decision can be informed by evidence of the levels of supply and emerging need in different parts of the district.

5. Migration

- 5.1 Migration flows are an important consideration in assessing housing need. Although the migrants themselves may not make a significant direct impact on the need for affordable housing, the effect they can have on the balance between overall supply and demand, and consequent changes in prices, and hence in affordability, can be substantial.
- 5.2 A detailed report on migration into and between districts across the West Midlands region for the period 1994 to 2004 was published in February 2006 by the Worcester County Council Research and Intelligence Unit, as one of the technical reports commissioned to inform the phase two revision of the Regional Spatial Strategy. This section draws upon that report in so far as it applies to South Worcestershire.
- 5.3 Between 1999 and 2004, the population of the whole county of Worcestershire increased by an average of 2,200 p.a. as a result of migration alone, and while the three districts of South Worcestershire make up about half of the county's population, they received two thirds of that increase. While Worcester City experienced a loss of population during this period, Wychavon and Malvern Hills districts accounted for 75% of the county's in-migration, despite having only 34% of the population.
- 5.4 The same pattern within South Worcestershire can be seen in moves within the social sector, as the 2001 Census showed that in both Wychavon and Malvern Hills a slightly higher number of social tenants moved in than moved out, while in Worcester City twice as many moved out as moved in.
- 5.5 It is interesting to compare Worcester with Redditch, which has a slightly smaller population (79,200 compared with 93,500), a slightly larger stock of social housing stock (7,649 compared with 6,385) and an almost identical level of population reduction of around 250 p.a. Despite this overall level of out-migration in Redditch, their 2006 Housing Needs Survey showed there to be a substantial level of social lettings to in-migrant households - 137 in the latest 12 month period. This accommodation of in-migrant need will have been facilitated by a much higher rate of turnover in the social stock (7.4% compared with 4.7% as derived from the 2005/6 HIP returns), and suggests that, as one might expect, there is a significant exchange of population between Redditch and the higher priced neighbouring districts of Bromsgrove, Wychavon, Solihull and Stratford on Avon. There appears to be nothing like the same degree of exchange between Worcester City and the rest of South Worcestershire, with a negligible level of in-migration of social tenants.
- 5.6 A possible consequence of this unusually high level of lettings to in-migrants is that the districts from which these households have moved are effectively exporting, or displacing some of their own housing need, through the removal from their waiting lists of a number of households with a legitimate expectation to be housed in that district. Indeed, if applicants are aware that their prospects of being housed are greater in the Redditch than in their home district, this will tend to lead to the displacement of waiting list applicants as well as those who have actually been housed. This would result in a 'self-fulfilling' situation whereby the failure to provide affordable housing in one district could lead to an understatement of need there, and an overstatement where the provision has been more plentiful.

- 5.7 In fact, **intra-regional migration** figures show that while Wychavon and Malvern Hills Districts gained population of 828 and 548 respectively from other parts of the region, Worcester City lost 94. This shows that while the two districts absorb substantial numbers from other parts of the region, no doubt including from Worcester City, the City itself is a net exporter of population.
- 5.8 The same picture emerges with **inter-regional migration**, with Wychavon and Malvern Hills having a net gain of 130 and 168 respectively, and Worcester a net loss of 164. Although in total and net terms the effect of inter-regional migration is quite small, they disguise some very large and significant gross figures:
- 5.9 Total in-migration from other regions amounted 1,652 for Malvern Hills and 2,560 for Wychavon, which in each case represented 2.2% of the total population, and for Worcester it was 1,736 or 1.9% of the population, compared with the figures for the county and the region, which were 1.5% and 1.7% respectively.
- 5.10 There is a consistent and quite large net movement of population to Wales, the South West and the East Midlands, and rather smaller net gains from the northern regions. The largest figures, by far, however, are from London and the South East and the East, which account for a gross gain of 2,088 p.a. (net 514) across South Worcestershire. For Worcester City, these are the only regions from which there is net in-migration. This means that far more people are moving into the area from the higher priced and more prosperous areas to the south and east than are moving out either to the traditional retirement areas or to cheaper parts of the country. This is a reversal of the previous pattern, that saw a continuous southerly migration flow from north to south across South Worcestershire, which is now experiencing inwards pressure from both north and south.
- 5.11 Projecting these migration flows into the future cannot be done with any precision or certainty, but there are a number of factors that suggest these trends will continue:
- 5.12 Commuting distances have been generally increasing – driven by high house prices in the south east, improved accessibility, and greater disposable income among higher earners that enable the purchase of second homes and 'life-style' choices. Coupled with the greater use of the internet and home working, this means that the fairly recent reversal of migration flows are likely to continue. While the same arguments can be used to suggest that there will be increased movement into Wales, the South West and the East Midlands, these areas do not offer the same level of accessibility to London, Birmingham and the M4 corridor that South Worcestershire provides, while the potential for movement from the south east is almost unlimited.
- 5.13 The Regional Spatial Strategy has as its central aim the reversal of population movements outwards from the urban core into the shire districts, so if it were to be successful in achieving this there could be a reduction in the level of migration from that direction. However, the replacement with the previous RSS approach of growth within a 'Central Crescent' of towns with a series of more removed sub-regional growth foci is a clear indication that urban containment is aimed at those who have been moving into the towns much closer to the conurbation. The regional Life Style Survey shows that the

aspiration for living in rural areas and market towns is prevalent across all age groups, and increasing affluence will only assist in the realisation of those aspirations. The development of Worcester as a focus for growth – however delayed by infrastructure considerations – will only serve to continue to attract in-migration to South Worcestershire as a whole, both from the rest of the West Midlands and from other regions.

- 5.14 The Executive Summary of the Worcestershire County Council Feb. 2006 Migration Report comments:

“It is clear that families from other regions are moving to the rural parts of the West Midlands particularly the rural parts to the south and west. There is also some suggestion that families are moving from the South East to areas with lower house prices, a better environment and away from the major cities. This move has undoubtedly been aided by modern information technology, second homes and more flexible working practices. As technology becomes more advanced and people have a greater choice over where they live, the pressures on the rural areas and settlements closer to towns and cities will intensify.

The overall pattern of migration is one where young migrants including students from this region are moving to central London and retired migrants to the south coast while the West Midlands is gaining migrants, mainly families from the rest of the SE region, particularly outer London. The areas most popular with migrants from the South East are the southern and western parts of the Region.”

- 5.15 With more younger single people moving away, and being replaced by families, the impact on the housing stock will be much greater than the small net figures would suggest: a young person leaving home to go to university, join the forces, work in London, or travel abroad does not free up accommodation for others to use, whereas an established household moving into the area as part of a career move or lifestyle choice will not only require their own accommodation, they are also likely to be better equipped to compete in the market place and outbid a newly forming or expanding local household.

6. Population Profile

6.1 Key Age Groups:

Within the total population, the two age groups that will have the most impact on housing need are those who will shortly be forming new households, and those who have reached the age at which there is a significant prospect of requiring some form of specialised accommodation and/or care and support.

6.2 The 2001 Census:

This allows for these two age groups to be considered at the sub-area level, and the age bands selected were:

6.2.1 **15-24** is the age group in which the majority can be expected, 6 years after the Census and therefore aged 21-30, to be forming a new household.

Although the numbers resident in the area may have reduced, as a result of the tendency for there to be a greater level of out-migration than in-migration in this age group, this reduction is likely to be fairly consistent across the whole area, so comparisons between sub-areas will still be valid.

6.2.2 **70+** is the age group in which a significant proportion, now aged 76 plus, will require some form of specialised accommodation and/or care and support.

- Unlike the younger age group, this will have changed over the 6 years not only through a combination of ageing, and in- and out migration, but also by deaths. However, the Migration Report referred to in the previous chapter notes that the migration patterns associated with retirement tend to take place mainly below the 65 age level, so these will not be substantial. The effect of deaths, however, is likely to be significantly lower than the effect of ageing, due to longer life expectancy and a general ageing of the population as a whole.
- The result is that the total numbers in this age group will almost certainly have increased, but again, these changes are likely to be fairly consistent across the whole area, so comparisons between sub areas will still be valid.
- The Worcestershire Older Persons Strategy identifies the over 65 age group as the fastest growing section of the population, increasing as a proportion of the total from 17% to 20% across South Worcestershire between 2001 and 2011, with the 80 plus group being the fastest growing section of that group. In Malvern Hills the proportion of over 65's is forecast to increase from 21% to 24%, and while they currently represent 15% of the population in urban areas, in rural areas it is 18%, with the proportion increasing the more rural the area. It notes that a 20% increase in home care services will be required just to keep pace with demographic changes.

Table 18: Number and Proportion of Key Age Groups by District, Local Housing Market Area and Sub-Area

Local Housing Market Area	Sub Area	15-24	15-24 as % of total	70+	70+ as % of total
	Wyre Forest	418	8%	486	10%
	Droitwich Town	2498	11%	2,187	10%
	Droitwich North	282	12%	281	12%
	Droitwich South	96	7%	132	10%
DROITWICH		3294	10%	3,086	10%
	Worcester North	306	9%	330	9%
	Worcester North East	213	10%	175	8%
	Worcester East	129	8%	174	10%
	Worcester South East	249	10%	209	8%
	Worcester South	251	8%	222	7%
	Redditch	309	8%	434	11%
WORCESTER – WYCHAVON		1457	9%	1,544	9%
	Pershore Town	737	10%	1,045	14%
	Pershore South	265	8%	429	13%
	Pershore North	195	9%	247	11%
PERSHORE		1197	9%	1,721	13%
	Cheltenham	384	10%	495	13%
	Evesham Town	2548	12%	2,104	10%
	Evesham South	269	7%	408	11%
	Evesham East	975	9%	1,039	10%
	Evesham North East	264	10%	308	12%
	Evesham West	187	9%	231	12%
	Evesham North	134	8%	168	10%
	Broadway	287	8%	686	18%
EVESHAM		5048	10%	5,439	11%
WYCHAVON DISTRICT		10996	10%	11790	11%
	Worcester North West	442	9%	562	11%
	Worcester South West	559	8%	836	12%
	Malvern North Rural	693	9%	828	11%
WORCESTER- MALVERN		1694	9%	2226	11%
	Tenbury	496	10%	666	14%
	Stourport	296	8%	357	9%
STOURPORT/TENBURY		792	9%	1023	12%
	Malvern Town	3988	12%	4341	13%
	Malvern South Rural	942	9%	1376	13%
MALVERN		4930	11%	5717	13%
MALVERN HILLS DISTRICT		7416	10%	8966	12%
	City North	1250	10%	1,478	11%
	City North East	3126	11%	1,792	6%
	City East	109	11%	30	3%
	City Central	2636	14%	1,523	8%
	City South	1046	10%	1,001	9%
	City West	3353	16%	2,251	11%
WORCESTER DISTRICT		11520	12%	8075	9%

6.2.3 Table 18 shows that the distribution by area and sub-area of these age group is quite varied:

6.3 The 15-24 age group.

6.3.1 This represents 10% of the total in Wychavon and Malvern Hills, and 12% in Worcester City where the higher figure will be affected by a greater concentration of higher education institutions.

6.3.2 Each of the main towns has an above average number, with 12-13% in Malvern Town, Evesham, Drotwich and Pershore, while in Worcester City there are above average proportions in City North East (particularly Warndon), and in City Central and City West.

6.3.3 Those parts of the City that have seen most recent new large scale housing development – the St Peters and Warndon Parishes – have by far the lowest proportions of this age group at 8-9%, which contrasts with the area around the University where St John ward has 16% and St Clement 22%. It is quite possible that with the growth of the University since 2001 these figures will be even higher.

6.3.4 Even in the rural parts of Wychavon and Malvern Hills, none of the sub-areas has a lower proportion than 8%, so while the propensity for new households is higher in the main towns, there is no part of South Worcestershire where this is significantly below average – or less than in the large modern housing estates on the south and east sides of the City. Even in the Pershore Town, Tenbury and Broadway sub-areas, which have the highest proportions of the older age group, the proportion of the younger age group is at or close to the average for their respective districts.

6.4 The 70+ age group

6.4.1 The 70+ age group represents 13% of the total population in Malvern Hills, and 11% in Wychavon, compared with just 9% in Worcester City.

6.4.2 The proportion does not vary significantly across the different sub areas in Malvern Hills, but in Wychavon there is a much more varied distribution, varying from as little as 7-9% in the sub areas around Worcester to 14% in Pershore Town and 18% in Broadway.

6.4.3 In Worcester City, the concentration of this older age group does to some extent reflect the age of the housing stock – in so far as the lower proportion is not surprisingly where the most recent development has taken place – with just 3% in the East and 6% in the North East, contrasting with 11% in both the North and the West.

6.5 Key Age Groups – Distribution by Area

6.5.1 An alternative way of presenting the information in Table 18 is to show how the distribution of the key age groups compares with the distribution of the population as a whole – in other words, which areas have a higher or lower proportion of each age group than the district as a whole:

Table 19: Distribution of Key Age Groups by District, Local Housing Market Area and Sub-Area

(showing how the size of the key age groups compares with the total population of each area)

Local Housing Market Area	Sub Area	% of district's total pop.	% of district's 15-24 age group	% of district's 70+ age group
	Wyre Forest	4.5%	3.8%	4.1%
	Droitwich Town	20.5%	22.7%	18.5%
	Droitwich North	2.2%	2.6%	2.4%
	Droitwich South	1.2%	0.9%	1.1%
DROITWICH		28.3%	30.0%	26.2%
	Worcester North	3.1%	2.8%	2.8%
	Worcester North East	2.0%	1.9%	1.5%
	Worcester East	1.5%	1.2%	1.5%
	Worcester South East	2.3%	2.3%	1.8%
	Worcester South	2.7%	2.3%	1.9%
	Redditch	3.5%	2.8%	3.7%
WORCESTER – WYCHAVON		15.1%	13.3%	13.1%
	Pershore Town	6.5%	6.7%	8.9%
	Pershore South	3.0%	2.4%	3.6%
	Pershore North	2.0%	1.8%	2.1%
PERSHORE		11.4%	10.9%	14.6%
	Cheltenham	3.4%	3.5%	4.2%
	Evesham Town	19.7%	23.2%	17.8%
	Evesham South	3.4%	2.4%	3.5%
	Evesham East	9.7%	8.9%	8.8%
	Evesham North East	2.3%	2.4%	2.6%
	Evesham West	1.8%	1.7%	2.0%
	Evesham North	1.5%	1.2%	1.4%
	Broadway	3.3%	2.6%	5.8%
EVESHAM		45.2%	45.9%	46.1%
WYCHAVON DISTRICT		100%	100.0%	100.0%
	Worcester North West	7.1%	6.0%	6.3%
	Worcester South West	9.3%	7.5%	9.3%
	Malvern North Rural	10.7%	9.3%	9.2%
WORCESTER- MALVERN		27.1%	22.8%	24.8%
	Tenbury	6.7%	6.7%	7.4%
	Stourport	5.4%	4.0%	4.0%
TENBURY/STOURPORT		12.1%	10.7%	11.4%
	Malvern Town	46.2%	53.8%	48.4%
	Malvern South Rural	14.6%	12.7%	15.3%
MALVERN		60.8%	66.5%	63.8%
MALVERN HILLS DISTRICT		100%	100.0%	100.0%
	City North	13.8%	10.9%	18.3%
	City North East	30.5%	27.1%	22.2%
	City East	1.0%	0.9%	0.4%
	City Central	20.3%	22.9%	18.9%
	City South	11.6%	9.1%	12.4%
	City West	22.8%	29.1%	27.9%
WORCESTER DISTRICT		100%	100.0%	100.0%

- 6.5.2 Table 19 shows that **in the 15-24 age group** there is a higher than average proportion in the urban areas – particularly in Droitwich, Evesham and Malvern – with a corresponding lower proportion in the rural parts of Wychavon and Malvern Hills. In Worcester City, the higher proportions are in the Central and West areas, with lower proportions in the North, North East and South areas.
- 6.5.3 **In the 70+ age group**, the higher than average proportions are across the whole of the Pershore and Malvern Local Housing Market areas, and in the south east parts of the Evesham Local Housing Market area (Cheltenham and Broadway). The lower proportions are across most of the Droitwich Local Housing Market Area and all of the rural parts of the Worcester Local Housing Market Area. In Worcester City, the higher proportions are in the North and West, and the lower proportions in the North East and East, with more marked variations than in the other districts.

7. The Housing Stock Profile

7.1 Distribution of House Types

- 7.1.1 Although the Census provides a profile of the housing stock based on traditional classifications as to property type, it is very difficult to make meaningful comparisons on this basis. For example, in one area a terraced house might be a very modest street access property, while in another area it might be a quite grand period town house. Similarly, a flat may be a luxury apartment in a serviced mansion block, or a small ex-local authority property, or a conversion that is little more than a bed-sit.
- 7.1.2 A more reliable indicator is the Council Tax Register, as while the valuations are very out of date, they do provide a common measure of a property's relative value and a clear indication of the degree to which the housing stock in any give area provides a balanced range of property sizes and values.
- 7.1.3 The proportions of properties in each Council Tax Band is almost identical between Wychavon and Malvern Hills districts – with just under a third of properties in Bands A and B, just over a third in Bands C and D, and just under a third in Bands E, F, G and H. In Worcester, over half of all properties are in Bands A and B, just over a third in Bands C and D and only 11% in Bands E, F, G and H.
- 7.1.4 Within each district, the proportions are much more varied: Only the sub areas of Evesham Town (50%), Droitwich Town (47%) and Malvern Town (46%) come near to the proportion of Band A and B properties in the whole of Worcester City (52%), while the sub areas of City North East and City Central each have 75%, and a number of the rural sub areas have less than 10%.
- 7.1.5 Of more significance than the sub-areas, which not surprisingly show a very wide disparity, is the comparison between areas within each district:

Table 20: Council Tax Bands by District and Local Housing Market Area

(for full sub-area detail by individual bands, see table 21)

District	Local Housing Market Area	Bands A&B	Bands C&D	Bands E-H	Total No.
Wychavon	Droitwich	41%	29%	30%	14,878
	Worcester	12%	39%	49%	7,434
	Pershore	28%	42%	30%	5,806
	Evesham	33%	41%	26%	22,560
Malvern Hills	Worcester	18%	40%	42%	8,624
	Tenbury/Stourport	29%	31%	40%	3,953
	Malvern	38%	38%	24%	19,962
Worcester City	All Wards	52%	37%	11%	41,847
Worcester HMA	City + parts of Malvern Hills and Wychavon	41%	38%	21%	57,905

Table 21: Council Tax Bands by Sub Areas

District	Local Market	Sub Area										Total
Wychavon	Droitwich	Wyre Forest	18%	9%	13%	13%	14%	15%	18%	0.7%		2424
Wychavon	Droitwich	Droitwich Town	18%	29%	16%	14%	13%	7%	2%	0.1%		10405
Wychavon	Droitwich	Droitwich North	19%	15%	14%	12%	10%	13%	16%	0.5%		1376
Wychavon	Droitwich	Droitwich South	9%	9%	8%	10%	16%	22%	24%	1.3%		673
Area Total			18%	24%	15%	14%	13%	10%	7%	0.3%		14878
Wychavon	Worcester - Wych	Worcester North	5%	7%	30%	19%	15%	14%	10%	0.6%		1626
Wychavon	Worcester - Wych	Worcester North East	3%	5%	18%	15%	21%	22%	16%	0.6%		996
Wychavon	Worcester - Wych	Worcester East	4%	6%	16%	20%	14%	19%	19%	1.6%		681
Wychavon	Worcester - Wych	Worcester South East	2%	13%	30%	21%	12%	8%	13%	0.6%		1088
Wychavon	Worcester - Wych	Worcester South	4%	18%	18%	18%	22%	12%	8%	0.1%		1377
Wychavon	Worcester - Wych	Redditch	4%	4%	11%	18%	23%	23%	17%	0.7%		1666
Area Total			3%	9%	21%	18%	18%	16%	13%	0.6%		7434
Wychavon	Pershore	Pershore Town	12%	25%	31%	14%	10%	6%	2%	0.1%		3361
Wychavon	Pershore	Pershore South	5%	4%	23%	17%	19%	20%	11%	1.0%		1477
Wychavon	Pershore	Pershore North	7%	15%	23%	16%	17%	15%	7%	0.5%		968
Area Total			9%	18%	28%	15%	13%	11%	5%	0.4%		5806
Wychavon	Evesham	Cheltenham	2%	4%	27%	20%	17%	16%	11%	1.1%		1692
Wychavon	Evesham	Evesham Town	16%	34%	26%	12%	7%	4%	1%	0.0%		10136
Wychavon	Evesham	Evesham South	3%	7%	24%	18%	16%	17%	14%	0.9%		1308
Wychavon	Evesham	Evesham East	7%	24%	27%	16%	12%	9%	4%	0.2%		4784
Wychavon	Evesham	Evesham North East	8%	10%	35%	18%	14%	11%	5%	0.2%		1112
Wychavon	Evesham	Evesham West	4%	12%	20%	14%	14%	17%	18%	0.8%		858
Wychavon	Evesham	Evesham North	3%	3%	17%	12%	22%	22%	21%	1.0%		706
Wychavon	Evesham	Broadway	7%	8%	28%	18%	13%	11%	13%	2.2%		1964
Area Total			10%	23%	26%	15%	11%	9%	6%	0.4%		22560
District Total			11%	20%	22%	15%	13%	10%	7%	0.4%		50678
Malvern Hills	Worcester - Malve	Worcester North West	6%	11%	26%	18%	14%	14%	10%	0.6%		2204
Malvern Hills	Worcester - Malve	Worcester South West	8%	13%	28%	20%	14%	11%	6%	0.4%		3005
Malvern Hills	Worcester - Malve	Malvern North Rural	6%	9%	17%	14%	20%	19%	14%	0.9%		3415
Area Total			7%	11%	23%	17%	17%	15%	10%	0.6%		8624
Malvern Hills	Tenbury/Stourport	Tenbury	14%	21%	16%	16%	16%	10%	6%	0.3%		2225
Malvern Hills	Tenbury/Stourport	Stourport	11%	9%	14%	15%	19%	19%	12%	0.9%		1728
Area Total			13%	16%	15%	16%	17%	14%	8%	0.6%		3953
Malvern Hills	Malvern	Malvern Town	15%	31%	22%	15%	10%	5%	2%	0.1%		13874
Malvern Hills	Malvern	Malvern South Rural	8%	13%	22%	17%	16%	13%	10%	0.6%		6088
Area Total			13%	25%	22%	16%	12%	7%	5%	0.2%		19962
District Total			11%	20%	22%	16%	14%	10%	7%	0.4%		32539
Worcester City	Worcester City	City North	8%	28%	34%	16%	9%	5%	1%	0.0%		5811
Worcester City	Worcester City	City North East	33%	42%	19%	4%	1%	0%	0%	0.0%		8173
Worcester City	Worcester City	City East	3%	19%	20%	26%	22%	9%	0%	0.0%		4361
Worcester City	Worcester City	City Central	30%	45%	16%	4%	3%	1%	1%	0.0%		9681
Worcester City	Worcester City	City South	8%	23%	26%	21%	15%	5%	2%	0.0%		4723
Worcester City	Worcester City	City West	14%	27%	38%	13%	6%	2%	1%	0.0%		9098
District Total			19%	33%	25%	12%	7%	3%	1%	0.0%		41847

- 7.1.6 As might be expected, the proportion of lower banded property is much smaller in those parts of Wychavon and Worcester that form part of the Worcester Housing Market Area than in any other of the sub areas – these areas have between 40% and 50% of their property in the highest bands of E-H, and only between 12% and 18% in the lowest two bands. Including these sub areas with Worcester City, to form the Worcester Local Housing Market, brings the proportions much closer to the Malvern and Evesham Areas.
- 7.1.7 Comparison of the Worcester Local Housing Market with the other areas, however, shows that while Droitwich has the same proportion of the lowest band properties, it has a much larger proportion of the highest ones and therefore much fewer in the middle bands. Pershore and Tenbury both have a smaller proportion of the lower and the middle band properties, and an even larger proportion of the highest ones.

Housing Tenure

- 7.2.1 Although the 2001 census provides a breakdown of all households by tenure, this information is now over 5 years out of date, and more up to date records are available from RSLs for the social rented stock as well as for the overall housing numbers from Council Tax. Only with private rent is there no more up to date record, and the 2001 Census figures will undoubtedly represent an understatement as both new and existing properties have been acquired by private landlords. This is, however, not an exclusively one way shift in tenure, as some privately rented stock will have been sold into owner occupation in order to capitalise on the effects of re-development or modernisation.
- 7.2.2 Table 22 below sets out the proportions of the housing stock in each sub area that are in the three main tenures – owner occupied, social rented, and private rented – as recorded in the 2001 Census.
- 7.2.3 **Owner Occupation** is not only the dominant tenure in all sub areas, it is fairly consistent in the 75-80% range with a few exceptions: Worcester has two sub areas with lower than average levels of owner-occupation – Central, where there are well above average levels of both rented tenures, and North East which has the largest proportion of social rent. All parts of the Worcester Local Housing Market that lie within Wychavon and Malvern Hills districts, plus the sub areas that include the newer parts of Worcester City (the South and East) have well above average levels of owner occupation – 82-92%, while the main towns of Droitwich, Pershore, Evesham, Malvern and Tenbury have below average levels at 72-76%.
- 7.2.4 **Social Rent** levels vary widely between 1% (City East) and 22% (City North East), and are generally higher in the main towns and City Central at 17-20%. In rural areas, the proportion is almost entirely well below 10%, apart from the areas to the south and east of Evesham where it is much closer to the South Worcestershire average of 14%. These lower proportions also apply to the North and South, as well as the East, sub areas in Worcester City.
- 7.2.5 **Private Rent** levels are generally around 8-10%, with the most notable low figure occurring in Droitwich Town where the proportion is only 4% out of a total of over 22,000 properties, although the level of social rent is very high at 22%. The North and South sub areas of Worcester City are also below average but in these areas the social rent proportions are also low, reflecting an exceptionally high 87-88% level of owner occupation.

7.2.6 Other below average figures are in the much smaller rural sub areas on the fringes of Worcester, Redditch and Evesham, which also have low social rent and very high owner occupation proportions.

Table 22: Housing Tenure by Sub Area – 2001 Census

Area	Sub Area	Owned	Social	Private Rent	Total dwellings
	Wyre Forest	81%	9%	10%	5050
	Droitwich Town	76%	20%	4%	22605
	Droitwich North	80%	12%	8%	2258
	Droitwich South	80%	6%	14%	1295
DROITWICH		77%	17%	6%	31208
	Worcester North	87%	7%	6%	3446
	Worcester North East	90%	3%	8%	2160
	Worcester East	86%	6%	8%	1613
	Worcester South East	85%	8%	8%	2532
	Worcester South	85%	6%	10%	2914
	Redditch	89%	4%	7%	3881
WORCESTER - WYCHAVON		87%	6%	8%	16546
	Pershore Town	73%	19%	8%	7269
	Pershore South	84%	8%	8%	3333
	Pershore North	78%	15%	7%	2126
PERSHORE		76%	16%	8%	12728
	Cheltenham	79%	7%	15%	3801
	Evesham Town	75%	17%	8%	21900
	Evesham South	80%	12%	8%	3761
	Evesham East	80%	14%	6%	10485
	Evesham North East	74%	21%	5%	2598
	Evesham West	83%	9%	8%	2024
	Evesham North	87%	5%	9%	1685
	Broadway	77%	13%	10%	3675
EVESHAM		78%	14%	8%	49929
WYCHAVON DISTRICT		79%	14%	7%	110411
	Worcester North West	88%	6%	7%	5072
	Worcester South West	85%	7%	7%	6593
	Malvern North Rural	82%	8%	10%	7567
WORCESTER- MALVERN		85%	7%	8%	19232
	Tenbury	72%	15%	13%	4649
	Stourport	82%	7%	11%	3753
TENBURY/STOURPORT		77%	11%	12%	8402
	Malvern Town	73%	18%	9%	31820
	Malvern South Rural	78%	10%	12%	10204
MALVERN		74%	16%	9%	42024
MALVERN HILLS DISTRICT		77%	13%	9%	69658
	City North	87%	7%	6%	12840
	City North East	71%	22%	7%	28455
	City East	92%	1%	8%	920
	City Central	65%	19%	16%	18689
	City South	88%	5%	7%	10666
	City West	77%	13%	10%	20769
WORCESTER CITY		76%	15%	9%	92339
SOUTH WORCESTERSHIRE		77%	14%	9%	272408

7.3 The Social Housing Stock – by District and Sub Area

Table 23: Social Housing Stock by Sub Area – Wychavon District
(No. of properties of each type, and their proportion of the total for each sub area)

Wychavon District	1 bed		2 bed flats		2 bed other		3 bed		4 bed		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	
Sub Area	No.	%	No.	%	No.	%	No.	%	No.	%	No.
W/ Forest	57	27%	60	29%	37	18%	54	26%	0	0%	208
D/wich Town	746	34%	264	12%	331	15%	757	34%	99	4.5%	2197
D/wich North	48	24%	65	33%	30	15%	54	27%	1	0.5%	198
D/wich South	2	4%	14	29%	17	35%	14	29%	1	2.1%	48
Droitwich Area	853	32%	403	15%	415	16%	879	33%	101	3.8%	2651
Worc. North	34	21%	46	29%	20	13%	57	36%	3	1.9%	160
Worc. N.East	7	19%	2	5%	9	24%	19	51%	0	0%	37
Worc. East	18	37%	2	4%	11	22%	18	37%	0	0%	49
Worc. S.East	9	9%	10	10%	48	48%	32	32%	0	0%	99
Worc. South	50	34%	7	5%	33	22%	58	39%	0	0%	148
Redditch	14	23%	0	0%	28	47%	18	30%	0	0%	60
Worcester Area	132	24%	67	12%	149	27%	202	37%	3	0.5%	553
P/shore Town	255	42%	27	4%	132	22%	182	30%	9	1.5%	605
P/shore South	19	21%	0	0%	35	38%	38	41%	0	0%	92
P/shore North	16	14%	8	7%	53	45%	41	35%	0	0%	118
Pershore Area	290	36%	35	4%	220	27%	261	32%	9	1.1%	815
Cheltenham	20	17%	19	16%	53	44%	28	23%	1	0%	120
E/sham Town	686	38%	137	8%	409	23%	556	31%	0	1.1%	1808
E/sham South	33	23%	0	0%	53	37%	58	40%	0	0%	144
E/sham East	113	18%	24	4%	215	33%	290	45%	0	0.2%	643
E/sham N.East	38	18%	4	2%	89	42%	80	38%	2	0%	211
E/sham West	10	17%	12	0%	19	32%	19	32%	2	0%	60
E/sham North	3	9%	0	20%	13	37%	19	54%	3	0%	35
Broadway	52	23%	27	12%	55	24%	90	40%	3	0.9%	226
Evesham Area	955	29%	223	7%	906	28%	1140	35%	23	0.7%	3247
District Total	2230	31%	728	10%	1690	23%	2482	34%	136	1.9%	7266

7.3.1 Table 23 shows that the social housing stock in Wychavon is split almost exactly equally between 1, 2 and 3 bedroom properties, with two thirds of the 2 bedroom ones being either houses or bungalows as opposed to flats. (The important distinction being that flats are not generally considered to be suitable for households with children.)

7.3.2 1 bedroom properties are not surprisingly a larger proportion of the stock in the main towns, but the proportions are particularly small in some sub-areas, notably Droitwich South, Worcester South East, Pershore North and Evesham North where it is less than half the average.

7.3.3 The proportion of 2 bedroom flats varies considerably, but those which vary most from the average are those with quite low levels of stock, which makes the variation less significant. 1 and 2 bedroom flats are to some extent

catering for the same type of household – those without children – and many couples will accept single bedroom properties, just as some single persons will have a need for 2 bedrooms to accommodate visiting children or working from home. It is therefore appropriate to consider the combination of both property types – and there are some sub areas where this varies quite considerable from the combined average of 41%:

- 7.3.4 Most noticeably, the rural areas around Evesham and Pershore have very low proportions of flats, but these are consistently offset by much higher than average proportions of ‘2 bed other’ which represent a much greater level of provision for elderly persons in the form of bungalows in this part of the district. The same is not true for the Droitwich area, where ‘2 bed other’ is much smaller, while the combined proportion of flats is well above average.
- 7.3.5 3 bedroom houses are represented in a much more consistent way, and are the one property type that is fairly consistently spread across all sub areas, with none of them significantly below average.
- 7.3.6 4 bedroom properties, however, are virtually non-existent outside Pershore Town and Droitwich Town, (the latter having an usually large proportion) and represent the most acute shortage of stock in every other sub-area.

Table 24: Social Housing Stock by Sub Area – Malvern Hills District
(No. of properties of each type, and their proportion of the total for each sub area)

Malvern Hills District	1 bed		2 bed flats		2 bed other		3 bed		4 bed		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	
Worcester North West	48	36%	6	4%	38	28%	40	30%	2	1.5%	134
Worcester South West	137	35%	81	21%	64	16%	105	27%	3	0.8%	390
Malvern North Rural	70	23%	43	14%	89	29%	98	32%	3	1.0%	303
Worcester Area	255	31%	130	16%	191	23%	243	29%	8	1.0%	827
Tenbury	57	19%	48	16%	75	24%	127	41%	0	0%	307
Stourport	18	21%	3	4%	25	30%	38	45%	0	0%	84
Tenbury/St-ourport Area	75	19%	51	13%	100	26%	165	42%	0	0%	391
Malvern Town	759	31%	468	19%	341	14%	808	33%	54	2.2%	2430
Malvern South Rural	185	36%	65	13%	121	23%	145	28%	3	0.6%	519
Malvern Area	944	32%	533	18%	462	16%	953	32%	57	1.9%	2949
District Total	1274	31%	714	17%	753	18%	1361	33%	65	1.6%	4167

- 7.3.7 Table 24 shows that the social housing stock in Malvern Hills follows a very similar pattern to Wychavon, with the exception that it does not have the feature of a large amount of elderly person bungalow accommodation, so the proportion of 2 bedroom flats is correspondingly higher.

- 7.3.8 1 bedroom properties are noticeably few in the rural north west of the district, in the Tenbury area and rural area between Tenbury and Malvern, and although this might appear to be compounded by a smaller than average proportion of 2 bedroom flats as well, the 2 bed other category is significantly higher, which would seem to be the same bungalow effect as seen in Pershore and Evesham..
- 7.3.9 3 bedroom houses are again represented in a much more consistent way, and are the one property type that is fairly consistently spread across all sub areas, with none of them significantly below average.
- 7.3.10 4 bedroom properties are again virtually non-existent outside the main town of Malvern, representing the most acute shortage of stock in all other sub-areas.

Table 25: Social Housing Stock by Sub Area – Worcester City

(No. of properties of each type, and their proportion of the total for each sub area)

Worcester City	1 bed		2 bed flats		2 bed other		3 bed		4 bed		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	
North	78	21%	38	10%	70	18%	188	50%	5	1.3%	379
North East	1080	30%	525	15%	383	11%	1521	42%	77	2.1%	3586
East	5	3%	7	4%	63	36%	89	50%	13	7.3%	177
Central	397	58%	174	26%	41	6%	55	8%	12	1.8%	679
South	4	5%	40	48%	22	26%	16	19%	2	2.4%	84
West	424	35%	149	12%	177	14%	464	38%	10	0.8%	1224
City Total	1988	32%	933	15%	756	12%	2333	38%	119	1.9%	6129

- 7.3.11 The pattern of stock distribution by property type is not dissimilar to the other two districts, with a slightly higher proportion of 3 bedroom houses (38% compared with 33% and 34%).
- 7.3.12 The distribution of the stock between sub areas is very diverse, but to a large extent this can be explained by the different nature of the sub-areas: it is inevitable that the higher density Central sub-area would have a concentration of 1 and 2 bedroom flats, and a much smaller proportion of 2, 3 and 4 bedroom houses. Similarly, the very low proportion of 1 and 2 bedroom flats in the East sub area reflects very mostly very recent supply within new developments on the edge of the City.
- 7.3.13 What is most striking about the stock distribution is that almost 60% of it is located in the North sub area – which contains just under 20% of the total housing stock. Apart from the West, which has 20% of the social stock compared with 13% of the total, all of the other areas have disproportionately small proportions.

7.4 Stock Condition

7.4.1 Although each districts carries out its own stock condition survey, these do not allow for comparison across the three districts, as they are based on different methodologies and timescales. However, a set of standardised tables are produced for all local authority areas by the Building Research Establishment, using the results of the 2001 Census.

7.4.2 This is far from being a comprehensive survey, with information available only at ward level, which does not accord exactly with the parish based sub-areas which are used for Wychavon and Malvern Hills districts, so the following should therefore be taken as being only approximate at sub-area level.

7.4.3 Tables 26-28 identify the key aspects of stock condition, by first taking the three categories of stock condition – the quite demanding ‘decent homes standard’, the extreme state of ‘unfitness’, and the less critical condition of ‘disrepair’ – and adding the two more selective personal situations of vulnerable people in non-decent housing, and those whose incomes in relation to their heating costs meet the definition of ‘fuel poverty’.

Table 26: Housing Stock Condition by Sub Area – Wychavon District

Wychavon District	Total	Non decent		Unfit		Disrepair		Vulnerable non decent		Fuel poverty	
Wyre Forest	1827	766	42%	105	6%	202	11%	93	5%	237	13%
Droitwich Town	7671	1738	23%	146	2%	345	5%	401	5%	513	7%
Droitwich North	698	265	38%	33	5%	71	10%	40	6%	65	9%
Droitwich Area	10196	2768	27%	284	3%	618	6%	534	5%	815	8%
Worcester North	1963	697	36%	74	4%	167	8%	86	4%	211	11%
Worcester N.E.	936	326	35%	45	5%	73	8%	32	3%	100	11%
Worcester East	1003	371	37%	49	5%	80	8%	39	4%	133	13%
Worcester S.E.	876	266	30%	32	4%	51	6%	34	4%	76	9%
Worcester South	1065	196	18%	20	2%	46	4%	21	2%	47	4%
Redditch	2130	716	34%	78	4%	169	8%	67	3%	295	14%
Worcester Area	7972	2572	32%	298	4%	586	7%	280	4%	862	11%
Pershore Town	2630	919	35%	85	3%	190	7%	228	9%	186	7%
Pershore South	984	333	34%	36	4%	74	8%	40	4%	92	9%
Pershore North	1061	411	39%	39	4%	93	9%	50	5%	99	9%
Pershore Area	4675	1663	36%	160	3%	357	8%	318	7%	377	8%
Cheltenham	1933	641	33%	68	4%	142	7%	82	4%	182	9%
Evesham Town	8032	2349	29%	248	3%	587	7%	529	7%	616	8%
Evesham South	914	354	39%	39	4%	85	9%	55	6%	105	11%
Evesham East	3589	1414	39%	149	4%	335	9%	219	6%	365	10%
Evesham N.E.	855	265	31%	27	3%	62	7%	41	5%	72	8%
Evesham West	1017	467	46%	56	6%	113	11%	70	7%	125	12%
Broadway	1924	628	33%	64	3%	143	7%	122	6%	267	14%
Evesham Area	18265	6119	34%	651	4%	1467	8%	1116	6%	1732	9%
Wychavon Total	41108	13123	32%	1393	3%	3029	7%	2248	5%	3787	9%

7.4.4 It should also be remembered that these results will not reflect changes that have occurred over a 6 year period, during which a number of programmes have been focussed on the results.

7.4.5 **Table 26** shows that **Fuel Poverty** is significantly greater in the rural parts of **Wychavon** than in the urban areas, (and particularly so in the generally more expensive area around the edge of Worcester), and is largely matched by **Disrepair/Unfitness** which is greatest in the rural north and to the west of Evesham. **Vulnerable Households in Non Decent Accommodation**, however, is much more an urban problem.

Table 27: Housing Stock Condition by Sub Area – Malvern Hills District

Malvern Hills District	Dwellings	Non decent		Unfit		Disrepair		Vulnerable non decent		Fuel poverty	
Worcester North West	1288	432	34%	42	3%	86	7%	49	4%	97	8%
Worcester South West	2974	959	32%	100	3%	209	7%	136	5%	280	9%
Malvern North Rural	1845	744	40%	99	5%	182	10%	85	5%	233	13%
Worcester Area	6107	2135	35%	242	4%	478	8%	270	4%	610	10%
Tenbury	1439	625	43%	82	6%	150	10%	120	8%	241	17%
Stourport	3056	1467	48%	224	7%	365	12%	175	6%	478	16%
Tenbury/Stourport Area	4495	2092	47%	306	7%	515	11%	295	7%	720	16%
Malvern Town	10518	3279	31%	328	3%	818	8%	665	6%	920	9%
Malvern South Rural	5251	1995	38%	244	5%	487	9%	286	5%	637	12%
Malvern Area	15768	5274	33%	573	4%	1304	8%	951	6%	1557	10%
District Total	27055	9761	36%	1146	4%	2365	9%	1554	6%	2969	11%

7.4.6 **Table 27** shows that **Fuel Poverty** is similarly concentrated in the rural areas of **Malvern Hills**, and especially so in the north of the district, which also applies to **Vulnerable Households in Non Decent Accommodation** and to **Disrepair/Unfitness**.

7.4.7 There is a clear concentration of all of the stock condition problems in the Tenbury area, both in the town and the rural area around it, and to a lesser extent to the adjacent rural areas to the north of Malvern Town.

7.4.8 The main urban area of Malvern Town, however, has below average scores in all categories.

Table 28: Housing Stock Condition by Sub Area – Worcester City

Worcester City	Dwellings	Non decent		Unfit		Disrepair		Vulnerable non decent		Fuel poverty	
Claines	3239	1103	34%	113	3%	287	9%	159	5%	244	8%
St Stephen	1946	626	32%	58	3%	155	8%	120	6%	142	7%
City North	5185	1730	33%	171	3%	442	9%	279	5%	385	7%
Gorse Hill	1483	610	41%	56	4%	121	8%	217	15%	82	6%
Nunnery	2445	789	32%	64	3%	148	6%	171	7%	123	5%
Warndon	1371	508	37%	44	3%	77	6%	188	14%	80	6%
City North East	5299	1906	36%	164	3%	346	7%	575	11%	285	5%
City East	4168	293	7%	27	1%	88	2%	19	0%	92	2%
Arboretum	2506	1115	45%	166	7%	365	15%	238	9%	325	13%
Rainbow Hill	1631	653	40%	87	5%	202	12%	190	12%	165	10%
Cathedral	3118	1318	42%	201	6%	424	14%	323	10%	400	13%
City Central	7256	3086	43%	454	6%	991	14%	750	10%	890	12%
St Peters	2354	156	7%	12	0%	37	2%	15	1%	144	6%
Battenhall	2050	706	34%	78	4%	191	9%	130	6%	173	8%
City South	4404	862	20%	90	2%	228	5%	145	3%	316	7%
St Clement	2009	600	30%	46	2%	133	7%	102	5%	112	6%
Bedwardine	3076	973	32%	100	3%	246	8%	143	5%	211	7%
St John	2565	992	39%	97	4%	270	11%	234	9%	188	7%
City West	7650	2565	34%	242	3%	648	8%	480	6%	511	7%
TOTAL	33962	10442	31%	1148	3%	2742	8%	2249	7%	2480	7%

7.4.9 **Table 28** shows that the Central sub area of **Worcester City** has much higher scores in all of the categories than any other parts of the City – almost double the average rates. To a much lesser extent, the St Johns area has above average scores in all categories as well.

7.4.10 While the North East area has similarly high levels of Vulnerable Households in Non Decent Accommodation, this is not matched by significant levels of either Fuel Poverty or Unfitness/Disrepair.

8. The Housing Market - Prices and Availability

- 8.1** There are a number of ways of comparing house prices between areas. Average prices, either for all property types or for specific types such as terraced or semi-detached, are inadequate on their own, as averages conceal too many variations: a small number of very expensive, or very cheap, examples can distort the picture, and a 'typical' house of any given type may be a very different commodity in different areas.
- 8.2** One standard measure for comparison is Lower Quartile – the price below which one quarter of all sales take place – and this has become the accepted measure of comparative affordability. A further refinement is to identify the number, and therefore the proportion, of sales which take place in each price band, which gives a more detailed picture of the extent to which an area provides the opportunity for purchase at different price levels.
- 8.3** The source for a comprehensive record of property transactions by price is the Land Registry, but this has the limitation that it does not distinguish between different sizes of properties in terms of number of bedrooms.

Table 29: Property Sales by Sub Area – Wychavon District – 2005/6

Sub Area within Wychavon	No. of Sales	Average Price	Lower Quartile	No. <£120k	No. <£140k
Wyre Forest	58	£312,000	£185,000	2	6
Droitwich Town	469	£172,000	£126,000	99	162
Droitwich North	51	£247,000	£158,000	5	8
Droitwich South	28	£357,000	£245,000	0	0
Worcester North	63	£260,000	£170,000	3	5
Worcester North East	44	£324,000	£240,000	0	0
Worcester East	23	£270,000	£185,000	0	1
Worcester South East	47	£258,000	£160,000	1	2
Worcester South	65	£212,000	£171,000	3	9
Redditch	42	£375,000	£230,000	0	0
Pershore Town	124	£183,000	£134,000	18	36
Pershore South	49	£294,000	£195,000	2	4
Pershore North	39	£241,000	£190,000	1	2
Cheltenham	69	£287,000	£195,000	3	4
Evesham Town	433	£173,000	£127,000	83	161
Evesham South	45	£308,000	£210,000	0	2
Evesham East	152	£224,000	£155,000	9	23
Evesham North East	47	£247,000	£180,000	1	1
Evesham West	25	£225,000	£178,000	0	1
Evesham North	33	£363,000	£167,000	0	0
Broadway	110	£297,000	£197,000	4	9
District Total	2016	£224,000	£145,000	234	436

Source: HM Land Registry Bespoke Report

- 8.4 Table 29 shows that the average price varies from around £170-£180,000 in the three main towns to as much as double that in three of the rural sub-areas. A lower quartile figure for the whole district of £145,000 is not particularly high, but the end column shows that properties up to £140,000 are heavily concentrated in the main towns, which have around 60% of all sales but almost 90% of those in the lower quartile.
- 8.5 This clearly shows that while there are reasonable prospects for the better off first time buyers in the towns, there are effectively no prospects elsewhere.
- 8.6 Out of the total of 2,006 sales in 2005/6, 66 were recorded by the Land Registry as being new build, and of these only 9 (7 flats and 2 houses) were below £160,000, and a further 10 between £160,000 and £200,000. While these figures may not be complete, they are a further indication that new build is not making any significant contribution to the requirements of either newly forming or average income households.

Table 30: Property Sales by Sub Area – Malvern Hills District – 2005/6

Sub Area within Malvern Hills	No. of Sales	Average Price	Lower Quartile	No. <£120k	No. <£140k
Worcester North West	79	£258,000	£178,000	2	6
Worcester South West	110	£245,000	£167,000	4	10
Malvern North Rural	96	£285,000	£197,000	5	7
Tenbury	58	£225,000	£135,000	8	14
Stourport	42	£290,000	£190,000	0	1
Malvern Town	557	£198,000	£133,000	69	150
Malvern South Rural	241	£250,000	£168,000	13	29
District Total	1183	£229,000	£150,000	101	217

Source: HM Land Registry Bespoke Report

- 8.7 Table 30 shows that the average price is only just under £200,000 in Malvern Town, £225,000 in Tenbury, and between £245,000 and £290,000 elsewhere. The lower quartile figure for the whole district is £150,000, but the end column shows that properties up to £140,000 are heavily concentrated in Malvern Town, which has 47% all sales but 70% of those in the lower price bands.
- 8.8 This clearly shows that while there are reasonable prospects for the better off first time buyers in the Malvern Towns, and to some extent in Tenbury and Malvern South Rural (Upton upon Severn) there are effectively no prospects elsewhere.
- 8.9 Out of the total of 1,183 sales in 2005/6, 35 were recorded by the Land Registry as being new build, and of these 19 were below £160,000, and not one of them was a house. There were just a further 4 between £160,000 and £200,000. While these figures may not be complete, they are a further indication that new build is not making any significant contribution to the requirements of either newly forming or average income households, and that almost all the output below £200,000 is in the form of flats.

Table 31: Property Sales by Sub Area – Worcester City – 2005/6

Sub Area within Worcester City	No. of Sales	Average Price	Lower Quartile	No. <£120k	No. <£140k
City North	248	£182,000	£132,000	35	77
City North East	276	£129,000	£108,000	112	196
City East	326	£178,000	£135,000	33	98
City Central	510	£149,000	£115,000	160	313
City South	230	£176,000	£133,000	31	87
City West	361	£171,000	£135,000	44	103
City Total	1951	£162,000	£124,000	415	874

Source: HM Land Registry Bespoke Report

- 8.10** Table 31 shows that the average price in the 6 sub areas is in a fairly narrow range between £130,000 to £180,000 and the lower quartile figure for the whole city is £124,000. The end column shows that properties in the lower price bands, up to £140,000, are quite numerous (45% of the total), but these are heavily concentrated in the North East and Central sub areas, which account for 40% of all sales but 65% of sales up to £120,000 and almost 60% up to £140,000.
- 8.11** This clearly shows that there are far better prospects for first time buyers, and households wishing to trade up, than in either Wychavon or Malvern Hills districts. This will almost inevitably be attracting purchasers from those districts, and may in turn be creating an excess of demand over supply.
- 8.12** Out of the total of 1,951 sales in 2005/6, 62 were recorded by the Land Registry as being new build, and of these 31 were below £160,000, of which only 2 were houses. There were just a further 12 between £160,000 and £200,000. While these figures may not be complete, they are a further indication that new build is not making any significant contribution to the requirements of either newly forming or average income households, and that a very large proportion of output below £200,000 is in the form of flats.
- 8.13** Although the sub-area analysis is useful in identifying the differences between these often quite small areas, the need to achieve a reasonable balance of housing supply is more at the larger area level, where a mix of urban and rural areas are included.

Table 32: Property Sales by Area and Price Band – 2005/6

District	Area	<£120k	£120-140k	£140-160k	>£160k
Wychavon	Droitwich	106 -17%	70 -12%	80 - 13%	350 - 58%
	Worcester	7 - 2%	10 - 4%	20 - 7%	247 - 87%
	Pershore	21 - 10%	21 - 10%	25 - 12%	145 - 68%
Malvern Hills	Evesham	100 -11%	101 -11%	100- 11%	613 - 67%
	Worcester	11 - 4%	12 - 4%	18 - 6%	244 - 86%
	Tenb/St-port	8 - 8%	7 - 7%	7 - 7%	78 - 78%
Worcester City	Malvern	82 - 10%	97 - 12%	104 - 13%	515 - 65%
	All Wards	415-21%	459- 24%	327 - 17%	750 - 38%

- 8.14** As might be expected, the pattern in Table 32 is similar to that seen with the Council Tax bands in Table 20.
- 8.15** Only in Worcester City is there a reasonably even spread of property sales by price band, and even after adding in the parts of Wychavon and Malvern Hills districts that go to make up the Worcester Housing Market Area, there are no more than half the properties sold above £160,000, with the other half spread fairly evenly across the lower three price bands.
- 8.16** All of the other areas have only one third of sales spread fairly evenly across the three lower price bands, apart from Droitwich which has 42%.
- 8.17** An alternative source, while not comprehensive, is the major property websites that list the great majority of properties for sale by location, price and number of bedrooms. By adding this to the Land Registry data, an indication of the relative price difference between properties with different numbers of bedrooms can be established. As both sources are identified by post codes, the information can be aggregated by the selected sub areas and area.
- 8.18** As with the sub-regional study, the data has been collected for the year 2005/6 from the Land Registry, and from a survey of the Rightmove website in November 2006.

Table 33: Availability by Property Size – Sale – November 2006

District	Area	1 bedroom – sale		2 bedroom – sale	
		Number	Lwr Qtle	Number	Lwr Qtle
Wychavon	Droitwich	13	£99,000	58	£131,000
	Worcester	3	N/A	13	£160,000
	Pershore	2	N/A	14	£131,000
	Evesham	31	£95,000	97	£136,000
Malvern Hills	Worcester	7	£180,000	18	£180,000
	Tenbury/St/port	0	N/A	8	£150,000
	Malvern	25	£105,000	140	£148,000
Worcester City	All Wards	53	£95,000	206	£136,000
South Worcs	All three districts	134		546	

Source: Rightmove Website – November 2006

- 8.19** Tables 33 and 34 give a snapshot of availability at November 2006, and while not a fully comprehensive record, it probably accounts for at least three quarters of the properties on the market at that time, and therefore provides a reliable indicator of relative cost and level of supply of the smaller types of property.

Table 34: Availability by Property Size – Rent – November 2006

District	Area	1 bedroom – rent		2 bedroom – rent	
		Number	Lwr Qtle	Number	Lwr Qtle
Wychavon	Droitwich	7	£325	20	£510
	Worcester	3	N/A	3	N/A
	Pershore	0	N/A	3	N/A
	Evesham	14	£425	20	£510
Malvern Hills	Worcester	1	N/A	2	N/A
	Tenbury/St/port	0	N/A	4	N/A
	Malvern	12	£350	16	£530
Worcester City	All Wards	89	£425	114	£525
South Worcs	All three districts	126		182	

Source: Rightmove Website – November 2006

- 8.20** What is particularly striking is the almost complete lack of 1 bedroom properties for sale outside the main towns of Droitwich, Evesham, Malvern and Worcester, and a very limited supply to rent anywhere other than in Worcester. It is also notable that while there is very little difference in selling price between areas, 1 bedroom rents are significantly higher in Worcester and Evesham than in Droitwich and Malvern.
- 8.21** The supply of 2 bedroom properties is much larger, but similarly distributed, and without the degree of variation in rental levels that is apparent with the 1 bedroom properties. The main difference in supply levels is that Malvern has a much smaller proportion for rent compared with sale.

9. Methodology on Assessing Housing Need

9.1 The Basic Needs Assessment Model:

The original Government guidance on Local Housing Need Assessment (July 2000) established the following formula for arriving at the amount of affordable housing needed each year, and the replacement guidance in 2006 made no substantive change to this:

Backlog Reduction <i>Plus</i>	The total number of households in need at the date of the assessment, divided by the number of years over which this backlog should be eliminated – normally, and certainly not less than, 5 years.
Newly Arising Need <i>Plus</i>	The number of new households that will form each year and have an income that is insufficient to enable them to access the market without assistance.
Households Falling into Need <i>Equals</i>	The number of existing households each year who will experience a change of circumstances that makes them no longer able to remain in open market housing.
Gross Annual Need <i>Less</i>	The total number of households requiring some form of affordable housing in any one year.
Annual Supply from Existing Stock <i>Equals</i>	The number of affordable dwellings becoming available for re-let or re-sale to households not already in any form of affordable housing.
Net Annual Shortfall	The number of additional affordable dwellings required each year to meet that part of the Gross Annual Need that is not met from within the existing housing stock.

(The Guidance in fact suggests that the level of new affordable supply that has already been committed should be added to the Annual Supply figure, before arriving at a net additional shortfall. However, this makes monitoring more complicated, as the level of commitment may not be the same as the actual out-turn figure, and it seems more straightforward to express the Net Shortfall in the way set out above. This can then be compared with the level of supply that can be projected, and which may change over the period being considered.)

9.2 Key Aspects to the Assessment Process

The task of assessing housing needs, however, is much more than a calculation of the need for a total number of additional affordable dwellings, and draft replacement guidance reinforces some of the key messages that were present in the original version but have not been widely adopted:

9.2.1 The Whole Market Approach

The need for affordable housing should not be considered in isolation from the rest of the housing market – from both turnover and new supply in the market sector as well as the social sector, and from the emerging intermediate and private rented sector.

9.2.2 The Use of a Wide Range of Data Sources

There are extensive data sources that can be brought together to inform not only the recent past but also the projections of future demand, need and supply. The replacement guidance strongly advises against carrying out expensive primary research unless it is clear that there are no suitable existing sources of information, and even then only if the results are likely to be cost effective.

9.2.3 Local Administrative Data

Problems with consistency, reliability and flexibility have made it hard to use the substantial amount of information available from housing departments and RSLs. This Assessment has invested considerable time and effort to overcome these problems and ensuring that they are available for future monitoring of **Backlog Need, Falling into Need and Annual Supply** from both existing and new stock.

9.2.4 The Limitations of Local Household Surveys

The largest element of housing need is generally **Newly Arising Need**, which is the one element that the original guidance specifically advises against being based on survey responses. This is the one of the areas that the Worcestershire County Council Research Department has made a major contribution, developing a detailed **forecasting model of newly forming households by both size and income**.

9.2.5 Stakeholder Involvement

As well as the collection and analysis of data, an Assessment needs to be informed by those who have accumulated experience and knowledge in their roles as providers, advocates and researchers, and their active involvement can add not only additional useful information, but also greater credibility and understanding. This was achieved through the sub-regional assessment in two ways:

- Through an extensive Project Management Team with representatives from the housing and planning departments of each council, and from a number of RSLs, and
- Through a seminar and a conference during October 2006 at which a wider range of stakeholders were consulted, and through presentations and discussion of the draft report with senior housing and planning officers of each district.

10: Current Housing Need – The Balance between Housing Supply and Demand

10.1 Market Housing

10.1.1 Chapter 8 considered the issue of market housing supply from within the existing housing stock, which accounts for the re-sale of around 5,000 properties p.a. as shown by Land Registry records. Given the scale of this source of supply, it is reasonable to assume that one full year's supply will be fairly typical of any subsequent year.

10.1.2 New build and conversions also makes a significant contribution to supply – the three districts together are currently expected to deliver around 1,150 new dwellings p.a. of which less than 200 are expected to be for social rent. An unknown proportion of the balance will not be put on the market for sale – being held for either investment or occupation by the existing owner. The Land Registry identifies only 162 of the properties sold in 2005/6 as being new, which suggests there is a failure to make this distinction in many new registrations, and even if it excluded residential conversions this would still seem to be far too low to be correct.

10.1.3 New build might be thought to reflect market demand, but this would require a much more free market than the planning system allows. In an area of high demand such as Worcestershire, restrictions on where dwellings can be built, and on how many can be built, means that developers' decisions will be driven mainly by a combination of what they are permitted to build and what will be most profitable and enable the best price to be bid for the land. As a general rule, developers will prefer larger and more expensive properties (within the limits of marketability in the specific location) to smaller ones, while planning policies on achieving higher density and greater re-use of brownfield land will increase the development of smaller properties.

10.1.4 Far from reflecting market demand, therefore, the nature of new housing supply is more likely to reflect the combination of the nature of the development opportunity and the planning policy. Examples of this will be the large number of waterside and city centre flats being built in Worcester, which, are clearly not meeting the type of demand that has been traditionally met by large greenfield developments on the city fringes at St Peters and Warndon Parishes. Similarly, while the market in Malvern has been dominated in the last year or so by a number of conversions, and re-conversions, of large period houses in Malvern to create exclusively luxury flats in the £200,000 plus price range, this will shortly be replaced by a large scale development of new houses on the northern edge of the town which will cater for an entirely different market and include a large proportion of affordable housing.

10.1.5 What is more, the accessibility of that large site to Worcester, coupled with the lack of a similar type of development any closer to the City, raises the question as to what extent it will cater for displaced demand from Worcester. In the same way, if a new site was available between Worcester City and the M5, to what extent would that attract demand from outside the area as well as meeting demand from within it?

- 10.1.6 It seems quite clear that the combination of local and in-migrant demand will outstrip any supply that can be provided within the foreseeable future, and that any attempt to create, or manage, a balance between competing demands will be determined by the nature of the planning policies that lead to both the selection of development sites and the determination of how they are developed. This represents a major challenge for the planning system, which has traditionally determined site allocation on mainly environmental considerations and site content by a fairly flexible set of criteria. If new housing supply is to be more targeted at meeting identified demand priorities, it will be necessary to take more account of how the market sector will contribute to creating a more balanced housing market, in the same way as the affordable sector is directed towards meeting identified priorities.
- 10.1.7 The sub regional assessment showed the forecast level of new housing supply by tenure for each district in its Table 25, repeated as Table 35 below.

Table 35: New Housing Supply 2006/11 and post 2011 – by District

District	Annual Average of Housing Completions for 2005/11			Annual Ave. for Post 2011 - (40% affordable - all 3 districts)		
	Total	Market	Affordable	Total	Market	Affordable
Malvern Hills	290	210	80 (28%)	252	151	101
Worcester City	407	347	60 (15%)	472	284	188
Wychavon	470	330	140 (30%)	464	278	186
South Worcs.	1,167	887	280 (24%)	1,188	713	475

- 10.1.8 In overall terms, the total supply has been projected to remain fairly constant, both up to 2011 and beyond, at just under 1,200 p.a. This compares with an average of 900 p.a. for 2001-5 as shown in table 3 of the Worcestershire County Council's advice to the Regional Planning Body in May 2006. The increase from 900 to 1,200 p.a. is largely due to the unusually low rate of completions in Worcester City in 2001-5, which was just over 200 p.a., or about half the rate projected for 2005/11. However, that increase is unlikely to be sustained, let alone increased as projected, as that same advice pointed out that total urban capacity beyond 2011 was only 1,000, while infrastructure constraints meant additional sites could not come forward until after 2015.
- 10.1.9 It therefore seems inevitable that new housing supply in Worcester will fall back to an average of around 200 p.a. for the period 2011/16, and that the total for South Worcestershire will therefore revert to the 2001/5 average of around 900 p.a. Even if 40% of that reduced total were to be affordable, the projected post 2011 increase from 280 to 475 p.a. as shown in table 34 would be substantially reduced – 40% of 900 = 360. At 30%, there would be no increase at all: 30% of 900 = 270, just below the 280 projected for 2005/11.

- 10.1.10 Quite apart from this constraint on the overall level of housing supply, the type of housing that can be delivered – both market and affordable - is also constrained by the nature of the sites that will be available:
- 10.1.11 Most sites that have been identified will be suitable for flats only, with the only exceptions being the North Site in Malvern (upwards of 500 dwellings) the Badsey Road and Coopers Lane sites in Evesham (around 350 dwellings), and some re-development of RSL housing in Worcester City, which will all be predominantly for family housing.
- 10.1.12 The total projected new housing supply, post 2011 as set out in Table 35, will be distributed across the local housing market areas as shown below, and Table 36 provides the basis for comparing this with the completions that can be assumed up to 2011 from the present housing land supply figures:

Table 36: New Housing Supply 2005/11 and post 2011 – by Local Housing Market Area

Local Housing Market Area	Annual Ave. Housing Completions for 2005/11			Annual Ave. for Post 2011 - (40% affordable)		
	Total	Market	Affordable	Total	Market	Affordable
Malvern	230	170	60	Distribution between Local Housing Market Areas to be determined through the LDF process in each District, in accordance with their Joint Core Strategy.		
Malvern – Worcester.	45	30	15			
Tenbury/Stourport	15	10	5			
Droitwich	120	85	35			
Evesham	200	140	60			
Pershore	60	40	20			
Wychavon - Worcester	90	65	25			
Worcester City Total	407	347	60			
Worcester Housing Mkt	542	442	100			
South Worcs	1,167	887	280	1,188	713	475

10.2 Affordable Housing – Supply

- 10.2.1 Although the distribution of the existing social housing stock was examined in section 7.3, there is considerable variation in the rate at which this supply becomes available for re-letting, so there are two measures of supply – the longer term potential for re-use of the existing stock, and the short term actual rate of vacancies that are being created. In the longer term, this rate may vary, as the demographic profile of the occupiers change, or as allocation policies change and new supply becomes available, but in the short term it is the number of re-lets, rather than the amount of stock, that is the key to identifying the level of supply that is available for meeting need, as one's year's supply is likely to be similar to the immediately preceding year's.
- 10.2.2 Table 37 below takes the number of re-lets to new tenants in 2005/6 for each property type in area of each district, and divides this into the total stock number for that property type in the same area, to give a % turnover rate of properties available to letting to new tenants. Lettings to transferring tenants are excluded, as these lettings do not reflect supply that is available to meet the needs of new applicants.

Table 37: Social Housing Re-Lets by Local Housing Market Area

(Number of re-lets for 2005/6, and re-lets as % of stock number – i.e. turnover rate.)

	1 bed		2 bed flats		2 bed other		3 bed		4 bed		Total No.
	No.	%	No.	%	No.	%	No.	%	No.	%	
Droitwich	88	10%	33	8%	21	5%	19	2%	2	2%	163
Worcester	12	9%	3	4%	6	4%	7	3%	0	0%	28
Pershore	33	11%	6	17%	9	4%	11	4%	0	0%	59
Evesham	100	10%	24	11%	14	2%	33	3%	1	4%	172
Wychavon District	233	10%	66	9%	50	3%	70	3%	3	2%	422
Worcester	25	10%	14	11%	12	6%	4	2%	0	0%	55
Tenbury/Stpt	4	5%	3	6%	6	6%	6	4%	0	0%	19
Malvern	99	10%	49	9%	17	4%	16	2%	1	2%	182
Malvern Hills Dist.	128	10%	66	9%	35	5%	26	2%	1	2%	256
North	9	12%	1	3%	3	4%	3	2%	0	0%	12 ¹
North East	119	11%	56	11%	19	5%	33	2%	1	1%	171 ¹
East	0	N/A	0	N/A	4	6%	5	6%	1	8%	8 ¹
Central	39	10%	17	10%	4	10%	2	4%	1	8%	47 ¹
South	1	25%	3	87%	0	N/A	0	N/A	0	0%	3 ¹
West	57	13%	10	7%	4	2%	11	2%	0	0%	61 ¹
Worcester City¹	225	11%	87	9%	34	4%	54	2%	3	3%	302¹
Worcester Housing Market¹	262	11%	104	9%	52	5%	65	2%	3	2%	393¹
South Worcs.	586		219		119		150		7		1,081

¹ It has not been possible to distinguish between re-lets to new and to transferring tenants with respect to lettings from the largest RSL in Worcester City, other than to establish that a total of 303 lettings were made to new tenants, so the figures for individual property types are overstated by exactly 100, while the numbers in the total column have been adjusted to reflect the true position.

- 10.2.3 On average, 11% of all **1 bedroom** properties become available in a single year – which means the average length of a tenancy is about 9 years. The position is similar for **2 bedroom flats**, with an average of 11 years.
- 10.2.4 For family houses, the turnover rates are very different: 2 bedroom houses have a turnover rate of just 5% - which means the average length of a tenancy is 20 years, which is twice as long as for flats.
- 10.2.5 For 3 and 4 bedroom houses the rate is only 2.3%, which would indicate an average tenancy of 43 years. This would suggest that most tenants stay in the same property for the whole of their adult life, or that as many are handing on the tenancy to their dependents as are moving into the private sector.
- 10.2.6 Not enough is known about the demographic profile of tenants to be able to predict the future rate of turnover, and it would be useful if tenant surveys carried out for other purposes could be used to collect the sort of information that would enable such predictions to be made: The large size of the 3 bedroom stock – between 33% and 38% of the total in each district – compared with the very small level of re-lets (10-16% of the total), means there could potentially be the prospect of a higher level of re-lets being achieved in the future. However, in the absence of any evidence on which to

make such predictions it must be assumed that the present low level of turnover will be maintained.

- 10.2.7 There is, however, the possibility of turnover being increased through the production of new types of accommodation that will appeal to, and be accessible to, existing tenants. This might be a more cost effective and more deliverable alternative to new supply of large, expensive and heavily subsidised family accommodation.
- 10.2.8 One option would be forms of home ownership or private renting that, while more heavily subsidised than present models in order to bring it within reach of existing tenants, would nevertheless require less subsidy than new family rented housing.
- 10.2.9 Another option would be forms of elderly person accommodation that would appeal to under-occupiers of family accommodation. The location, size and design may need to differ from the present stock, but it could be both cheaper to produce and more easily accommodated in the type of high density brownfield developments that have become more prevalent than lower density greenfield ones.

10.3 Affordable Housing – Demand: Expressed as the Ratio of Current Need to Current Supply from Re-Lets

- 10.3.1 The housing waiting lists indicate the extent of unmet housing need that has been identified, and by comparing this with the level of annual supply from re-lets it is possible to show the relationship between need and supply as the nominal waiting time in years for any given property type and location. This allows the imbalance between demand and supply to be expressed in terms of the number of years that a new applicant could expect to wait if all the existing applicants were to be housed in advance at the current level of supply.
- 10.3.2 It has to be assumed that the present location of the waiting list applicant is the location in which housing is required. This will not be the case for all applicants, but the Lifestyle Surveys and records of new tenancies show that it will be for the great majority. Clearly it would be preferable if first preferences, supported by local connection qualifications where appropriate, could be used instead of present address, but at present this information is not generally available.
- 10.3.3 The property requirement in terms of bedroom size is deduced from the composition of the household – again in the absence of stated requirements. These will not necessarily be the absolute minimum space required to meet the government's bedroom standard, let alone the statutory definition of overcrowding, as these are short term measures that do not reflect actual letting practice that seek to create sustainable communities by making provision for household growth and meeting aspirations within reason.
- 10.3.4 This means that while a couple may be offered, and may accept, a single bedroom property, they are identified as needing a 2 bedroom one. A family with 2 children will be identified as needing a 3 bedroom property, as the children should not be expected to share a bedroom when they are over 10

years old (if different sex) or when one of them is over 16 (if same sex), although in reality they may be offered and accept a 2 bedroom property due to the extreme shortage of 3 bedroom re-lets.

10.3.5 Table 38 below takes the number of applicants for each property type in each area of each district, and divides this by the number of re-lets as shown in Table 37, to show the number of years that it would take to meet the needs of all current applicants at the present rate of re-lets.

10.3.6 Applicants from outside South Worcestershire are shown separately, and added into a combined total which also incorporates an adjustment to allow for the effect of meeting transfer requests as well as new applicants.

Table 38: Ratio of Applicants to Re-lets, by Area – Waiting Times

(Number of applicants in need, and number of years nominal waiting time based on the number of re-lets in the last year (2005/6). # indicates there were no lettings at all for that type, so the number of years cannot be stated.

	1 bed		2 bed flats		2 bed other		3 bed		4 bed		Total No.
	No.	Yrs	No.	Yrs	No.	Yrs	No.	Yrs	No.	Yrs	
Wychavon District											
Droitwich	156	1.8	76	2.3	39	1.9	78	4.1	20	10	369
Worcester	79	6.6	49	16	21	3.5	46	6.6	15	##	210
Pershore	81	2.5	44	7.3	26	2.9	40	3.6	10	##	201
Evesham	253	2.5	159	6.7	46	3.3	149	4.5	32	32	639
Other Areas	424		179		53		149		60		865
Total – Net of Transfers	939	4.0	464	7.0	168	3.4	533	7.6	180	60	2,284 (5.4)
Malvern Hills District											
Worcester	31	1.2	35	2.5	18	1.5	10	2.5	3	##	97
Tenbury/Stpt	4	1.0	18	6.0	5	0.8	0	0.0	1	##	28
Malvern	90	0.9	52	1.1	21	1.2	24	1.5	1	1.0	188
Other Areas	31		16		6		3		1		57
Total – Net of Transfers	142	1.1	128	1.9	36	1.0	47	1.8	17	17	370 (1.4)
Worcester City											
North	45	5.0	19	19	28	9.3	5	1.7	1	##	98
North East	41	0.3	69	1.2	102	5.4	34	1.0	5	5	251
East	10	##	16	##	15	3.8	8	1.6	0	0.0	49
Central	90	2.3	71	4.2	90	23	30	15	7	7.0	288
South	30	30	21	7.0	20	##	9	##	0	0.0	80
West	46	0.8	43	4.3	50	13	16	1.5	5	##	160
Other Areas	23		0		65		0		0		88
Total – Net of Transfers	262	1.2	239	2.7	305	9.0	102	1.9	18	6	1,014 (3.3)
Worcester Housing Mkt. (gross)	372	1.4	323	3.1	279	5.4	158	2.4	36	12	1,448 (3.7)
Within South Worcs (net)	865	1.4	637	2.9	385	7.4	530	3.5	154	22	2,658 (2.5)
Outside Sth. Worcs	478		195		124		152		61		1,010
Combined Total – Net	1,343	2.3	832	3.8	509	9.8	682	4.5	215	31	3,668 (3.4)

- 10.3.7 Table 38 shows, for example (using the top row), that if the 156 applicants who require 1 bedroom properties in the Droitwich area of Wychavon District are divided by the 88 re-lets for 1 bedroom properties in that area in 2005/6, (from Table 37), the result is 1.8. This means that all of those applicants could, in theory, be accommodated by the number of re-lets that occur in 1.8 years.
- 10.3.8 The higher the number in the 'Yrs' column, the greater is the length of time it would take to accommodate the need, and therefore the higher the demand for that category of property.
- 10.3.9 Taking the total number of applicants in need, as shown in the Combined Total on the bottom row – 3,668 - there is an average waiting time of 2.3 years for 1 bed properties, 3.8 years for 2 bedroom flats, 9.8 years for 2 bedroom houses, 4.5 years for 3 bedroom houses, and 31 years for 4 bedroom houses.
- 10.3.10 By excluding those 1,010 applicants whose address is outside the three districts of South Worcestershire, the number of applicants reduces to 2,658 and the waiting time drops fairly consistently across all property types.
- 10.3.11 Taking applicants from within the Worcester Housing Market on its own, the waiting times are fairly consistent with those for applicants from within the three districts of South Worcestershire – the slightly lower times for 3 and 4 bedroom house reflecting the fact that these are before taking account of the needs of transferring tenants, the majority of which are for larger properties.

The most striking feature of this analysis is the acute shortage of 4 bedroom properties in all areas, due to the almost complete lack of re-lets. This shortage is most acute in all of the Wychavon areas, where the number of applicants is much higher than anywhere else.

Wychavon also has a much greater shortage of 3 bedroom properties than elsewhere – most particularly so in the Worcester area – and a similar shortage of 2 bedroom flats in all areas apart from Droitwich.

Worcester City has a shortage of 2 bedroom houses that is even greater than its shortage of 4 bedroom houses – this is due to the combination of this property type representing only 12% of the social stock (compared with 18% in Malvern Hills and 23% in Wychavon) while applicants for 2 bedroom houses make up 30% of the total, compared with 10-13% in the other districts.

The mismatch between supply and demand in both Worcester City and the Worcester Local Housing Market exists across the whole range of family housing (2,3 and 4 bedroom houses) which accounts for less than ¼ of the supply from re-lets, but is required by almost half of all applicants in housing need, quite apart from those needing to transfer from flats to houses.

10.4 Affordable Housing – Demand: Flats and Houses

Table 39: Supply and Demand Comparison between Flats and Houses

(Flats and Houses shown as % of all social housing stock, their turnover (re-let) rate, and the length of time an applicant can expect to wait – based on the current number of new applicants in need, and the number of re-lets in the last year – 2005/6)

Sub Area	Flats		Houses		Applicants	
	Stock as % of total	Re-lets: % of all flats	Stock as % of total	Re-lets: % of all houses	years wait for flats	years wait for houses
Droitwich Area	47%	10%	53%	3%	1.9	3.3
Worcester Area	36%	8%	64%	4%	8.5	6.3
Pershore Area	40%	12%	60%	4%	3.2	3.8
Evesham Area	36%	11%	64%	2%	3.3	4.7
Wychavon District – Net of Transfers	41%	10%	59%	3%	4.7	7.2
Worcester Area	47%	12%	53%	4%	1.4	1.9
Tenbury/Stourport Area	32%	6%	68%	5%	3.1	0.5
Malvern Area	50%	10%	50%	3%	1.0	1.2
Malvern Hills District – Net of Transfers	48%	10%	52%	3%	1.3	1.5
City North	31%	9%	69%	2%	6.4	5.7
City North East	45%	11%	55%	3%	0.6	2.7
City East	7%	0%	93%	6%	##	2.3
City Central	84%	10%	16%	6%	2.9	18.1
City South	52%	9%	48%	0%	12.8	##
City West	47%	12%	53%	2%	1.3	4.7
Worcester City – Net of Transfers	48%	11%	52%	3%	1.6	4.7
South Worcs. only	45%	10%	55%	3%	1.9	3.9
Worcester Housing Market	47%	11%	53%	3%	1.9	4.5
Incl. applicants from outside South Worcs.					2.7	5.1

10.4.1 Table 39 shows that while the social housing stock is fairly evenly distributed between flats and houses, (between family and non-family properties) the turnover rate for flats is over three times higher – averaging over 10% p.a. compared with 3%. Although there are more applicants for flats than houses, waiting time for houses is almost twice as long.

10.4.2 This disparity is particularly acute in Worcester City, where applicants are more evenly divided, and as a consequence the waiting time for houses is almost three times as long as it is for flats – almost 5 years for houses and just over a year and half for flats. It does not, however apply to Malvern Hills District, where the waiting time is almost exactly the same for houses as for flats, and where there is actually a greater shortage and longer waiting time for flats in the Tenbury/Stourport area.

10.4.3 This reflects the general shortage of general need flats in rural areas, especially in new developments, where the absence of any new provision for single person households has been identified as a problem by some parishes, as it prevents rural communities maintaining a balanced community.

10.5 Housing Demand – The origins of existing households in need

10.5.1 As well as identifying the present address, and the property requirements of households in need of affordable housing, the waiting lists also identify the present tenure of most applicants. This is important as an indicator of the extent to which properties will be released for others to use, if and when the applicant is housed.

10.5.2 The present tenure falls into one of four main categories:

- Living with parents, other family or friends, so there would be no release of accommodation for use by others.
- Sharing, or living in an institution, which would release accommodation with only limited accessibility.
- Owner occupation, which would release accommodation that may well be unaffordable to newly forming households.
- Private renting, which is very likely to be affordable to other households in need.

Table 40: Tenure of Current Waiting List Applicants

Sub Area	Total	Parents/ Friends	Sharing/ Institution	Owner Occupied	Private Rented	Not known
Droitwich Area	369	207	22	31	84	25
Worcester Area	210	82	17	5	94	12
Pershore Area	201	98	8	17	71	7
Evesham Area	639	303	44	32	236	24
Other Areas	865	316	66	65	254	164
Wychavon District	2,284	1,006	157	150	739	232
Worcester Area	97	48	14	18	16	1
Tenbury/Stourport Area	28	11	4	4	9	0
Malvern Area	188	69	42	44	33	0
Other Areas	57	7	13	12	24	1
Malvern Hills District	370	135	73	78	82	2
City North	85	33	6	10	19	17
City North East	223	134	10	17	20	42
City East	36	19	1	1	11	4
City Central	268	107	8	17	76	60
City South	39	23	4	0	9	3
City West	124	73	8	8	21	14
Other parts of Worcester Housing Market Area	63	38	2	1	11	11
Other South Worcs	22	10	4	0	2	6
Outside South Worcs	182	80	13	15	15	59
Worcester City	1,042	517	56	69	184	216
Worcester Hsg Mkt	1,145	557	70	77	277	164
South Worcs only	2,592	1,255	194	205	712	226
Incl. Applicants from outside South Worcs.	3,696	1,658	286	297	1,005	450

- 10.5.3 Table 40 shows that about half of all applicants for affordable housing are **living with family or friends**, and this is fairly consistent across all areas, but reduces among applicants from outside South Worcestershire to about one third of the total.
- 10.5.4 **Private renters** are the next largest group, at about 27% of the total, but the proportion is much smaller in Droitwich and Malvern, and North East Worcester, where private rented property is scarcer and/or more expensive than elsewhere.
- 10.5.5 **Sharing** also represents a small proportion of the total, apart from Malvern where it is three times the average again. In Worcester the proportion is much lower than elsewhere.
- 10.5.6 **Owner Occupiers** represent less than 8% of the total, but much higher in the Malvern area than anywhere else – at almost three times that proportion. Almost all of these are elderly applicants, which suggests there is a need for forms of managed and/or partially subsidised accommodation for older people who have some equity but who are unable to meet their particular needs in the market place.
- 10.5.7 In Worcester the majority of owner occupiers on the waiting list are also **older persons**. Although the Wychavon list does not contain the necessary detail, the much larger number of owner occupiers (especially in Droitwich where the proportion is greatest) suggests that there will be a significant number there as well.

11. The Future Housing Market

11.1 While it is impossible to make confident predictions about the future of the housing market, it is possible to identify some factors that will have an influence on it, and it is of course important to consider whether the problems of inadequate supply of affordable and low cost market housing are likely to be ameliorated or exacerbated.

11.2 External factors

There are four main external influences on the future of the housing market:

11.2.1 **The national economy, and employment prospects:** These appear to be buoyant, with no threat of a downturn in economic growth or impending job losses, so continuation of the past strong demand for housing can be expected, including the growth in second homes.

11.2.2 **Migration pressures:** There is no indication of any change in the conditions which have led to the recent strong in-migration pressure from both north and south - the combination of high levels of international migration, increasing affluence and greater workplace mobility, and the lifestyle choices that lead families to prefer market towns and rural areas to urban areas.

11.2.3 **Demographic changes:** There is also no indication of any reversal of the trend for a continuing reduction in average household size and increase in household numbers, as a result of longer life expectancy and larger numbers of single person households, especially among the elderly.

11.2.4 **The cost of borrowing:** Although much higher transaction costs – especially stamp duty – have had no apparent effect on housing demand, there is a possibility that continued rises in interest rates will do so. However, this may simply shift demand from purchase to rent, rather than depress demand altogether, and where there is sufficient excess of demand over supply, this will merely filter out the weaker sections of demand rather than remove it altogether.

It is more likely that interest rate increases will force potential first time buyers out of the market, defer discretionary and trading up moves, and leave the market more open to both established and newly forming households displaced from more expensive parts of the country areas and/or using their greater purchasing power and mobility to exercise a preference for living in South Worcestershire.

11.3 Internal factors

The main effect on the market from internal factors will be changes to the supply of property from new development and conversions/improvements:

11.3.1 **Land for new housing development:** Section 10.1 above has described the preponderance of flats on new developments, apart from two major new sites

in Malvern and Evesham. In many cases these smaller units of accommodation are well above the lower quartile cost for their area, and do not provide an opportunity for most potential first time buyers. It has also described the limited future land supply in Worcester City which, far from being able to cater for growth pressures from across the sub region, will be unable to meet locally generated need either directly or indirectly.

- 11.3.2 **Conversions and improvements:** The combination of this restricted amount and range of supply, with the external demand pressures from in-migration, are likely to continue the trend towards 'gentrification' of areas that have previously provided low cost accommodation, but which are sufficiently well located to be attractive to existing households and the higher paid first time buyers, who will be able to outbid those newly forming households who might have expected to be able to enter the market in these areas.

12. The Amount, Type and Distribution of Affordable Housing Required

- 12.1 The Strategic Housing Market Assessment for the South Housing Market Area established the amount of affordable housing that will be required to meet the combined needs of existing and newly forming households, expressed in terms of different costs, and therefore tenures, as a series of annual shortfalls for each District and Local Housing Market Area.

Tables 41-43 below reproduce the District based tables from that report:

Table 41 - Annual Housing Need & Supply by Tenure – Malvern Hills

Malvern Hills District	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction	0	0	0	12	25	37
Newly Forming	166	107	55	6	246	580
Falling Into Need	0	0	0	24	48	72
Annual Gross Need	166	107	55	42	319	689
Re-sales at Lower Quartile	297	0	0	0	0	297
Social Re-lets	0	0	0	0	280	280
From Falling into Need	Included in re-sales	48	0	0	0	48
From B/log Reduction (Total of 66 from waiting list x 10%)		7	0	0	0	7
Total Supply: Existing Stock	297	55	0	0	280	632
Annual Shortfall or (Surplus)	(131)	52	55³	42	39	57
Annual Need: Subsidised Affordable Housing					81	
Annual New Supply: 2006/11	210			80	290	
Annual New Supply: post 2011	151			101 (at 40%)	252	

Table 42 - Annual Housing Need & Supply by Tenure – Wychavon

Wychavon District	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction	0	0	0	76	152	228
Newly Forming	365	102	94	60	346	967
Falling Into Need	0	0	0	43	87	130
Annual Gross Need	365	102	94	179	585	1325
Lower Quartile Re-sales	506	0	0	0	0	506
Social Re-lets	0	0	0	0	401	401
From Falling into Need	Included in re-sales	87	0	0	0	87
From B/log Reduction (Total of 570 from waiting list x 10%)		57	0	0	0	57
Total Supply: Existing Stock	506	144	0	0	401	1051
Annual Shortfall or (Surplus)	(141)	(42)	94³	179	184	274
Annual Need: Subsidised Affordable Housing					363	
Annual New Supply: 2006/11	330			140	470	
Annual New Supply: post 2011	278			186 (at 40%)	464	

Table 43 - Annual Housing Need & Supply by Tenure – Worcester City

Worcester City	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction	0	0	0	34	67	101
Newly Forming	303	53	75	71	275	777
Falling Into Need	0	0	0	85	171	256
Annual Gross Need	303	53	75	190	513	1134
Lower Quartile Re-sales	517	0	0	0	0	517
Social Re-lets	0	0	0	0	303	303
From Falling into Need	Included in re sales	171	0	0	0	171
From B/log Reduction (Total of 171 from waiting list x 10%)		17	0	0	0	17
Total Supply: Existing Stock	517	188	0	0	303	1008
Annual Shortfall or (Surplus)	(214)	(135)	75³	190	210	126
Annual Need: Subsidised Affordable Housing				400		
Annual New Supply: 2006/11	347			60		407
Annual New Supply: post 2011	282			188 (at 40%)		470

12.2 Converting District-level figures to Local Housing Market Areas

12.2.1 The District figures have been broken down further, on the basis of the local housing market areas within each District, by apportioning the different elements of need and supply in accordance with a number of the tables provided in this report. In doing so, it has been necessary to make some quite important assumptions:

- **Backlog Reduction**, relating to need from, outside the area, has been allocated to the main towns in each district – Droitwich, Pershore, Evesham, Malvern and Worcester – rather than distributed on some arbitrary basis among all of the areas. If this results in an over statement of need in these areas, it will offset any counter effect in the treatment of newly arising need as referred to in the paragraph below.
- **Newly Forming**, for which information is available only at District level, has been apportioned in accordance with the distribution of the population in the 15-24 age group as recorded in the 2001 Census, (which will now be the 21-30 age group). This may tend to over-state need to a small extent in the more rural areas, if there is a tendency for a higher proportion of newly forming households to seek accommodation in urban areas.
- **Falling into Need**, has been identified through the same detailed analysis of the 2005/6 figures that were used in the sub-regional assessment, using the current address of each homeless applicant to distribute these between the different sub areas. Initial indications are

that the 2006/7 figures will be significantly lower, reflecting considerable additional resources which have been employed by each district in seeking to prevent homelessness from occurring where possible. Monitoring will show the extent to which this is a permanent reduction that reduces the future level of need, and the extent to which it reflects a 'revolving door' situation that merely delays the inevitable.

- **New Supply** has been taken from Table 36, which apportions the district totals between the different areas. This may not be completely accurate, as it makes assumptions about small windfall sites, but it is largely based on identified and allocated sites up to 2011. Post 2011 the distribution will be determined through the allocation of sites and estimates of windfall and exception sites through the LDF process in each district.

12.2.2 Table 44 below shows how the district figures shown above, together with a number of tables in this report, are used to arrive at a more local assessment of the need for additional affordable housing, based the different Areas within each district. There may be a number of reasons why it is not practical, or desirable, to seek to distribute new supply exactly on this basis, but it provides an important consideration that should influence the selection of the location for new housing supply and the tenure proportions that would be appropriate in each Area.

Table 44: Methodology for distributing District figures on housing need and supply, and annual affordable housing shortfalls, by Area.

Backlog Reduction	Table 38 – Total Number of Housing Waiting List Applicants in the end column, x 10%					
Newly Forming	District totals x % shown in middle column of table 19 – distribution of 15-24 age group in 2001 Census					
Falling Into Need	Table 8 – Homeless Applications – Excluding categories that might represent newly forming					
Annual Gross Need	Sum of three rows above					
Re-sales at Lower Quartile	Tables 29-31					
Social Re-lets	Table 37					
From Falling into Need	Included in re-sales	Table 8	0	0	0	Table 8
From B/log Reduction (10% of those who are currently in private rented)		Table 40	0	0	0	Table 40
Total Supply: Existing Stock	Sum of four rows above					
Annual Shortfall or (Surplus)	Annual Gross Need – Total Supply: Existing Stock					
Annual Need: Subsidised Affordable Housing					Sum of two cells above	
Annual New Supply 2006/11	Table 36					
Annual New Supply post 2011	Table 36 updated by LDF process					

NB: Working at this smaller geographic area inevitably throws up sharper variations than at district level, with some areas showing much larger shortfalls and others no shortfalls or even a small surplus. The should not be taken as an indication as to an absence of need to make further provision, as it may be that the area with no shortfall is the one area that is best able to compensate for the lack of opportunity to make sufficient provision in another area.

It should also be noted that the breakdown of households falling into need in each district has resulted in a lower total figure than that given in Table 33 of Appendix 8 of the South Housing Market Area Assessment. This reduces the gross need, and therefore the shortfall, figures – most notably reducing the shortfall in Worcester City from 400 to 223 p.a. – see summary at Table 58.

Table 45 - Annual Housing Need & Supply by Tenure – Worcester Area of Malvern Hills District

Worcester Area of Malvern Hills District	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	3	7	10
Newly Forming (23% of total: Table 19)	38	25	13	1	57	134
Falling Into Need (Table 8)	0	0	0	2	3	5
Annual Gross Need	38	25	13	6	67	149
Re-sales at Lower Quartile (Table 30)	71	0	0	0	0	71
Social Re-lets (Table 37)	0	0	0	0	55	55
From Falling into Need (Table 8)	Incl. in re-sales	3	0	0	0	3
From B/log Reduction (Table 40)		2	0	0	0	2
Total Supply: Existing Stock	71	5	0	0	55	131
Annual Shortfall or (Surplus)	(33)	20	13	6	12	18
Annual Need: Subsidised Affordable Housing					18	
Annual New Supply 2006/11 (Table 36)	30			15		45
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 46 - Annual Housing Need & Supply by Tenure – Tenbury/Stourport Area of Malvern Hills District

Tenbury/Stourport Area of Malvern Hills District	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	1	2	3
Newly Forming (11% of total: Table 19)	18	12	6	1	27	64
Falling Into Need (Table 8)	0	0	0	1	3	4
Annual Gross Need	18	12	6	3	32	71
Re-sales at Lower Quartile (Table 30)	25	0	0	0	0	25
Social Re-lets (Table 37)	0	0	0	0	19	19
From Falling into Need (Table 8)	Incl. in re-sales	3	0	0	0	3
From B/log Reduction (Table 40)		1	0	0	0	1
Total Supply: Existing Stock	25	4	0	0	19	48
Annual Shortfall or (Surplus)	(7)	8	6	3	13	23
Annual Need: Subsidised Affordable Housing					16	
Annual New Supply 2006/11 (Table 36)	10			5		15
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 47 - Annual Housing Need & Supply by Tenure – Malvern Area of Malvern Hills District

Malvern Area of Malvern Hills District	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	9	16	25
Newly Forming (66% of total: Table 19)	110	71	36	4	162	383
Falling Into Need (Table 8)	0	0	0	16	33	49
Annual Gross Need	110	71	36	29	211	457
Re-sales at Lower Quartile (Table 30)	200	0	0	0	0	200
Social Re-lets (Table 37)	0	0	0	0	182	182
From Falling into Need (Table 8)	Incl. in re-sales	33	0	0	0	33
From B/log Reduction (Table 40)		3	0	0	0	3
Total Supply: Existing Stock	200	36	0	0	182	418
Annual Shortfall or (Surplus)	(90)	35	36	29	29	39
Annual Need: Subsidised Affordable Housing				58		
Annual New Supply 2006/11 (Table 36)	170		60		230	
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 48 - Annual Housing Need & Supply by Tenure – Droitwich Area of Wychavon District

Droitwich Area of Wychavon District	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	22	45	67
Newly Forming (30% of total: Table 19)	110	31	28	18	104	291
Falling Into Need (Table 8)	0	0	0	9	19	28
Annual Gross Need	110	31	28	49	168	386
Re-sales at Lower Quartile (Table 29)	151	0	0	0	151	151
Social Re-lets (Table 37)	0	0	0	0	0	163
From Falling into Need (Table 8)	Incl. in re-sales	19	0	0	0	19
From B/log Reduction (Table 40)		8	0	0	0	8
Total Supply: Existing Stock	151	27	0	0	151	341
Annual Shortfall or (Surplus)	(41)	4	28	49	17	45
Annual Need: Subsidised Affordable Housing				66		
Annual New Supply 2006/11 (Table 36)	85		35		120	
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 49 - Annual Housing Need & Supply by Tenure – Worcester Area of Wychavon District

Worcester Area of Wychavon District	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	7	14	21
Newly Forming (13% of total: Table 19)	47	13	12	8	45	125
Falling Into Need (Table 8)	0	0	0	3	7	10
Annual Gross Need	47	13	12	18	66	156
Re-sales at Lower Quartile (Table 29)	71	0	0	0	0	71
Social Re-lets (Table 37)	0	0	0	0	28	28
From Falling into Need (Table 8)	Incl. in re-sales	7	0	0	0	7
From B/log Reduction (Table 40)		9	0	0	0	9
Total Supply: Existing Stock	71	16	0	0	28	115
Annual Shortfall or (Surplus)	(24)	(3)	12	18	38	41
Annual Need: Subsidised Affordable Housing					56	
Annual New Supply 2006/11 (Table 36)	65		25		90	
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 50 - Annual Housing Need & Supply by Tenure – Pershore Area of Wychavon District

Pershore Area of Wychavon District	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	11	22	33
Newly Forming (11% of total: Table 19)	40	11	10	7	38	106
Falling Into Need (Table 8)	0	0	0	1	3	4
Annual Gross Need	40	11	10	19	63	143
Re-sales at Lower Quartile (Table 29)	53	0	0	0	0	53
Social Re-lets (Table 37)	0	0	0	0	59	59
From Falling into Need (Table 8)	Incl. in re-sales	3	0	0	0	3
From B/log Reduction (Table 40)		7	0	0	0	7
Total Supply: Existing Stock	53	10	0	0	59	122
Annual Shortfall or (Surplus)	(13)	1	10	19	4	21
Annual Need: Subsidised Affordable Housing					23	
Annual New Supply 2006/11 (Table 36)	40		20		60	
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 51 - Annual Housing Need & Supply by Tenure – Evesham Area of Wychavon District

Evesham Area of Wychavon District	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	35	72	107
Newly Forming (46% of total: Table 19)	168	47	43	28	159	445
Falling Into Need (Table 8)	0	0	0	8	17	25
Annual Gross Need	168	47	43	71	248	577
Re-sales at Lower Quartile (Table 29)	229	0	0	0	0	229
Social Re-lets (Table 37)	0	0	0	0	172	172
From Falling into Need (Table 8)	Incl. in re-sales	17	0	0	0	17
From B/log Reduction (Table 40)		11	0	0	0	11
Total Supply: Existing Stock	229	28	0	0	172	429
Annual Shortfall or (Surplus)	(61)	19	43	71	76	148
Annual Need: Subsidised Affordable Housing				147		
Annual New Supply 2006/11 (Table 36)	140		60		200	
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 52 - Annual Housing Need & Supply by Tenure – North Area of Worcester City

North Area of Worcester City	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	3	7	10
Newly Forming (11% of total: Table 19)	33	6	8	8	30	85
Falling Into Need (Table 8)	0	0	0	1	2	3
Annual Gross Need	33	6	8	12	39	98
Re-sales at Lower Quartile (Table 31)	62	0	0	0	0	62
Social Re-lets (Table 37)	0	0	0	0	12	12
From Falling into Need (Table 8)	Incl. in re-sales	2	0	0	0	2
From B/log Reduction (Table 40)		2	0	0	0	2
Total Supply: Existing Stock	62	4	0	0	12	78
Annual Shortfall or (Surplus)	29	2	8	12	27	20
Annual Need: Subsidised Affordable Housing				39		
Annual New Supply 2006/11 (Table 36)	Separate figures not available for sub-areas					
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 53 - Annual Housing Need & Supply by Tenure – North East Area of Worcester City

North East Area of Worcester City	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	10	20	30
Newly Forming (27% of total: Table 19)	82	14	20	19	74	209
Falling Into Need (Table 8)	0	0	0	8	15	23
Annual Gross Need	82	14	20	37	109	262
Re-sales at Lower Quartile (Table 31)	69	0	0	0	0	69
Social Re-lets (Table 37)	0	0	0	0	171	171
From Falling into Need (Table 8)	Incl. in re-sales	15	0	0	0	15
From B/log Reduction (Table 40)		3	0	0	0	3
Total Supply: Existing Stock	69	18	0	0	171	258
Annual Shortfall or (Surplus)	13	(4)	20	37	(62)	4
Annual Need: Subsidised Affordable Housing					(25)	
Annual New Supply 2006/11 (Table 36)	Separate figures not available for sub-areas					
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 54 - Annual Housing Need & Supply by Tenure – East Area of Worcester City

East Area of Worcester City	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	2	3	5
Newly Forming (1% of total: Table 19)	3	1	1	1	3	8
Falling Into Need (Table 8)	0	0	0	0	0	0
Annual Gross Need	3	1	1	3	6	13
Re-sales at Lower Quartile (Table 31)	81	0	0	0	0	81
Social Re-lets (Table 37)	0	0	0	0	8	8
From Falling into Need (Table 8)	Incl. in re-sales	0	0	0	0	0
From B/log Reduction (Table 40)		1	0	0	0	1
Total Supply: Existing Stock	81	1	0	0	8	90
Annual Shortfall or (Surplus)	(78)	0	1	3	(2)	(77)
Annual Need: Subsidised Affordable Housing					1	
Annual New Supply 2006/11 (Table 36)	Separate figures not available for sub-areas					
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 55 - Annual Housing Need & Supply by Tenure – Central Area of Worcester City

Central Area of Worcester City	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	10	20	30
Newly Forming (23% of total: Table 19)	70	12	17	16	63	178
Falling Into Need (Table 8)	0	0	0	11	23	34
Annual Gross Need	70	12	17	37	106	242
Re-sales at Lower Quartile (Table 31)	127	0	0	0	0	127
Social Re-lets (Table 37)	0	0	0	0	47	47
From Falling into Need (Table 8)	Incl. in re-sales	23	0	0	0	23
From B/log Reduction (Table 40)		9	0	0	0	9
Total Supply: Existing Stock	127	32	0	0	47	206
Annual Shortfall or (Surplus)	(57)	(20)	17	37	59	36
Annual Need: Subsidised Affordable Housing				96		
Annual New Supply 2006/11 (Table 36)	Separate figures not available for sub-areas					
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 56 - Annual Housing Need & Supply by Tenure – South Area of Worcester City

South Area of Worcester City	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	3	5	8
Newly Forming (9% of total: Table 19)	27	5	7	6	25	70
Falling Into Need (Table 8)	0	0	0	2	4	6
Annual Gross Need	27	5	7	11	34	84
Re-sales at Lower Quartile (Table 31)	57	0	0	0	0	57
Social Re-lets (Table 37)	0	0	0	0	3	3
From Falling into Need (Table 8)	Incl. in re-sales	4	0	0	0	4
From B/log Reduction (Table 40)		1	0	0	0	1
Total Supply: Existing Stock	57	5	0	0	3	65
Annual Shortfall or (Surplus)	(30)	0	7	11	31	17
Annual Need: Subsidised Affordable Housing				42		
Annual New Supply 2006/11 (Table 36)	Separate figures not available for sub-areas					
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 57 - Annual Housing Need & Supply by Tenure – West Area of Worcester City

West Area of Worcester City	Buy 100%	Private Rent	Buy 75%	Buy 50%	Social Rent	Total
Backlog Reduction at 10% (Table 38)	0	0	0	6	11	17
Newly Forming (29% of total: Table 19)	88	15	22	21	80	226
Falling Into Need (Table 8)	0	0	0	4	8	12
Annual Gross Need	88	15	22	31	99	255
Re-sales at Lower Quartile (Table 31)	90	0	0	0	0	90
Social Re-lets (Table 37)	0	0	0	0	61	61
From Falling into Need (Table 8)	Incl. in re-sales	8	0	0	0	8
From B/log Reduction (Table 40)		3	0	0	0	3
Total Supply: Existing Stock	90	11	0	0	61	162
Annual Shortfall or (Surplus)	(2)	4	22	31	38	93
Annual Need: Subsidised Affordable Housing					69	
Annual New Supply 2006/11 (Table 36)	Separate figures not available for sub-areas					
Annual New Supply post 2011 (Table 36)	To be determined through LDF process					

Table 58 – Summary of Shortfall in Affordable Housing Supply

Annual Requirements for each local housing market area:	Buy at 75% of Lower Quartile	Buy at 50% of Lower Quartile	Social Rent	Total Annual Affordable Requirement (excl.75%LQ)	Annual Affordable Supply
Malvern–Worcester	13	6	12	18	15
Tenbury/Stourport	6	3	13	16	5
Malvern	36	29	29	58	60
Malvern Hills District	55	38	54	92	80
Droitwich	28	49	17	66	35
Wychavon-Worcester	12	18	38	56	25
Pershore	10	19	4	23	20
Evesham	43	71	76	147	60
Wychavon District	93	157	135	292	140
City North	8	12	27	39	N/A
City North East	20	37	(62)	(25)	N/A
City East	1	3	(2)	1	N/A
City Central	17	37	59	96	N/A
City South	7	11	31	42	N/A
City West	22	31	38	69	N/A
Worcester City	75	131	91	222	60
Worcester Housing Market	100	155	141	296	100
South Worcestershire	223	326	280	606	280

13. Minority and Hard to Reach Groups

13.1 Ethnic Minorities

13.1.1 The nature of minority and hard to reach groups will be different in different areas, and in many urban situations there will be significant ethnic population groups which have different types of housing need, and different levels of access to suitable housing, often occupying distinct neighbourhoods which exhibit different characteristics to the rest of the town or city. The ethnic minority populations of South Worcestershire, however, appear to be sufficiently diverse and dispersed for there not to be any such examples of distinct or segregated housing need.

13.1.2 While studies into the housing needs of ethnic minorities which have been carried out by RSLs have identified the need for more pro-active monitoring of accessibility to appropriate housing, they have not produced evidence of bias or discrimination that puts any ethnic minority group at a disadvantage to the rest of the population that can be identified as a requirement for specific supply requirements.

13.1.3 The needs of **Gypsies and Travellers** is the subject of a separate on-going study, as required under government circular 1/06, in order to establish the level of site provision that should be made in Local Development Documents. This separate assessment will also identify any unmet needs for traditional housing from this group, so the findings will need to be cross referenced with this study in due course.

13.2 People with Disabilities - General

13.2.1 There has been very little detailed research into the housing needs of the various groups that have some form of physical or mental disability, with the result that specific actions to assist these groups tend to be either:

- Specific scheme based or service delivery initiatives through Supporting People, as a result of needs identified through existing contacts and referrals, (including disabled facility grants), or
- Broad and entirely untargeted changes to building regulations and planning policies with the intention of improving accessibility to all, or an arbitrary percentage of, new, converted or improved properties.

13.3 People with Learning Disabilities

13.3.1 The one notable exception to this was a survey into the future housing needs of people with Learning Disabilities, carried out by Worcestershire County Council in September 2005. 48% of the county's population of 1,900 people with severe learning disabilities were surveyed, and of these just over 200 indicated that they might like to change how they live. Most of these respondents sought a greater degree of independence, albeit within an environment in which they could receive varying degrees of support. About a quarter wanted to live within another family, and just over 10% needed to live in residential care, but the predominant requirement was for shared living on a small scale that enabled mutual support as well as external support.

13.3.2 Most striking was the locational preferences: Although the total population of South Worcestershire is only slightly more than 50% of the county's total, 70% of those expressing a preference for a specific location chose South Worcestershire – 29% in Worcester City, 21% in Wychavon District, and 20% in Malvern Hills District.

13.2.3 There is a clear indication from this survey of a need for small shared homes for people with learning disabilities in each of the Districts. In Wychavon, over half of the preferences were for Evesham, with much smaller proportions for Droitwich and Pershore. Shared ownership was seen as an option for some.

13.4 People with Physical Disabilities

13.4.1 The main indicator of the level of needs of people with physical disabilities for in-situ adaptations is the demand for Disability Facilities Grants, which are required to be supported by an objective assessment of the individual's needs by an occupational therapist. However, the level of grant aid available is very limited, and there is no way of measuring the extent of unmet need, as demand is effectively controlled by budgetary restrictions. If more older people are to be assisted in staying in their own properties for longer, the demand for some form of financial assistance will undoubtedly continue to increase. This may well require a new approach, such as equity loans, if grant funding cannot be increased.

13.4.2 The limited research that has been carried out, focussing on the needs of people with 'Acquired Brain Injury', identifies the priority as being 'move-on' accommodation. This is consistent with the general view that the provision of specialist schemes for all forms of supported housing is not sufficiently linked to appropriate forms of accommodation with less intensive support that enables people to move on and release accommodation for others. This in turn is a reflection of the shortage of mainstream affordable housing that makes it harder to allocate any of it to people already adequately housed, which then results in other people, quite possibly with acute needs, being denied the appropriate accommodation.

13.4.3 The County wide research into the needs of under 65's with physical disabilities and sensory impairment identified a particular need for temporary wheelchair accommodation, and for 2 bedroom properties to accommodate a live-in carer. It also identified a need to encourage registration, even if there was little prospect of being allocated anything, as there was clearly a significant amount of un-registered need which did not help in making the case for additional resources.

13.5 Older People

13.5.1 The County has recently adopted 'An Older People's Strategy', which identifies the very high proportion of the over 65 age group who have a debilitating illness that restricts their daily activities.

13.5.2 The Strategy quotes a recent survey in South Gloucestershire in which a similarly high proportion of 71% of respondents indicated a preference for support to stay at home, compared with only 27% with a preference for a

Care Home. The most important factors in deciding where to live were location, a safe environment and affordable accommodation with support at hand.

- 13.5.3 One of the main aims of the Worcestershire Older People's Strategy is to change the concentration of resources from the provision of acute care to broader community based support and assistance. This is based on the calculation that a modest 10% increase in home care would significantly reduce the increase in demand for residential care, while also responding to the increases in expectations and wealth, and the reductions in the level of care provided by neighbours and family.
- 13.5.4 This approach is also backed up by the South Gloucestershire survey which found that two thirds of people recently admitted to care homes could have benefited from Extra Care provision, and the Audit Commission's recent judgement about hospital and care home admissions being driven by the level of prevention and intermediate care.
- 13.5.5 Diversion of resources to greater support and assistance will also help to meet the Strategy's objective of preventing enforced moves from rural to urban areas, and goes together with assisting people to move to more suitable accommodation within their own locality. It must be acknowledged, however, that this could conflict with the pressure to concentrate service delivery and provision in "more sustainable" locations, which is a centralising rather than dispersing approach.
- 13.5.6 Other considerations must be the need to make better use of the housing stock, by freeing up larger family homes for those who need them but cannot access them, and by targeting the provision of new higher density and smaller units on those who are under-occupying larger existing ones.
- 13.5.7 At present, the only planning policy that is seeking to address this issue is the attempt to ensure that a proportion of all housing (and all new social housing) meets Lifetime Homes standards that will allow people to stay in their homes when their mobility becomes impaired. This blanket approach, while making a very small but useful contribution, does not, however address the main issues:
- How can the needs of the existing older population be met without encouraging yet higher levels of in-migration of older people who are already attracted to the area?
 - How can those needs also be met in a way that contributes to mixed and balanced communities rather through segregation by way of institutions or remotely located retirement enclaves?
- 13.5.8 It is clear from this study that there is an urgent need to make better provision for the needs of older people, especially if the needs of new and growing households can also be met as a consequence. It should not need to be concentrated in the identified growth points, but integrated with all the existing communities, and targeted at (or even restricted to?) the existing population with a range of tenure options.

14. Rural Areas

14.1 Background

14.1.1 There are a number of reasons why the housing needs of rural areas should be considered as a separate issue: Both Housing and Planning policy, at national, regional and local levels, require that rural needs are not overlooked within the context of a general presumption that most development should take place on brownfield land, close to public transport networks and other facilities, and assist in regeneration of urban areas and provision of services in a more concentrated and economic scale. All these presumptions would place the needs of rural communities at the bottom of the list unless given separate consideration.

14.1.2 Nevertheless, to avoid a direct conflict with these main strands of housing and planning policy, there has to be a clear distinction made between the aspirations of many people to live in a rural environment and the needs of rural communities to achieve a balanced population and a sustainable level of services and employment. Successive reports from the Countryside Commission and its predecessor agencies have highlighted the changes that have taken place in rural areas, with the loss of traditional agricultural employment and many services and facilities, and the increase in long distance commuters, the retired and second home owners. In particular, affordability problems have been created by high house prices in areas where most local employment is at well below average earnings.

14.1.3 For some 15 years there has been a provision within planning policy for Exceptions Sites that allows affordable housing to be provided in areas where housing development would not otherwise be permitted. There are strict conditions to ensure that there is both clear evidence of need and secure arrangements for the properties to be occupied in perpetuity only by households with strong local connections. In order to comply with the evidence requirement it has been the general practice to carry out a postal survey of all households in a single parish, or group of parishes, before attempting to identify a suitable site and agree purchase terms, and then seeking planning consent and grant funding. The whole process can often take several years, with a high failure rate and a considerable amount of effort in relation to the outcomes.

14.2 The Current Policy Situation

14.2.1 Recent changes to that policy means that local authorities are now able to allocate sites for this purpose, rather than having to respond to initiatives taken by individual parishes assisted by the Rural Housing Enabler in each county. Potentially, this could simplify and accelerate the process, but it brings its own problem of how to prioritise locations on the basis of a more comprehensive assessment of need. This problem has been overcome by the completion of a survey of village facilities and services which ranks all villages in both Malvern Hills and Wychavon Districts, providing a sound basis for determining those villages for which the allocation of sites should be a priority, and those where a site would be appropriate if there was a local initiative to identify one.

14.3 Recent Survey Evidence

14.3.1 Ideally, this report would provide an overall framework of rural needs evidence that would assist local authorities in this process. There have been very many Parish Needs Surveys carried out over the last 5 years in South Worcestershire, covering most of the larger villages and a number of smaller ones. Unfortunately, this has not been possible, as quite apart from some variations in the survey approach (which makes it impossible to aggregate the results), each one has quite understandably been focussed on the individual parish in isolation, rather than as part of an attempt to build up a comprehensive and comparative picture of need.

14.3.2 However, following analysis of the reports published on all of the Parishes that have been surveyed across South Worcestershire, and from discussions with the county Rural Housing Enabler, there are a number of features that emerge which should inform rural policy:

- In every parish surveyed, there was an indication of unmet local housing need, and a clear majority support for an affordable housing scheme: The proportion of respondents indicating a housing need, now or in the near future, was never less than 10% and often 15% or more, while the level of support was often 75% or more of the numbers responding.
- The number of respondents seeking, and apparently able to afford, some form of low cost or subsidised home ownership was slightly greater than the number for whom social renting seemed to be the appropriate tenure. Overall, this amounted to 50:50, but with considerable variations.
- Within the numbers seeking home ownership there is a wide range of incomes – for some households the current forms of shared ownership provision are too expensive, while for others a relatively small discount to market value, (say 20%) combined with a local occupancy restriction, would be appropriate.
- Less than 1 in 5 of those indicating a housing need were registered on a local authority or housing association waiting list, and even for those seeking social rented accommodation only about half were registered. (This is not particularly surprising in view of the very few properties becoming available for re-let, and the general policy of allocating them according to need rather than strength of local connection.)
- A quarter of those indicating a housing need were seeking bungalow or sheltered accommodation, with no difference between tenures.
- Over half indicated a need for 1 or 2 bedroom accommodation, with very small numbers having a need for 3 or 4 bedroom accommodation – but that could change over time, and in this type of situation it is important to take a long term view as the scope for moving on to larger accommodation would be very limited. However, there is concern that single person households are not provided for, despite the fact that this could be a cause of the loss of young people from rural areas and a factor in the difficulty that local employers face in recruiting and retaining staff.

- There is considerable frustration by all the parties concerned with the present system by which exceptions sites are brought forward: in particular with the length of time and amount of effort required for very small achievements, and with the very limited numbers that are achieved in relation to the amount of housing need that is identified.

It would seem inevitable that, apart from the very smallest settlements, any village will have a need for some form of affordable accommodation for local people – ranging from one or two pairs of semi-detached properties to small estates of a dozen or so properties.

In the larger and better serviced villages, the level of need will probably require a phased development of more than one site, to provide the full range of house types and tenures.

14.4 Conclusion:

- 14.4.1 There is clearly scope for reviewing the way that rural housing needs are assessed, to ensure a more comprehensive, comparative and consistent picture is obtained. This need not involve surveying every parish, as a mapping exercise would enable parishes to be categorised by population profile, level of services, and distance from urban centres and market towns. Surveys could then be targeted at a small number of examples in each category, and the results for the rest extrapolated from those.
- 14.4.2 However, even without having to take this approach, there is ample evidence that a substantial amount of the unmet housing need identified in previous chapters could be appropriately met by taking advantage of the opportunity to allocate sites in all villages where there is a certain level of existing facilities – with particular emphasis on those where the retention and improvement of facilities might be assisted by this type of development.
- 14.4.3 The amount of affordable housing for meeting local needs that could be accommodated in rural areas will have to be established as part of the LDF process that identifies the capacity and sustainability of settlements. The availability of suitable sites is unlikely to be a significant constraint, as long as the process establishes the strict limitations on open market development, and the strict eligibility criteria for occupation of the properties in perpetuity. These are the two issues that most frequently inhibit the availability of sites, as a result of unrealistic expectations as to future value and concern as to the proper allocation of the properties in the long term, but there is no reason why both these issues should not be overcome through clear communication.
- 14.4.4 The exact nature of the development to be carried out would still need to be determined by a local survey, but this would be against the background of an agreed investment programme and an identified site, rather than in reverse order as at present. This should ensure a far more efficient delivery outcome, as well as one that was planned rather than haphazard.

There is now much greater scope for the planned delivery of affordable housing in rural areas – by using the new powers to allocate Exceptions Sites, in conjunction with the robust assessment of the relative sustainability of all villages across both the rural districts, to prioritise these for investment, and to ensure that the necessary surveys are carried out in a timely and consistent way so as to maximise the proportion of the identified capacity that can be appropriately delivered.

15. Issues, Opportunities and Priorities

15.1 RSS Partial Review:

- 15.1.1 This is ongoing – and there will have been a further opportunity to make representations when the draft Preferred Option is published in July before it is signed off in October for submission to the Secretary of State.
- 15.1.2 This report shows that despite continuing in-migrant demand from the South East, as well as from the West Midlands conurbation, there is no prospect of any significant increase in the level of either market or affordable housing supply that will address the on-going shortfall and worsening affordability prospects for the local population.
- 15.1.3 The key issue here for the RSS must be the extent to which other parts of the sub-region and region will compensate for the combined impact of a) restrictions on housing supply that will affect all districts adjacent to South Worcestershire, and b) the inability of Worcester City to accommodate the level of growth that is planned for it. Without such compensation, there must be a strong case for finding a way of dispersing Worcester City's shortfall among the adjacent districts.

15.2 Investment Strategy:

- 15.2.1 In order to maximise the delivery of a wide range of affordable housing options across the three districts, and make better use of existing stock, funding should be targeted at schemes that will create beneficial 'knock on' effects' and where there is a prospect of increasing the overall proportion of housing that is affordable in the widest sense: For example:
- Using lower unit grant costs to obtain larger numbers of more affordable shared equity housing that will either release, or remove demand for, social rented housing.
 - Providing mixed (and flexible?) tenure schemes for older people that will release both rented and low cost family housing.
 - Re-designation and redevelopment of existing schemes for which there is low demand and/or development potential.
- 15.2.2 The level of public investment that can be expected in the foreseeable future will inevitably be inadequate to meet the level of housing needs identified. Indeed, the current indications are that funding in the short term will be reduced rather than increased – largely as a result of there not being sufficient schemes on which early delivery can be assured. This emphasises the need for making ambitious plans, well supported by evidence of both need and deliverability, rather than responding to, and being constrained by, the level of funding that is allocated on the basis of past performance.
- 15.2.3 The limitations of public investment also reinforces the need to raise funding from other sources – such as the capital contributions that can be raised by setting a nil threshold that are described in the next section.

15.3 Policy Measures:

15.3.1 A key finding of this study is that:

Even if 40% of the higher Option 3 numbers were delivered as affordable housing, with the Worcester City shortfall taken up by the other 2 districts, this would amount to 597 affordable dwellings p.a., or less than $\frac{3}{4}$ of the annual requirement. 40% of the Option 2 figure would amount to 475 p.a., of just over half of the requirement.

Together with the exceptional pressures of in-migration, from both the south-east and the conurbation, and the prospect of displaced demand and need from the adjacent areas of constraint, this provides a clear justification for all three districts to adopt the lowest thresholds and highest proportions for affordable housing on market schemes that would be realistic.

15.3.2 This will not be the same for all situations, but a lowest common denominator approach would be unlikely to produce any significant improvement on present delivery levels. A common policy approach would not necessarily result in identical targets in all situations, but the process by which targets were set could be the same for each district.

15.3.3 **Allocated sites could be assessed individually** to ensure that a challenging but achievable set of requirements are clearly set out in the relevant policies at the earliest opportunity in their formulation – before unrealistic expectations become entrenched in both the landowner's and the developer's minds, and in the agreements they enter into. Affordable housing proportions of 50%, or even higher, might be appropriate in some circumstances, and the capacity of a site to deliver affordable housing could be one of the criteria in the selection process.

15.3.4 **A target proportion for low cost market housing**, as well as for affordable housing, could be set (as suggested in PPS3). This would be particularly relevant in those areas where there was a below average level of supply of existing housing at or below the lower quartile figure.

15.3.5 **Windfall sites** represent a particular problem in that any threshold which is high enough to make on-site provision of affordable housing a realistic proposition will mean that a large proportion will make no contribution at all. There is also the problem that any threshold is effectively an arbitrary decision and therefore particularly open to challenge on grounds of fairness and practicality:

15.3.6 **A nil threshold, with a financial contribution for off-site provision for sites below a certain size**, would answer both these grounds for challenge, and produce a realistic prospect of the overall proportion of affordable housing being much closer to the target proportion for allocated sites. Under present arrangements, the large number of small windfall sites means that the proportions being achieved are much lower than the policy targets. Under this proposal, all sites would contribute equally – with sites below a certain size automatically being eligible for making a financial contribution instead of on-site provision – which would avoid creating avoidable delays in dealing with applications for the development of the large number of small sites. The important point here will be to establish that the financial contribution will be

sufficient to ensure that the appropriate number of affordable dwellings can actually be provided. This might be done by setting a fixed amount per dwelling in the same way as with education contributions.

15.3.7 **Financial Contributions** from small windfall sites would be particularly useful in funding the provision of rural exceptions sites, where there is no scope for cross subsidy from market housing, and where there is little if any prospect of public funding being adequate. They could also be used to enhance the proportion of affordable housing that is delivered on sites where financial viability inhibits the achievement of policy targets.

15.3.8 **A 50% target for windfall sites, with a nil threshold**, would mean that a single plot would make a financial contribution that was sufficient to fund half the cost of a single affordable dwelling (that is, half the difference in value between a market dwelling and an affordable one, which might be 50% of a plot value). A site for two houses would make a contribution for the full cost of one affordable dwelling, which might be the full value of a single plot.

15.3.9 It will be argued that this approach would inhibit some development, but with limitations on the total number of new dwellings that can be built, the counter argument is that allowing the development of windfall sites without securing, directly or indirectly, a significant proportion of affordable housing, would in most instances be contrary to policy objectives and counter-productive.

15.3.10 Other policies could be developed in regard to Extra Care schemes, which make specific provision for the frail elderly, where a range of levels of support needs can be more economically and effectively delivered. They can provide a range of tenures and the opportunity to stay on the same site, and even in the same property, regardless of changing levels of support needs. There is a case to be made that they could be treated in a similar way to Exceptions Sites in rural areas, catering for local needs, producing far fewer travel movements than general needs housing, and releasing much needed family housing. However this would need to be established by additional research into models that would meet the necessary criteria, and into site availability and suitability that would enable those models to be successfully implemented.

15.4 Affordability:

15.4.1 On the evidence of this report, there are substantial numbers of households who are able to afford 50% to 75% of Lower Quartile – which is not necessarily the same as Open Market Value on new developments where the cheapest properties will sometimes be well in excess of Lower Quartile.

15.4.2 Unless forms of low cost home ownership are developed which are accessible to this group of households, the following situations will be perpetuated:

- Firstly, a large proportion of new households will have no option but to join an ever growing queue for social rented housing, even though they might be able to pay significantly more than a social rent and might prefer to become a shared owner.

- Secondly, the subsidy (whether public or private) that is secured for shared equity housing will be used to enable households who could have accessed the market, albeit in a location, or style, or tenure of property that is less attractive to them, to obtain something that is better than they would have achieved without assistance.

15.4.3 **Two possibilities for addressing this issue are immediately available** – based on well established practice – which removes the perception of shared ownership subsidy being used to improve the quality of a households life style rather than to directly remove pressure on social rented housing:

- **In rural areas**, where new housing supply is always likely to be both restricted and too expensive for almost all newly forming households, there is both the need and the opportunity to develop new housing that will be affordable in perpetuity – whether through social rent, controlled rent, or fixed equity. **The fixed equity model** uses local incomes to determine the proportion of the equity that can be afforded on mortgage (that is, the proportion of open market value), and the purchaser is enabled to purchase that proportion, either through a section 106 agreement that requires the developer to sell at that price or through some other form of subsidy that reduces the cost to that level. The property is then sold to subsequent qualifying purchasers at the same proportion of open market value, no rent is charged and no further equity can be purchased. This model is being used increasingly in areas where affordability is exacerbated by low incomes – particularly in the west country – and
- **In urban areas**, where the re-development of RSL or LA housing estates is taking place, the same process of linking initial cost to local incomes determines the proportion that can be purchased, without any rent charge, but additional equity can be purchased and the receipts ring fenced for re-investment in similar schemes. Alternatively, RSLs can purchase and improve the cheapest available forms of accommodation (either existing residential or redundant commercial property) in areas that require investment in order to build more sustainable communities. In both cases, through the general improvement of the areas involved, the unsold equity will rise in value faster than the market, benefiting both the shared owner and the RSL.

15.4.4 **Policy definitions of affordability** should always be linked to incomes, making it clear that if the total housing cost of a proposal (rent plus mortgage in the case of shared ownership) exceeded accepted multipliers of identified local incomes, then it could not be accepted as being affordable housing.

15.4.5 Current policies are often too vague to allow for such a clear cut determination of what is acceptable as affordable housing, with the result that there is far too much scope for argument and compromise on what should be a very straightforward matter: Unless the property can be purchased by a household who are excluded from the market, it cannot be described as being affordable housing. Tables 9 to 11, in the bottom three rows, set out the maximum affordable limits for different property types – in terms of income required, monthly cost, and purchase price – and these should be set out in planning policy and guidance, with appropriate mechanisms for annual updating.

- 15.4.6 **Housing with a total cost that is 75% or more of lower quartile is, in effect, low cost market housing, and not affordable housing.** The level of supply of housing at this cost has been shown to be inadequate for the level of need for it, but this is a justification for seeking low cost market housing in addition to affordable housing. Those newly forming households who can afford to purchase at between 50% and 75% of lower quartile have been excluded from the numbers who require affordable housing, even though at present they may well be excluded from the market - as a result of an inadequate supply of the cheapest types of housing, or through competition from existing households. Unless this group are catered for in some other way, they will simply compete with those who have been assessed as requiring affordable housing, and displace those in greater need.
- 15.4.7 PPS3 makes it clear that the private sector should be providing for some of those presently excluded from the market, and the private sector has indeed shown it can produce a range of incentives and assistance when it feels it to be necessary: A number of major developers have schemes that either allow a purchaser to defer part of the purchase price for a number years, or reduce the cost of the mortgage for a period of time. Others have developed types of small high density housing at lower prices than traditional new properties – although these are often no cheaper than larger second hand properties.
- 15.4.8 **Low Cost Market Housing** can be required as an additional proportion of new developments, but it will need to be in accordance with a set of criteria that ensures it will be accessible to those who can afford to purchase at 75% of Lower Quartile – addressing a shortfall of 223 dwellings p.a. across South Worcs.

15.5 House Types

- 15.5.1 Although the greatest number of households in need are single persons and couples without children, and although a large proportion of the increase in household numbers is single person households, this does not mean that the greatest need is for accommodation for single persons and childless couples.
- 15.5.2 There is already a very large stock of small units of accommodation, especially in the social sector, and the rate at which this stock becomes available for re-letting can be several times the rate for family sized accommodation. This stock of smaller units will sometimes be harder to let, and may present greater management and maintenance problems. It will also often contain large number of households with children who would be better accommodated in family accommodation, thus releasing the accommodation for smaller households.
- 15.5.3 The stock of family accommodation, which has been reduced through Right to Buy at a faster rate than smaller units, is also often occupied by older people who might previously have been pleased, or at least prepared, to move into smaller sheltered accommodation. These also represent a substantial proportion of the increase in single person households, through the trend for older people to outlive their spouse for longer. Other single person, and two person, households will increasingly need more than one bedroom, either to accommodate visiting children from a former relationship or to enable working from home, or to meet future needs.

- 15.5.4 Meeting the needs of all types of households is a complicated process of 'musical chairs' where the appropriate type of accommodation is added rather than taken away – the object being that when the music stops, people are more appropriately accommodated than they were before. The evidence suggests that in net terms, there is a need for additional family housing which can be partly provided by making better use of the stock that exists, but which will never be sufficient without building more of it.
- 15.5.5 With an increasing proportion of new development being in the form of high density flats in urban areas, it can be difficult to include family accommodation. In such cases, however, it should be possible to ensure that the type of accommodation that is designed will be suitable for households that will release family accommodation in either the social sector or at the lower end of the market sector. Allowing the large scale development of small units of accommodation that attract second home owners or short term investors/speculators must be far more damaging to the objectives of regional planning policy than building a few more houses in the north of the county.

15.6 Site Locations

- 15.6.1 While there appears to be an increasing awareness of the fact that the types of housing provided for in planning policy is just as important as the numbers of dwellings, it is not generally recognised that the location of new housing can be equally important. In an area where in-migration pressures are so strong, the location of new housing that is intended to meet locally generated needs has to be very carefully considered:
- 15.6.2 For example, large new housing developments close to motorway junctions will be very attractive to longer distance commuters – this can be seen in locations such as Tewkesbury (in Gloucestershire) and in Bridgwater (in Somerset) where recent research by the author of this report has shown that large scale developments have actually resulted in worse affordability, by attracting in-migrants with higher earnings who find these locations convenient for commuting to major employment centres where either the housing is more expensive or the environment less attractive. Alternative locations might be just as accessible to local employment, but less attractive for long distance commuters, and therefore more likely to meet locally generated demand and need.
- 15.6.3 Another consideration is the difference in the degree of unmet affordable housing need between the various main towns of South Worcestershire.
- 15.6.4 The greatest shortage of affordable housing is clearly in Worcester City – where the potential supply in the short and medium term is the most limited. Conversely, the evidence suggests that Malvern and Pershore have almost no shortage at all, despite having the most expensive housing in the area. However, this is based on the present location of applicants for affordable housing, who are more likely to have been displaced from these towns and located out of necessity in the City. This should not be taken as an indication that additional affordable housing supply is not required in these smaller towns – especially as they are major sources of relatively low paid employment (being the administrative centres for the two shire districts) and have a degree of inward commuting.